

## SECOND DIVISION

[ G.R. No. 130138, February 25, 1999 ]

**SPOUSES MACARIO MISENA AND FLORENCIA VERGARA-MISENA,  
PETITIONERS, VS. MAXIMIANO RONGAVILLA, RESPONDENT.**

### D E C I S I O N

**QUISUMBING, J.:**

This is a petition for review on certiorari under Rule 45 of the Revised Rules of Court filed by herein petitioners, seeking to annul the decision of the Court of Appeals<sup>[1]</sup> that reversed and set aside the decision of the trial court and ruled that the disputed contract purporting to be an absolute deed of sale was an equitable mortgage, and granted herein private respondent the right to redeem the subject property.

The factual antecedents of the case are as follows: On August 3, 1983, herein petitioner Florencia G. Vergara-Misena, while still single, sold to Maximiano G. Rongavilla, herein private respondent, an undivided one-half (1/2) portion of Lot 315 of the Naic Estate Subdivision in the province of Cavite. A Deed of Sale was executed conveying the said land but the same was not registered with the Registry of Deeds of Cavite. On August 1, 1986, private respondent who was in need of money executed a document entitled "*Kasulatan Ng Sanlaang Ng Lupa at Bahay*", conveying by way of mortgage to herein petitioner the same land to secure payment of his loan in the amount of Twelve Thousand Pesos (P12,000.00) payable within six (6) months. Despite failure of private respondent to settle in full his obligation, herein petitioner opted to defer the foreclosure proceedings considering that the former was her half-brother. On July 14, 1988, private respondent, with conformity of his wife, signed the disputed "Deed of Absolute Sale" purportedly conveying back to herein petitioners the same land and applied the remaining balance of Ten Thousand Pesos (P10,000.00) of the loan as its consideration. Despite repeated verbal demands, private respondent refused to vacate the premises.

While admitting that they signed the disputed deed of absolute sale, herein respondent averred that said deed was a falsity and does not express the true will and intention of the parties. He stressed that herein petitioners by means of false representation, fraud, taking undue advantage of his ignorance and lack of education, caused him and his wife to sign the contract by misrepresenting to them that it pertains to foreclosure of the mortgage. He further claimed that at the time of the alleged sale, the prevailing market value of the subject land was more than Eighty Thousand Pesos (P80,000.00). It would be preposterous for him to agree for Ten Thousand Pesos (P10,000.00) only as a consideration, according to him. He added that he tried to settle his obligation by offering to pay the sum of Sixteen Thousand Pesos (P16,000.00)<sup>[2]</sup> but petitioners, without any valid reason, refused to accept payment.

After trial on the merits, the lower court ruled in favor of herein petitioners, declared

them the absolute owners of the subject land as conveyed in the deed of absolute sale, and ordered herein respondent and all or any persons claiming under him to vacate the said premises and to peacefully surrender it to herein petitioners.

On appeal, the Court of Appeals reversed and set aside the decision of the trial court. The respondent court held that the trial court over-looked and disregarded the following significant facts and circumstances which, if considered, would change the outcome of the case. First: The consideration of the contract was inadequate. Second: The contract was incomplete and defective at the time it was purportedly signed and notarized. These circumstances confirmed the allegation of herein respondent that he and his wife were misled in signing the said contract, it being made to appear that the same was for the foreclosure of the mortgage and that they could still redeem the property after one year, when in truth and in fact, it was a deed of absolute sale. It was also noted that, even after the supposed sale, herein respondent and his family remained in possession of the land.

Petitioners are now before us claiming that the Court of Appeals erred in disregarding the finding of facts and conclusions of the trial court that the disputed contract was a valid deed of sale expressing the true intent and agreement of the parties.<sup>[3]</sup>

Prefatorily, it must be pointed out that this petition deals mainly with factual questions. Well-settled, the jurisdiction of this Court is limited to review errors of law.<sup>[4]</sup> Findings of fact by the appellate court, supported by the record, are beyond the reach of the review power of this Court, generally.<sup>[5]</sup> With very rare exceptions, an examination of the factual antecedents and records of a case does not pertain to this Court's appellate jurisdiction.

Moreover, even if we indulge in such examination now, it only validates the findings and conclusions of the Court of Appeals that the disputed contract was indeed an equitable mortgage and that the true intention of herein respondent was merely to provide security for his loan and not to transfer ownership over the property.

Article 1602 of the New Civil Code enumerates instances when a contract, regardless of its nomenclature may be presumed to be an equitable mortgage, to wit:

"Article 1602. The contract shall be presumed to be an equitable mortgage, in any of the following cases:

- (1) When the price of a sale with right to repurchase is unusually inadequate;
- (2) When the vendor remains in possession as lessee or otherwise;
- (3) When upon or after the expiration of the right to repurchase another instrument extending the period of redemption or granting a new period is executed;
- (4) When the purchaser retains for himself a part of the purchase price;