

SECOND DIVISION

[G.R. No. 145821, November 29, 2005]

**SPOUSES ROSAURO OCAMPO, JR. AND FE OCAMPO,
PETITIONERS, VS. FIRST METRO LEASING AND FINANCE
CORPORATION AND PROVINCIAL SHERIFF OF RIZAL,
RESPONDENTS.**

D E C I S I O N

AUSTRIA-MARTINEZ, J.:

This resolves the petition for review on *certiorari* seeking to set aside the Decision^[1] of the Court of Appeals (CA) dated October 17, 2000 dismissing the appeal in CA-G.R. CV No. 54943.

The antecedent facts are as follows.

On February 20, 1984, petitioners Rosauro Ocampo, Jr. and Fe S. Ocampo filed an action for "Annulment of Real Estate Mortgage, with Writ of Preliminary Injunction" against private respondent First Metro Leasing and Finance Corporation. In their complaint, petitioners allege that: they are the owners of a residential unit and land located at No. 19 Green Valley Townhouse, Valle Verde, Pasig, Metro Manila; on November 26, 1981, petitioners entered into a business transaction with private respondent whereby the former sold to the latter some postdated checks, redeemable on the periods agreed upon; on that same day, petitioners were made to execute a document in favor of private respondent, which document turned out to be a real estate mortgage; without the knowledge of petitioners, who were not furnished a copy of said document, private respondent was able to constitute a mortgage over petitioners' aforementioned property; the deed of real estate mortgage is invalid as said document did not indicate or identify the properties supposedly mortgaged; petitioners' consent to the real estate mortgage was vitiated by mistake and undue influence, hence, the agreement should be annulled; private respondent had already instituted extrajudicial foreclosure proceedings and the auction sale was set for February 23, 1984, hence, petitioners should be granted a temporary restraining order and a writ of preliminary injunction; petitioners suffered damages, thus, private respondent should be ordered to pay moral and exemplary damages and attorney's fees.^[2]

Private respondent countered in its Answer that: petitioners have no cause of action; petitioners executed a real estate mortgage over the subject property in favor of private respondent as security for the postdated checks and there was no fraud employed upon petitioners in the execution of said deed of mortgage; petitioners are merely alleging lack of knowledge of the execution of the deed of mortgage to stall and frustrate private respondent's right to extrajudicially foreclose the mortgage; petitioners freely, voluntarily, willingly and consciously executed the real estate mortgage and even surrendered their owner's duplicate copy of

Condominium Certificate of Title No. 1636 to private respondent for the proper annotation of the mortgage thereon; the real estate mortgage is valid because the properties subject of the mortgage were sufficiently described and identified at the back portion of the deed of mortgage and said portion was incorporated into the deed; petitioners, being engaged in the financing business could not have been misled by private respondent into signing and executing the deed of mortgage through mistake or undue influence; petitioners are now estopped from questioning the real estate mortgage because they never questioned the existence thereof when they made several proposals for the settlement of their obligation to private respondent. As counterclaim, private respondent alleges that by reason of the unfounded suit brought by petitioners, it is suffering actual and moral damages.^[3]

After trial, the Regional Trial Court of Pasig, Branch 163 (RTC) rendered its Decision^[4] dated October 9, 1992. Therein, the RTC made the following findings:

The only issue to be resolved in this case is whether plaintiffs' complaint is meritorious, as to entitle them to the annulment of said "Deed of Real Estate Mortgage" executed in favor of FMLFC, on November 26, 1981 (Exh. A).

After a careful study of the evidences adduced by both parties, the Court is inclined to hold that plaintiffs' complaint lacks merit and should, therefore, be dismissed.

As correctly pointed out by FMLFC, plaintiffs do not deny the existence of their obligation to FMLFC, arising from the "Agreement for Purchase of Post-dated Checks" (Exh. C, also Exh. 17) in the amount of P650,000.00, which is secured by the "Deed of Real Estate Mortgage" (Exh. A). There can be no doubt that said mortgage is valid, as the properties covered by said mortgage, are sufficiently described and incorporated at the back thereof. The evidence disclose that plaintiffs freely, voluntarily, willingly, and consciously executed said document in favor of FMLFC, and surrendered their owner's duplicate copy of their Condominium Certificate of Title No. 1636, for annotation of the mortgage thereon, with the Register of Deeds of Rizal. The claim of plaintiff Rosauro Ocampo, Jr. that the signature of his wife (Fe S. Ocampo) on said document is not her signature, lacks merit, as a comparison of said signature to her signature appearing in the "Authorized Signature(s) Card" (Exh. 26) shows that it is really her signature.

Again, as correctly pointed out by FMLFC, being experienced businessmen, engaged in the financing business, plaintiffs could not have been misled by FMLFC to sign and execute, through mistake or undue influence, any document, which may later hold them accountable to FMLFC, without having inspected and read it; and that plaintiff are estopped from asserting their alleged lack of knowledge of execution of said mortgage, inasmuch as they never questioned its existence, when they made several proposals to FMLFC, for settlement of their obligation, secured by said mortgage, as contained in their letters to FMLFC, on May 14, 1983 (Exh. 22) and July 18, 1983 (Exh. 24).^[5]

Thus, the trial court rendered judgment as follows: