

## FIRST DIVISION

[ G.R. No. 151035, June 03, 2004 ]

**ANDREA MAYOR AND VERGEL ROMULO, PETITIONERS, VS.  
LOURDES MASANGKAY Y BELEN AND LEONARDO BELEN,  
RESPONDENTS.**

### D E C I S I O N

**YNARES-SATIAGO, J.:**

The crux of the controversy in this petition for review is whether or not the execution of the *Kasulatan ng Bilihang Tuluyan* and *Kasulatan ng Sanglaan* covering a 179 square meter lot on which stands the house where respondents live is tainted with irregularity. Petitioners claim that said contracts are binding on respondents because the latter freely and voluntarily executed them. The respondents, however, contend that the execution of the documents was procured through fraud and undue influence. The trial court sustained respondents. The ruling of the lower court was affirmed on appeal with modifications by the appellate tribunal. Aggrieved, petitioners elevated their cause by way of this proceeding to this Court.

The undisputed facts as culled from the factual findings of the appellate court<sup>[1]</sup> are as follows:

Petitioner Andrea Mayor was the original owner of the a parcel of land located at Bonifacio Street, San Pablo City measuring about 179 square meters, more or less. On November 27, 1979, respondent Lourdes M. Belen purchased the subject property from Andrea Mayor in consideration of P18,000.00 payable in installments. Lourdes M. Belen was able to pay P11,445.00 out of the P18,000.00 purchase price leaving a balance of P6,555.00.

On June 17, 1980, Lourdes M. Belen sold back the subject property to Andrea Mayor in consideration of P18,000.00. For this purpose, Lourdes M. Belen executed the *Kasulatan ng Bilihang Tuluyan* in favor of Andrea Mayor.

On June 19, 1980, to secure a loan in the amount of P12,000.00 obtained from Lourdes M. Belen, Andrea Mayor executed a real estate mortgage over the subject property denominated as *Kasulatan ng Sanglaan* in favor of the former.

On August 4, 1980, Lourdes M. Belen filed a civil suit against Andrea Mayor, docketed as Civil Case No. SP-1755, for annulment of the *Kasulatang Bilihang Tuluyan* and *Kasulatan ng Sanglaan*.

In the complaint, Lourdes alleged, among others, that petitioner Andrea Mayor, through co-petitioner Vergel Romulo a.k.a. Virgilio Romulo, made her believe that the sale in her favor by Andrea is void because the deed of conveyance did not reflect the true agreement of the parties as to the mode of payment of the purchase

price, *i.e.*, the purchase price was made on installments and not in cash as stipulated in the document. Lourdes further averred that she was also made to believe that she might lose what she had already paid which amounted to 70% of the purchase price. She was convinced by the representations of Andrea and Romulo that it would be best for the latter to make it appear that Andrea was merely mortgaging the subject property to her. Lourdes readily agreed to the scheme believing that it was for the protection of her rights. It turned out that the scheme was in fact a ruse employed by Romulo and Andrea to re-acquire the property, thus, Lourdes's consent in the execution of the *Kasulatan ng Bilihang Tuluyan and Kasulatan ng Sanglaan* was obtained through fraud and undue influence.

In her answer with counterclaim, Andrea Mayor denied the material allegations of the complaint insisting, in sum, that Lourdes M. Belen freely and voluntarily executed the subject contracts and the same is binding on the parties thereto.

On August 11, 1980, Leonardo Belen filed a complaint for Annulment of Deed of Absolute Sale and Real Estate Mortgage against Andrea Mayor and Lourdes Masangkay a.k.a Lourdes M. Belen. In the complaint, docketed as Civil Case No. SP-1756, he averred that he is living with Lourdes M. Belen without benefit of marriage. Lourdes bought the subject property from Andrea Mayor using their common fund. On account of the fraudulent acts of Andrea Mayor in connivance with Virgilio Romulo, Lourdes M. Belen agreed to execute the *Kasulatan ng Bilihang Tuluyan* and the *Kasulatan ng Sanglaan*. For lack of his approval or consent thereto, as co-owner of the property, the said documents are null and void.

Denying the allegations of the complaint, Andrea Mayor in her answer with counterclaim averred that Leonardo Belen did not have a cause of action because he was neither a party nor a privy to any of the subject contracts. Andrea also alleged that the execution thereof was Lourdes's free and voluntary act.

Subsequently on February 16, 1981, Leonardo Belen and Lourdes M. Belen filed a complaint for Damages against Virgilio Romulo. In the complaint, docketed as Civil Case No. SP-1821, Lourdes and Leonardo averred that they sustained damages for Virgilio's fraudulent acts of inducing Lourdes to sign the subject contracts.

In his answer, Virgilio Romulo insisted that he never had any transaction with Lourdes M. Belen and Leonardo Belen. For instituting a baseless action against him, Lourdes and Leonardo should be held liable for damages.

The three cases were consolidated and jointly tried. After trial, the court *a quo* rendered judgment in favor of the Belens, the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered declaring the *Kasulatan ng Bilihang Tuluyan* dated June 17, 1980 and the *Kasulatan ng Sanglaan* dated June 19, 1980 null and void and ordering:

1. the defendants to jointly and severally pay to the plaintiffs Leonardo Belen and Lourdes Masangkay Belen the sum of P15,000.00 for their attorney's fees and costs of litigation in these three cases.

2. Virgilio Romulo to pay the plaintiffs the sum of P20,000.00 as moral damages.

Dissatisfied, petitioners elevated their cause to the Court of Appeals which rendered judgment<sup>[2]</sup> affirming the assailed decision but deleting the award of attorney's fees. A motion for reconsideration was subsequently denied.<sup>[3]</sup>

Hence, the instant petition filed by petitioners who argue:

THAT WITH DUE RESPECT TO THE FINDINGS MADE BY PUBLIC RESPONDENT HONORABLE COURT OF APPEALS, THE PRIVATE RESPONDENTS WERE NOT ABLE TO PROVE THE FRAUD AND UNDUE INFLUENCE THEY CLAIMED TO HAVE BEEN EXERTED ON THEM BY THE PETITIONER IN THE EXECUTION OF THE QUESTIONED KASULATAN NG BILIHAN AND KASULATAN NG SANGLAAN.

The issue for resolution is whether or not fraud attended the execution of the *Kasulatan ng Bilihan and Kasulatan ng Sanglaan*.

The Civil Code provides that –

ART. 1338. There is fraud when, through insidious words or machinations of one of the contracting parties, the other is induced to enter into a contract which, without them, he would not have agreed to.

As defined, fraud refers to all kinds of deception, whether through insidious machination, manipulation, concealment or misrepresentation to lead another party into error.<sup>[4]</sup> The deceit employed must be serious. It must be sufficient to impress or lead an ordinarily prudent person into error, taking into account the circumstances of each case.<sup>[5]</sup>

In support of their cause, petitioners intone the shopworn legal maxim that *fraus est odiosa et non praesumenda* – and argue that to establish the claim of fraud, evidence must be clear and more than merely preponderant. They contend, in sum, that the two deeds were duly executed by the parties thereto in accordance with the formalities required by law and as public documents the evidence to overcome their recitals is wanting.

We disagree.

Impressive as the arguments petitioners have advanced in support of their cause may be, the fatal flaw lies in their inability to convincingly substantiate their claim that Lourdes M. Belen signed the contracts freely and voluntarily.

This brings to the fore Lourdes M. Belen's limited educational attainment. While indeed petitioners point out that the deeds denominated as *Kasulatan ng Bilihang Tuluyan* and *Kasulatan ng Sanglaan* were executed in Tagalog, a close scrutiny thereof shows that they are practically literal translations of their English counterparts. Thus, the mere fact that the documents were executed in the vernacular neither clarified nor simplified matters for Lourdes who admitted on cross-examination that she merely finished Grade 3, could write a little, and understand a little of the *Tagalog* language.<sup>[6]</sup>