

## THIRD DIVISION

[ G.R. No. 176358, June 17, 2008 ]

**BIENVENIDO LIBRES AND JULIE L. PANINGBATAN,  
PETITIONERS, VS. SPOUSES RODRIGO DELOS SANTOS AND  
MARTINA OLBA, RESPONDENTS.**

### D E C I S I O N

**YNARES-SATIAGO, J.:**

This petition for review on certiorari assails the September 11, 2006 Decision<sup>[1]</sup> of the Court of Appeals in CA-G.R. CV No. 65722 reversing and setting aside the Decision<sup>[2]</sup> of the Regional Trial Court of Lingayen, Pangasinan, Branch 68, in Civil Case No. 17416 holding petitioners liable to respondents as follows:

WHEREFORE, the appealed Decision is hereby REVERSED and SET ASIDE and a new one entered ordering appellees Bienvenido Libres and Julie Paningbatan to jointly pay the appellants, within ninety (90) days from notice the sum of P150,000.00 together with legal interest at twelve percent (12%) per annum from August 18, 1995 until the obligation is fully paid. In case of non-payment, the mortgaged property shall be sold on public auction in accordance with Rule 68 of the Rules of Court.

SO ORDERED.<sup>[3]</sup>

Also assailed is the January 17, 2007 Resolution<sup>[4]</sup> denying the motion for reconsideration.

As found by the appellate court, the factual background of the case is as follows:

On August 18, 1995, the appellants (**spouses Rodrigo and Martina delos Santos**) filed with the court *a quo* a Complaint for foreclosure of mortgage against the appellees (**Bienvenido Libres and Julie Paningbatan**), alleging that appellee Bienvenido Libres executed, in favor of the appellants, three separate deeds of Real Estate Mortgage<sup>[5]</sup> to secure the payment of three loans in the total amount of One Hundred Fifty Thousand Pesos (P150,000.00), which amounts were supposedly delivered by the appellants to appellee Julie L. Paningbatan, upon the instructions of appellee Bienvenido Libres.

According to the appellants, the appellees violated the terms of the mortgage when they failed to pay the principal loan and the accrued interests. The appellants prayed for the court *a quo* to render judgment ordering the appellees to pay the principal loan plus the stipulated interests, attorney's fees, expenses and costs. Alternatively, in default of such payment, the appellants prayed that the mortgaged property be

ordered sold with the proceeds thereof applied to the mortgage debt, accumulated interests, attorney's fees, expenses and costs.

On September 20, 1995, appellees filed their Answer (prepared and signed by appellee Bienvenido Libres) and, except for the qualifications of the parties and the identity of the property involved, appellees denied all the rest of the allegations in the Complaint. Appellees claimed that the documents were falsified and their signatures appearing therein were forged. Moreover, appellee Bienvenido Libres claimed that he never authorized appellee Julie L. Paningbatan to represent him in such "anomalous" transactions. To prove his claim, appellee Bienvenido Libres requested that his signatures in the documents be examined by a handwriting expert of the National Bureau of Investigation. As relief, the appellees prayed that the case be dismissed with cost against the plaintiffs and that they be paid the amount of P20,000.00 as and by way of moral and exemplary damages and litigation expenses.

During the trial on the merits, the appellants presented two notaries public; an officer from the Registry of Deeds of Lingayen, Pangasinan; three *barangay* officials who presided and witnessed the *barangay* confrontation between the appellants and the appellees; and appellant Martina delos Santos herself.

The evidence of the appellants showed that appellees borrowed from the appellants the total amount of One Hundred Fifty Thousand Pesos (P150,000.00) which was delivered in three installments: P25,000.00 on October 23, 1993, P75,000.00 on January 18, 1994, and P50,000.00 on February 10, 1994. As security for the loan, appellee Bienvenido Libres executed three deeds of Real Estate Mortgage, the due execution of which was attested to by the administering notaries public. The deeds were likewise duly registered with the Office of the Register of Deeds of Lingayen, Pangasinan.

In violation of the terms of the Real Estate Mortgage, appellees failed to pay the principal amount and the accrued interests. Formal demand was made but despite receipt thereof, appellees refused to make any payment. Thus, Complaints were filed by the appellants with the *barangay* against the appellees. Allegedly, during the *barangay* confrontation, the appellees admitted their indebtedness and promised that they would pay. But no payment was made by the appellees.

For their part, appellees disputed the supposed loan in the amount of P150,000.00. Appellee Bienvenido Libres denied his signature in the Real Estate Mortgage and denied that he appeared before the notaries public to execute any document. Rather, according to appellee Julie Paningbatan, she was the one who transacted with appellant Martina delos Santos, and what she borrowed from the appellants was only P13,000.00. Furthermore, according to appellee Julie Paningbatan, she caused the execution of a different Real Estate Mortgage although similarly dated on October 30, 1993 but it was her godfather, a certain Engr. Carlo Mariñas who signed the name of appellee Bienvenido Libres. Also, appellee Julie Paningbatan denied that her father admitted in the

*barangay* confrontation that he owed the appellants in the amount of P35,000.00. Instead, she was the one who admitted the indebtedness to Martina delos Santos of more or less P25,000.00 including interest.

To support their defense, appellees presented Adelia C. Demetillo, Senior Document Examiner of the National Bureau of Investigation (NBI), who was qualified as an expert witness. Said witness submitted to the court a *quo* Questioned Documents Report No. 545-697 dated July 4, 1997. According to said handwriting expert, the signature of appellee Bienvenido Libres in the questioned Real Estate Mortgage appears to be different from said appellee's sample and standard signatures. The same finding was made with respect to the signature of one of the witnesses to the contract, Gloria Libres.<sup>[6]</sup> (Names in emphasis supplied)

Respondent Martina Olba testified during trial that petitioners are her "*barangaymates*"; that her husband Rodrigo is an overseas contract worker; that on October 23, 1993, petitioners came to her house asking for a loan in the amount of P150,000.00 for the medical expenses of Libres' wife Maria Laverosa; that she told them she had only P25,000.00 cash that day; that she asked for collateral, and Bienvenido Libres (Libres) agreed to constitute a mortgage on their home situated at a 267 square meter unregistered lot in Zamora Street, Mangatarem, Pangasinan (the subject property); that she handed the money to Julie Paningbatan (Paningbatan) who brought the money to Manila; that on October 30, 1993, they proceeded to the residence of notary public Filipina Lapurga Cardenas (Cardenas) who prepared and notarized the mortgage deed (the first deed) which was signed by Libres and his children Juancho (or Pancho) and Gloria Libres as witnesses; that in January 1994, petitioners again came to her house to borrow money for Maria's alleged eye operation; that they again proceeded to Cardenas' residence, and the latter prepared and notarized another mortgage deed (the second deed) which was signed by Libres and his children Juancho (or Pancho) and Gloria Libres as witnesses; that again, Libres came to her to borrow P50,000.00; this time, Cardenas was in Manila, so they proceeded to Atty. Lester Escobar (Atty. Escobar) for the notarization and acknowledgment of the third mortgage deed; that petitioners paid only a total of P5,000.00 by way of interest, prompting her to make a formal demand for the return of the whole amount of P150,000.00 loaned out to them; that petitioners failed to perform their obligation, and so the matter was brought to the attention of the *barangay* authorities.<sup>[7]</sup>

The two notaries public who notarized the three mortgage deeds, Cardenas and Atty. Escobar, testified during trial that Libres, together with his witnesses as well as respondent Martina, signed the subject mortgage deeds and acknowledged the same in their presence.

More particularly, Cardenas testified that Libres - together with his witnesses Pancho Libres and Gloria Libres, as well as respondent Martina - personally went to her house in the morning of October 30, 1993 and asked her to prepare a deed of real estate mortgage over a house and lot which she (Cardenas) herself knew (she claims to have seen the same since it is located within twenty houses from where she lived); that Libres personally wrote his Community Tax Certificate (CTC) number on said deed (the first deed, or the October 30, 1993 mortgage document); that on January 18, 1994, Libres, Martina, Pancho Libres and Gloria Libres again came to her house to execute another deed of real estate mortgage over the same property

for an additional consideration, which she prepared and notarized after the parties signed and acknowledged the same in her presence; that she knows the signature in said deeds to be Libres' because the latter personally affixed his signature upon said documents "in front of her"; and that she explained the contents of the said documents in the Ilocano dialect, which Libres and the parties to the documents knew and understood.<sup>[8]</sup>

Atty. Escobar, on the other hand, testified that with respect to the third mortgage deed (dated February 10, 1994), he personally confirmed Libres' identity by specifically asking him of the same; that he compared Libres' signature in the Tax Declaration to the property and in his residence certificate or CTC; and that both documents were translated in the Ilocano dialect and explained to Libres as to be fully understood by the latter.<sup>[9]</sup>

It was shown as well during trial that on the occasion of conciliation proceedings held at the *barangay* level, petitioners admitted to *Barangay* Captain Henry Evangelista that they borrowed money from the respondents,<sup>[10]</sup> and petitioner Libres offered to pay respondents with a portion of the subject property, which offer the latter declined.<sup>[11]</sup>

On the other hand, petitioners - as defendants *a quo* - presented as their first witness Mrs. Adela Demetillo, Senior Document Examiner II of the National Bureau of Investigation (NBI), who conducted an examination and evaluation of the signatures of Libres and his witnesses (Pancho and Gloria Libres) in the questioned mortgage deeds as well as specimens of their respective signatures. Her findings are contained in a Report<sup>[12]</sup> which essentially reads, thus:

#### FINDINGS:

Comparative examination made on the specimens submitted under the stereoscopic microscope, magnifying lens and with the aid of photographic enlargement reveals the following:

1. There are significant fundamental differences in handwriting characteristics existing between the questioned and the standard/sample signatures "B.A. LIBRES/BIENVENIDO LIBRES," such as in:
  - manner of execution
  - structural formation of letters
  - other minute identifying details
2. There are significant fundamental differences in handwriting characteristics existing between the questioned and the standard/sample signatures "GLORIA LIBRES/G.L. LIBRES," such as in:
  - manner of execution

- structural formation of letters
  - other minute identifying details
3. No definite opinion can be rendered on the questioned signatures "JUANCHO L. LIBRES" as the standard/sample signatures submitted are insufficient/inappropriate to serve as basis for a scientific comparative examination.

CONCLUSION:

1. The questioned and the standard/sample signatures "B.A. LIBRES BIENVENIDO LIBRES" were NOT WRITTEN by one and the same person.
2. The questioned and the standard/sample signatures "GLORIA LIBRES/G.L. LIBRES" were NOT WRITTEN by one and the same person.
3. No definite opinion can be rendered, per above FINDINGS 3.

REMARKS:

All the specimens submitted are forwarded to the Records Section of this Bureau in the meantime, for safekeeping.<sup>[13]</sup>

For his part, Libres testified that he knows the respondents who are residents of the same *barangay* where he resides; that he owns the subject property, which is where he and his family reside; that he knew notary public Cardenas, but denies having appeared before her as well as before Atty. Escobar; that petitioner Paningbatan is her daughter; that he denies having executed the three questioned mortgage deeds; that he admits having appeared at conciliation proceedings before the *barangay* captain; and that knowing that his signatures on the mortgage deeds were forged, he nevertheless did not file a criminal case against those responsible due to financial constraints.<sup>[14]</sup>

Petitioner Paningbatan, on the other hand, testified that she was the one who obtained a loan from respondents in the amount of P13,000.00, and not P150,000.00 which respondents claim; that the said amount was for the purpose of redeeming her godfather, the late Engr. Carlo Mariñas' vehicle which was pawned to a certain Mrs. Margate; that in order to secure the payment thereof, she executed a deed of mortgage dated October 30, 1993 over her father Bienvenido Libres' house and lot (the subject property), but that it was her godfather Engr. Mariñas who signed - forged - her father's signature on said mortgage deed; that she was able to secure her father's CTC and the Tax Declaration to the property; that she did all these without the knowledge and consent of her father; that it is not true that her father secured a loan from respondents in the total amount of P150,000.00 in order to pay for her mother's medical expenses in relation to the latter's eye and pulmonary problems; that it was her sister and brother-in-law who paid for her mother's medical expenses; that she knows nothing of the three mortgage deeds in issue; that she, together with her father, attended conciliation proceedings at the *barangay* level.<sup>[15]</sup>