

FIRST DIVISION

[G.R. No. 181855, March 30, 2010]

**FLORDELIZA EMILIO, PETITIONER, VS. BILMA RAPAL,
RESPONDENT.**

D E C I S I O N

CARPIO MORALES, J.:

Flordeliza Emilio (petitioner), by virtue of a grant from the National Housing Authority (NHA), became the registered owner of a parcel of land with an area of 196 square meters (sq. m.) situated in Caloocan City and covered by TCT No. C-345262 whereon she built a house which occupied an area of 27 sq. m.

Since 1989, Bilma Rapal (respondent) had been leasing a portion of the house. In 1993, she leased an adjoining room in the house.

In early 1996, petitioner borrowed P10,000 from respondent. By petitioner's claim, she accepted respondent's offer to extend her an additional P60,000.00 loan upon the condition that respondent would not pay the monthly rentals from February 1996 until December 1998, as the total amount of P70,000.00 would serve as advance rentals.

Atty. Patricio Balao-Ga (Atty. Balao-Ga) of the Public Attorney's Office (PAO) notarized a document entitled "Sale and Transfer of Rights over a Portion of a Parcel of Land"^[1] executed by petitioner whereby she sold to respondent 27 sq. m. of her lot, together with the house constructed thereon, for a consideration of P90,000.00.

Petitioner was later to claim that she signed the deed, without its contents having been explained to her. She thus filed a complaint^[2] on July 11, 2002 with the Regional Trial Court (RTC) of Caloocan, for *reformation of document*, docketed as Civil Case No. C-20148, alleging that the deed of sale and transfer must be reformed, there being no intention on her part to sell the property as she could not do so without the consent of the NHA.

Respondent moved to dismiss the complaint on the ground of lack of cause of action and prescription, averring that while the complaint was denominated as one for reformation of document, it was actually one for annulment of contract which was executed on February 2, 1996, hence, the action had prescribed when it was filed on July 11, 2002.

Respondent's motion was denied, and as the Answer filed by respondent was found to have been filed way out of time, Branch 131 of the

RTC granted petitioner's motion to declare respondent in default, and to allow her to, as she did, present evidence *ex parte*.^[3]

By Decision^[4] of January 26, 2005, the trial court ruled in favor of petitioner, declaring that the deed of sale is null and void as it did not reflect the true intention of the parties, the intention being one of loan.

On respondent's appeal, the Court of Appeals, by Decision^[5] of September 27, 2007, *reversed* the decision of the trial court. The appellate court held that while petitioner's cause of action is one for reformation of instrument and, as such, it had not yet prescribed, she failed to discharge the burden of proving that fraud attended the execution of the deed to warrant its reformation.

The appellate court brushed aside petitioner's claim that she did not understand the contents of the deed, absent proof that she does not know how to read or that the deed was written in a language not known to her.

Petitioner timely filed a motion for reconsideration of the appellate court's decision to which she attached a Motion to Admit an October 16, 2007 "*Sinumpaang Salaysay*"^[6] executed by her daughter Armi Munsayac. In said affidavit, Armi stated that, from what she knows, her mother was not able to finish her elementary school studies and could not fully understand English; and that, also from what she knows, her mother did not sell the property to respondent.

Petitioner's motion was denied by Resolution^[7] of February 27, 2008, hence, the present petition for review on certiorari.

Respondent disputes petitioner's claim that petitioner did not understand the contents of the deed, given that in her (petitioner's) pleadings which are in English, petitioner stated under oath that she read and understood the same; and that petitioner testified in court in English as borne by the Transcript of Stenographic Notes, and her request/demand letters dated September 6, 2004 and November 4, 2004 addressed to the Barangay Captain were also written in English.^[8]

The petition fails.

For an action for reformation of instrument to prosper, the following requisites must concur: (1) there must have been a meeting of the minds of the parties to the contract; (2) the instrument does not express the true intention of the parties; and (3) the failure of the instrument to express the true intention of the parties is due to mistake, fraud, inequitable conduct or accident.^[9]

Petitioner having admitted the existence and execution of the instrument, what remains to be resolved is whether the contract expressed the true intention of the parties; if not, whether it was due to mistake, fraud, inequitable conduct or accident. The *onus probandi* is upon the party who insists that the contract should be reformed.^[10]

Notarized documents, like the deed in question, enjoy the presumption of regularity which can be overturned only by clear, convincing and more than merely preponderant evidence. This petitioner failed to discharge.^[11]