

THIRD DIVISION

[G.R. NO. 153839, June 29, 2007]

**ISAAC VILLEGAS, PETITIONER, VS. VICTOR LINGAN AND ATTY.
ERNESTO CARREON RESPONDENTS.**

D E C I S I O N

AUSTRIA-MARTINEZ, J.:

Before the Court is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court assailing the Decision^[1] dated November 28, 2001 promulgated by the Court of Appeals (CA) in CA-G.R. CV No. 55837, which affirmed *in toto* the Decision dated December 19, 1996 of the Regional Trial Court (RTC), Branch 4, Tuguegarao, Cagayan in Civil Case No. 5036; and the CA Resolution^[2] dated June 10, 2002, denying the Motion for Reconsideration filed by Isaac Villegas (petitioner).

This case originated from a Complaint for Annulment of Title and Instrument with Damages filed by the petitioner against Victor Lingan (respondent) and Atty. Ernesto Carreon as the Register of Deeds of Cagayan. The respondent filed his Answer and pre-trial ensued. The RTC issued a Pre-Trial Order wherein it declared that no factual issue exists and that the sole legal issue to be resolved is:

Whether or not the power of attorney is a general power of attorney or a special power of attorney. Corrolarily, whether upon the terms thereof, the attorney-in-fact Gloria Roa Catral, had authority, or none at all, to execute the deed of sale in favor of [respondent] Victor Lingan.^[3]

On the basis of the pre-trial order and upon motion of counsel for petitioner, without any objections from respondent, the case was submitted for summary judgment.

As found by the RTC and confirmed by the CA, the undisputed facts are as follows:

[Petitioner] Isaac Villegas was the registered owner of a parcel of land in Tuguegarao, Cagayan, known as Lot 2637-C of the Subdivision plan Psd.2-01-019664, being a portion of Lot 2637, Cad. 151, containing an area of 1,267 square meters, more or less, situated at Bgy. Pengue, Tuguegarao, Cagayan, covered by Transfer Certificate of Title No. T-63809 of the Register of Deeds of Cagayan. In order to secure the payment of a loan from the Development Bank of the Philippines (DBP) the [petitioner] constituted a real estate mortgage over the said parcel of land in favor of DBP. The said loan and mortgage was subsequently transferred by the DBP to the Home Mutual Development Fund (HMDF). When the [petitioner] failed to settle his loan, the real estate mortgage he constituted over the property was foreclosed, the property was sold at public auction and, as the HMDF was itself the highest bidder at such public auction, a certificate of sheriff's sale was issued and, thereafter, registered with the Register of Deeds on March 8, 1996. By virtue of a

power of attorney executed by [petitioner's] wife, Marilou C. Villegas in favor of Gloria Roa Catral, the latter redeemed the property from the HMDF. x x x^[4]

On May 17, 1996, Gloria R. Catral (Catral), by virtue of the same power of attorney, executed a Deed of Sale in favor of respondent.^[5]

Petitioner claims that the power of attorney executed in favor of Catral, petitioner's mother-in-law, created a principal-agent relationship only between his wife, Marilou Catral-Villegas (Marilou) as principal, and Catral, as agent, and then only for the latter to administer the properties of the former; that he never authorized Catral to administer his properties, particularly, herein subject property; and that Catral had no authority to execute the Deed of Absolute Sale in favor of the respondent, since from the very wordings of the power of attorney, she had no special authority to sell or convey any specific real property.^[6]

On December 19, 1996, the RTC dismissed the Complaint, ruling that the tenor of the power of attorney in question is broad enough to include the authority to sell any property of the principal, who, in this case, is the petitioner; that the act of the agent, Catral, in executing the Deed of Absolute Sale in favor of respondent was within her power or authority; that the power "to enter into any and all contracts and agreements" qualified the said power of attorney as a special power of attorney; that the Deed of Absolute Sale is valid and binds the principal, herein petitioner; that the authority to sell came from both the petitioner and his wife, Marilou, since the petitioner himself signed the power of attorney affirming the authority of the agent, Catral; and that even if Catral in fact exceeded her authority, the act is deemed to have been performed within the scope of the agent's authority if such is within the terms of the power of attorney as written.

Dissatisfied, the petitioner appealed the adverse judgment to the CA claiming that the trial court erred in finding that there was a principal-agent relationship between petitioner and Catral; and that the trial court erred in concluding that the power of attorney is a special power of attorney with an authority to sell.^[7]

On November 28, 2001, the CA rendered the herein assailed Decision, affirming *in toto* the RTC Judgment and dismissing the appeal for lack of merit.^[8]

The CA held that when the redemption of the property had been made by Catral by virtue of a General Power of Attorney executed in her favor by Marilou, it follows that the petitioner is no longer the owner of the subject property but his wife, Marilou; that the issue as to whether the power of attorney was a special or general one is of no moment, because the petitioner was no longer the owner of the property when it was sold; in other words, any disposition of the property needs no power of attorney from the petitioner himself; that the petitioner signed the General Power of Attorney above the word "conforme," connoting an implied admission that he was not anymore the owner of the said property; and, finally, that the Deed of Sale between Marilou (through Catral) and respondent is valid.

Hence, herein Petition, on the following grounds:

I.

IT IS SUBMITTED THAT THE COURT OF APPEALS DISREGARDED THE LAW AND APPLICABLE DECISIONS OF THE HONORABLE COURT WHEN IT DISMISSED THE COMPLAINT ON THE GROUND THAT PETITIONER WAS NO LONGER THE OWNER OF THE PROPERTY SUBJECT OF THE CASE. AS A CONSEQUENCE, IT DID NOT MATTER WHETHER OR NOT THE GENERAL POWER OF ATTORNEY OR A SPECIAL POWER OF ATTORNEY WAS ISSUED IN THIS INSTANT CASE.

II.

IT IS FURTHER SUBMITTED THAT THE COURT OF APPEALS DISREGARDED THE LAW AND THE APPLICABLE DECISIONS OF THE HONORABLE COURT WHEN IT UPHELD THE VALIDITY OF THE DEED OF ABSOLUTE SALE EXECUTED IN FAVOR OF VICTOR LINGAN.^[9]

In his Memorandum, petitioner argues that the general power of attorney of Catral did not clothe her with authority to sell the property of petitioner; and that the Deed of Absolute Sale executed between the respondent and Catral was not valid.^[10]

On the other hand, respondent, in his Memoranda, contends that the petitioner has no cause of action against him. He maintains that petitioner lost his ownership of the property after it was extra-judicially foreclosed and sold to HMDF; that what was left for petitioner was only the right of redemption, a right he shared with his wife; that if there was really a legal defect in the sale, the person who has the legal standing and the right to question the validity of the sale in his name is Marilou, the person who exercised the right of redemption and the person in whom the right to dispose legally resides; and that Marilou has all this time remained passive.^[11]

The petition must fail.

There are two principal issues raised by the pleadings in the present petition that must be resolved: *First*, whether Marilou, the wife of the petitioner, as successor-in-interest, may validly redeem the property in question; and *second*, whether the petitioner has a cause of action against the respondent.

Was there a valid redemption effected by Marilou?

The answer is in the affirmative.

Section 6 of Act No. 3135 provides:

Sec. 6. In all cases in which an extrajudicial sale is made under the special power hereinbefore referred to, **the debtor, his successors-in-interest** or any judicial creditor or judgment creditor of said debtor, or any person having a lien on the property subsequent to the mortgage or deed of trust under which the property is sold, may redeem the same at any time within the term of one year from and after the date of sale; and **such redemption shall be governed by the provisions of section four hundred and sixty-four to four hundred and sixty-six, inclusive, of the Code of Civil Procedure, in so far as these are not inconsistent with the provisions of this Act.** (emphasis supplied)