

THIRD DIVISION

[G.R. No. 176984, August 29, 2012]

METROPOLITAN BANK & TRUST COMPANY, PETITIONER, VS. SERVANDO ARGUELLES (DECEASED) & CLAUDIO ARGUELLES AND MARILOU TRINIDAD, FOR HERSELF AND AS GUARDIAN *AD LITEM* OF HER MINOR CHILDREN NAMELY, LLOYD, MARK, ADRIAN, AND GEORGIA, ALL SURNAMED TRINIDAD, TRISTAN TRINIDAD AND EDGARDO TRINIDAD, JR., RESPONDENTS.

[G.R. NO. 179131]

MARILOU TRINIDAD, FOR HERSELF AND AS GUARDIAN *AD LITEM* OF HER MINOR CHILDREN LLOYD, MARK, ADRIAN & GEORGIA, ALL SURNAMED TRINIDAD, EDGARDO TRINIDAD, JR. AND TRISTAN TRINIDAD, PETITIONERS, VS. SERVANDO ARGUELLES (DECEASED) AND CLAUDIO ARGUELLES, AND METROPOLITAN BANK & TRUST COMPANY, RESPONDENTS.

D E C I S I O N

ABAD, J.:

These cases involve an action for the annulment of a transfer certificate of title (TCT) over a parcel of land on the basis of an allegedly falsified deed of sale transferring title over the property.

The Facts and the Case

Respondent brothers, Servando and Claudio Arguelles (the Arguelleses), were registered owners of a parcel of land in Imus, Cavite, under TCT T-115897. On November 23, 1983 the Arguelleses entered into a conditional sale of the land to Edgardo Trinidad and his wife Marilou (the Trinidads). In accordance with the terms of the sale, the Trinidads gave the Arguelleses P50,000.00 as down payment. The balance of P396,720.00 was to be paid in monthly installments.

The Trinidads occupied and began developing the property in 1986. They paid the real estate taxes due on it from 1987 to 1997. With a deed of sale in their favor, the Trinidads eventually had the land titled in their names on August 15, 1991 under TCT T-316427. In that same year, they applied with Metropolitan Bank & Trust Company (Metrobank) for a loan, offering the land as collateral. Satisfied that the Trinidads owned the property, Metrobank accepted it as collateral and lent them money. Subsequently, Metrobank granted the couple several more loans, totaling more than P11 million, all secured by land.

On January 7, 1997 the Arguelleses filed a complaint against the Trinidads with the Regional Trial Court (RTC) of Imus, Cavite^[1] for the cancellation of TCT T-316427 in

the latter's names. Subsequently, the complaint was amended to implead Metrobank and sought the cancellation of the real estate mortgages over the property in its favor.

The Arguelleses denied having executed a deed of sale in favor of the Trinidads. They alleged that they entrusted their owner's duplicate copy of title to Atty. Alejandro Saulog, Sr., who assisted the parties in executing a conditional sale covering the land. The Trinidads used a fictitious deed of sale, notarized by a certain Atty. Saulog, Jr. to effect the transfer of title in their names.

In answer, the Trinidads claimed that they paid for the land by installments, completing the payment on June 24, 1986 with the result that the Arguelleses executed the deed of sale in their favor. For its part, Metrobank filed a cross-claim against the Trinidads for litigation expenses, alleging that the Trinidads were answerable for such expenses under the mortgage contracts.

In its decision of December 27, 2005 the RTC ruled in favor of the Arguelleses and cancelled both the title in the name of the Trinidads and the mortgages in Metrobank's favor. The primordial issue, said the RTC, was whether or not the Trinidads paid the balance of the agreed purchase price by installments. It found that they did not since they could not present proof of the payments they supposedly made. When asked on cross-examination, Marilou Trinidad could not even remember when they made those installment payments.

Two handwriting experts testified during the trial on the authenticity of the Arguelleses' signatures appearing on the deed of sale: 1) Atty. Desiderio Pagui whom the Arguelleses hired and 2) Rogelio Azores of the National Bureau of Investigation (NBI). Their opinions differed. Atty. Pagui concluded that the signatures were forged, while Azores maintained that the signatures were authentic. The RTC adopted the conclusion of Atty. Pagui, finding that he presented a more thorough and detailed analysis. He compared both similarities and differences between the questioned signatures and specimen signatures; whereas, Azores gave emphasis to the similarities.

In addition to annulling the Trinidads' title, the RTC awarded the Arguelleses moral damages of P1,000,000.00 and attorney's fees of P200,000.00. It denied Metrobank's cross-claim against the Trinidads, holding that Metrobank was a mortgagee in bad faith, having had prior notice of the irregularity in the Trinidads' title. The defendants appealed the decision to the Court of Appeals (CA).^[2]

In its decision of March 6, 2007,^[3] the CA affirmed that of the RTC but reduced the award of moral damages to P50,000.00 each in favor of Servando and Claudio Arguelles. As for Metrobank, the CA held that it was not a mortgagee in good faith as it appears that Metrobank compelled the Trinidads to acquire title over the property before the initial loan could be approved.

The Trinidads filed their motion for reconsideration while Metrobank appealed the CA Decision to this Court. Upon the denial of their motion, the Trinidads filed their own petition with this Court as well. Both cases were then consolidated on November 21, 2007. During the pendency of these cases, Servando Arguelles passed away and

was substituted by his heirs.

The Issues Presented

The issues in these cases are:

1. Whether or not the CA erred in holding that the deed of sale, which the Arguelleses supposedly executed and that the Trinidads used for the transfer of the property in their names, was a falsified document; and
2. Whether or not the CA erred in holding that the real estate mortgages that the Trinidads executed in favor of Metrobank are not binding on the Arguelleses.

The Court's Rulings

The key question in these cases is the authenticity of the deed of sale that the Arguelleses supposedly executed in favor of the Trinidads and that the latter used in transferring the property title in their names. Both the RTC and the CA held that the deed was not authentic. Ordinarily, being a question of fact, the RTC's finding, affirmed by the CA, carries great weight. But, here, since such finding appears to be based on a flawed drawing of conclusions from the facts, the Court is justified in taking a second look.^[4]

The courts below concluded that the subject deed of sale is not authentic based on the following:

1. The notary public who notarized the document could not recall if the Arguelleses personally appeared and signed the deed of sale before him;
2. Two copies of the deed of sale, one dated 1986 and the other 1991, were presented;
3. The Trinidads failed to prove that they paid the Arguelleses the full purchase price mentioned in the conditional sale; and
4. The testimony of the expert witness for the Arguelleses sufficiently proved that the two brothers' signatures were forged.

First. Both the RTC and the CA held that the presumption of regularity of a public document^[5] did not attach to the subject deed of sale, given that the notary public, Atty. Saulog, Jr. failed to establish the authenticity of the signatures on it. He could not remember if the Arguelleses, present in court as he testified, were the same persons who appeared and acknowledged the document before him.

But it is too much to expect a notary public who had but a brief time with the Arguelleses during the notarial ceremony to remember their faces 12 years later. What matters is Atty. Saulog, Jr.'s testimony respecting the ritual of notarization that he invariably followed. He gave unbending assurance that he ascertained the identities of the parties to documents who appeared before him, including the Arguelleses, by requiring them to show documentary proofs of the same^[6] and to sign the documents in his presence.^[7]

Besides, the theory of the Arguelleses is that it was Atty. Saulog, Jr. who facilitated

the preparation of the falsified deed of sale for the benefit of the Trinidads. But, if this were so, it would have made more sense for Atty. Saulog, Jr. to testify in defense of the genuineness of the transaction by claiming that he recalled the faces of those who appeared before him 12 years ago and that they were no other than the Arguelleses.

Second. The Arguelleses point out that the residence certificates on the acknowledgment portion of the deed of sale did not belong to them since these did not tally with their 1991 residence certificates. Further, they presented evidence that Atty. Saulog, Jr. did not have a notarial commission in 1991.

But two copies of the deed of sale were presented in this case, identical in every way except that the first, the Trinidad's original copy of the deed of sale, Exhibit "4," carried the date June 24, 1986 while the second, a certified copy of the deed of sale from the Register of Deeds, Exhibit "D" of the Arguelleses, bore the date June 24, 1991. Evidently, it is the first document, original, unblemished, and bearing the year 1986 that is the correctly dated copy. On the other hand, the year typewritten on the second document, the certified copy, had been crudely altered by erasure with the digits "91" superimposed to make the year read "1991." In other words, the deed of sale was executed in 1986, not 1991.

The Arguelleses merely claim that their residence certificate numbers on the copies of the deed of sale did not reflect their 1991 residence certificates. They do not state, however, that those numbers do not represent their 1986 residence certificates, the correct year when the deed of sale was executed. Further, they do not also claim that Atty. Saulog, Jr. did not have a notarial commission in 1986 the year that the clean deed of sale was actually notarized.

Third. Both the RTC and the CA held that what is crucial in determining the authenticity of the deed of sale is the question of whether or not the Trinidads paid the balance of the purchase price after November 23, 1983. The two courts point out that the Trinidads not only failed to present proof of payment, but Marilou Trinidad was also unable to say specifically when they paid their installments to the Arguelleses.

But, firstly, the fact that Marilou Trinidad did not have any receipt evidencing payment of the balance of the price cannot give rise to the assumption that they had not paid the same. Marilou testified that she in fact asked the Arguelleses to issue receipts for the payments made but the latter declined, saying that they would be executing a deed of sale upon full payment and that this would be better proof of payment than ordinary receipts.^[8] That the Trinidads trusted the Arguelleses sufficiently to waive the receipts is evidenced by Claudio Arguelles' own admission that they also did not issue any receipt for the P50,000.00 down payment that the Trinidads made.^[9]

Secondly, while the conditional sale contained an undertaking by the Trinidads to pay the balance of the purchase price in installments, such payment may be assumed to have been made from the fact that the Trinidads were subsequently found in possession of a deed of sale that the Arguelleses executed in their favor. Not only this, unquestionably, the Arguelleses gave up possession of their owner's duplicate copy of the title and this subsequently found its way into the hands of the