

SPECIAL SEVENTEENTH DIVISION

[CA-G.R. CV NO. 99534, May 28, 2014]

**MA. MERCEDES C. GODINO, IN HER CAPACITY AS
ADMINISTRATRIX OF THE INTESTATE ESTATE OF THE LATE
ENRIQUE L. GODINO, SR. AND NATIVIDAD C. GODINO,
PLAINTIFF-APPELLEE, VS. SPS. DON C. MEJIA AND BENIGNA S.
MEJIA, DEFENDANTS-APPELLANTS.**

D E C I S I O N

BATO, JR., J.:

This is an appeal from the Decision^[1] dated February 27, 2012 issued by the Regional Trial Court of Muntinlupa City, Branch 204, in Civil Case No. 05-076, the dispositive portion of which reads:

WHEREFORE, premises considered, the REAL ESTATE MORTGAGE executed by NATIVIDAD C. GODINO on 21 July 1998 is declared NULL and VOID. The plaintiff MA. MERCEDES GODINO as administratrix of the Intestate Estate of NATIVIDAD C. GODINO is directed to pay the amount of THREE MILLION (sic) Php3,368,274.40 to defendants MR. DON C. MEJIA and BENIGNA MEJIA with interest thereon at 12% per annum from the date of this Decision until fully paid.

The preliminary injunction issued by the Court on February 26, 2006 is ordered PERMANENT.

No costs and attorney's fees are adjudged as both parties have legitimate causes of action against each other.

SO ORDERED.

The facts are borne out by the records.

On July 21, 1998, the late Natividad C. Godino (hereinafter "Natividad") executed a Deed of Real Estate Mortgage^[2] in favor of defendants-appellants Don C. Mejia and Benigna S. Mejia (hereinafter "Spouses Mejia") over two real properties located in Alabang, Muntinlupa City (hereinafter "Alabang Properties"), one measuring 357 square meters and the other measuring 346 square meters, and registered in the name of Natividad, "married to Enrique L. Godino, Sr." under Transfer Certificate of Title (TCT) No. 136909 and TCT No. 136910, respectively. The mortgage was executed as security for a loan in the amount of P3,366,772.60 obtained by Natividad from the spouses Mejia. Natividad was to pay the principal obligation within a period of 6 months, renewable for another 6 months, by agreement of the parties. In case of non-payment, the spouses Mejia were granted the right to extrajudicially foreclose the mortgaged property and sell it on public auction.

The Deed of Real Estate Mortgage was duly annotated by the Register of Deeds on TCT Nos. 136909 and 136910 per Entry No. 12635.

When Natividad died intestate on May 24, 2002, her children instituted Intestate Estate proceedings, during which plaintiff-appellee Ma. Mercedes C. Godino (hereinafter "Ma. Mercedes") was appointed administratrix. It was also during this time that the children learned about the Real Estate Mortgage executed by Natividad in favor of the spouses Mejia. Believing that the mortgage which was executed in 1998 is void due to lack of consent of the children, the children filed two complaints to annul the real estate mortgage. The first complaint (Civil Case No. 03-101) was dismissed, without prejudice, by the Regional Trial Court of Muntinlupa City, Branch 203, due to a defective certificate of non-forum shopping. Meanwhile, the second complaint (Civil Case No. 03-138) was dismissed by the Regional Trial Court of Muntinlupa City, Branch 204, also without prejudice, upon the instance of the plaintiffs and without objection from the defendants.

On May 30, 2005, Mercedes, acting as Administratrix of the Intestate Estate of Natividad and Enrique, Sr., filed the Complaint a quo, alleging that their father Enrique, Sr. died on May 12, 1996; that two years later, without the knowledge and consent of the children, Natividad mortgaged the Alabang properties to the spouses Mejia; that, at the time of the mortgage, the properties were not adjudicated to Natividad and was owned in common by Natividad and the children; that Natividad also failed to liquidate the conjugal partnership within six (6) months from the death of Enrique, Sr.; and that the accompanying contract of loan is similarly null and void as it is inexistent and, even if it does exist, the interest is unconscionable, contrary to law, public policy, public order and good morals.

In their Answer,^[3] the spouses Mejia alleged that Ma. Mercedes and her co-heirs are guilty of laches because they claimed to have known about the real estate mortgage since November 1999; that Ma. Mercedes and her co-heirs are estopped from questioning the mortgage because in the petition for issuance of letters of administration, Ma. Mercedes stated that the spouses Mejia were creditors of the estate; that Ma. Mercedes and her co-heirs admitted in Civil Case No. 03-138 then pending before the RTC of Muntinlupa City, Branch 204, that Natividad obtained a loan from the spouses Mejia for P3,366,772.60 and, as security thereof, mortgaged the Alabang properties; that Ma. Mercedes and her co-heirs executed in 1996 Deeds of Waiver and Quitclaim over the Alabang properties in favor of their mother Natividad; that Enrique, Sr. also executed a quitclaim and waiver of rights over the Alabang properties in favor of Natividad; that, in 1997, Natividad and the children executed an Extra-Judicial Partition of the estate of Enrique Sr.; that the spouses Mejia relied in good faith upon these documents presented to them when Natividad entered into a contract of mortgage; and that the complaint should be dismissed on the ground of forum shopping.

On motion by Ma. Mercedes, the court a quo issued a Temporary Restraining Order⁴ on September 20, 2005, effective for a period of 20 days, ordering the spouses to desist from conducting the public auction sale of the Alabang properties on September 26, 2005. Later, on February 6, 2006, the court a quo issued an Order⁵ granting the prayer for issuance of writ of preliminary injunction.

During the pre-trial, the parties admitted the following:

1. That Natividad Godino died on May 24, 2002;
2. That Mercedes Godino was appointed by RTC, Branch 3, Manila in Sp. Proc. Case No. 03-105667 as administratrix of the estate of the deceased Natividad Godino and Enrique Locsin Godino on September 17, 2003;
3. That Natividad Godino executed a Real Estate Mortgage dated July 21, 1998 involving two parcels of land covered by TCT No. 136909 and 136910 registered in the name of Natividad Godino married to Enrique Godino, Sr.;
4. That Enrique Godino, Sr. died on May 12, 1996;
5. That there is another Real Estate Mortgage involving the same property executed by Natividad Godino which is undated in the amount of One Million One Hundred Twelve Thousand Pesos (Php1,112,000.00);
6. That the citizenship of Enrique Locsin Godino is Spanish as stated in the title of the property situated in Baguio City;
7. That the citizenship of Enrique Godino as stated in the Death Certificate and supplied by Mercedes Godino as informant is Spaniard;
8. That the plaintiff filed two previous cases involving the same properties denominated as Civil Case No. 03-103 in Branch 203 and Civil Case No. 03-138 in Branch 204 but both were dismissed without prejudice.^[6]

Similarly, the parties agreed that the issues be limited to the following:

1. Whether or not the properties involved in this case are conjugal properties at the time that they were mortgaged by Natividad Godino to the the defendants on July 21, 1998?
2. Whether or not Natividad Godino or her heirs had defaulted in the payment of the alleged obligation to the defendant Don Mejia and Benigna Mejia and therefore the properties may be foreclosed?
3. Whether or not the consent of the heirs of Enrique Godino, Sr. is necessary to the Real Estate Mortgage executed by Natividad Godino after the death of her husband?
4. Whether or not the Real Estate Mortgage was executed for a valuable consideration?
5. Whether or not the Real Estate Mortgage is null and void or maybe annulled (sic)?^[7]

During the trial, Ma. Mercedes testified and presented Fe Salvador Godino, her sister-in-law, and Angelo C. Macandog, an employee of the Register of Deeds of Muntinlupa City. Their testimonies tended to establish the allegations in the complaint. On the other hand, for the defense, Don Mejia testified and presented Genidina Cruz, his Secretary. Their testimonies tended to show that Natividad was the registered owner of the Alabang properties; that it was her paraphernal property

because Enrique, Sr. could not own the property, being a Spanish national; that, before his death, Enrique, Sr. executed a quitclaim and waiver over the Alabang properties in favor of Natividad; and that, after the death of Enrique, Sr., Natividad and the children executed an extra-judicial partition.

In due course, the court a quo rendered the now appealed Decision dated February 27, 2012 which declared the Deed of Real Estate Mortgage dated July 21, 1998 null and void but ordered Ma. Mercedes, as administratrix of the estate of Natividad and Enrique, Sr. to pay the spouses Mejia the sum of P3,366,772.60.

In arriving at its Decision, the court a quo ruled that the Alabang properties were conjugal properties of Natividad and Enrique, Sr.; that Enrique, Sr. was both Spanish and Filipino; that the Affidavit of Waiver and Quitclaim allegedly executed by Enrique, Sr. appears to be forged and, even assuming it was genuine, it was tantamount to being a donation during the marriage which is prohibited by law. As for the Deed of Extra-Judicial Partition executed by Natividad and her children, the court a quo was suspicious thereof because the children of Jose Godino, who predeceased Enrique, Sr., were not included. Same goes for Concepcion Godino-Santos, the illegitimate child of Enrique, Sr. Thus, the court a quo held that the Deed of Real Estate Mortgage cannot bind the heirs of Enrique, Sr. as it was executed without their consent.

Nonetheless, the court a quo ruled that Natividad owed the spouses Mejia the sum of P3,366,772.60 as evidenced by the promissory note. Thus, although the accessory contract of Real Estate Mortgage is void, the principal obligation subsists and it should be paid by the estate, with an interest of 12% per annum.

Only the spouses Mejia appealed. They allege that:

- 1) THE LOWER COURT ERRED IN FINDING THAT THE REAL PROPERTIES MORTGAGED BY NATIVIDAD C. GODINO WERE CONJUGAL PROPERTIES AND DECLARED THE REAL ESTATE MORTGAGES ON THEM AS NULL AND VOID AS THE REAL PROPERTIES MORTGAGED WERE PARAPHERNAL PROPERTIES OF NATIVIDAD C. GODINO AND THE MORTGAGE EXECUTED ON SAID PROPERTIES BY NATIVIDAD C. GODINO WAS A VALID AND LEGAL MORTGAGE;
- 2) THE LOWER COURT ERRED IN FINDING THAT ENRIQUE L. GODINO, SR. WAS BOTH A SPANISH CITIZEN AND FILIPINO CITIZEN;
- 3) THE LOWER COURT ERRED IN FINDING THAT THE HEIRS OF ENRIQUE L. GODINO, SR. CANNOT BE BOUND BY THE MORTGAGE AS THE PROPERTY (SIC) MORTGAGED WERE PARAPHERNAL PROPERTIES OF THE MORTGAGOR AND THEY WERE IN ESTOPPEL TO QUESTION THE SAME;
- 4) THAT THE LOWER COURT ERRED IN FINDING THAT THE AWARD SHOULD BE AGAINST THE ESTATE AND NOT AGAINST THE MORTGAGED PROPERTIES.^[8]

Ma. Mercedes opposes the appeal, claiming that the court a quo did not err in declaring null and void the Deed of Real Estate Mortgage dated July 21, 1998. She also claims that even assuming that her father was a Spanish national, who was prohibited to acquire lands in the Philippines, the prohibition ceased when his

children, who are Filipinos, succeeded to the property. Thus, their consent was needed to the validity of the mortgage.

The fate of the present appeal will, therefore, depend upon the determination of the ownership of the Alabang properties, whether they are conjugal or paraphernal.

Under Article 153 of the Civil Code (the law in force at the time of the marriage of Natividad and Enrique, Sr., the following are conjugal partnership property:

- (1) That which is acquired by onerous title during the marriage at the expense of the common fund, whether the acquisition be for the partnership, or for only one of the spouses;
- (2) That which is obtained by the industry, or work, or as salary of the spouses, or of either of them;
- (3) The fruits, rents or interests received or due during the marriage, coming from the common property or from the exclusive property of each spouse.

Also, things acquired by occupation, such as fishing and hunting, pertain to the conjugal partnership of gains.^[9] Same goes for the improvements, whether for utility or adornment, made on the separate property of the spouses through advancements from the partnership or through the industry of either the husband or the wife,^[10] as well as the number of animals exceeding that brought to the marriage exclusively by the husband or the wife.^[11]

Meanwhile, according to Article 135 of the Civil Code, all property brought by the wife to the marriage, as well as all property she acquires during the marriage, in accordance with Article 148,^[12] is paraphernal. The wife retains the ownership of the paraphernal property.^[13]

After a careful and thorough study of the case, this Court rules that the court a quo did not err in declaring the Alabang properties as conjugal.

Under Article 160 of the Civil Code, "[a]ll property of the marriage is presumed to belong to the conjugal partnership, unless it be proved that it pertains exclusively to the husband or to the wife." If the property is registered in the name of the wife, with a mere description that she is married, the general rule is that the property is paraphernal, unless it is shown that the property was acquired during the marriage. In *Ruiz vs. Court of Appeals*,^[14] the Supreme Court explained that:

We also affirm the ruling of the appellate court that the real property covered by the subject deed of mortgage is paraphernal property. The property subject of the mortgage is registered in the name of "Corazon G. Ruiz, of legal age, married to Rogelio Ruiz, Filipinos." Thus, title is registered in the name of Corazon alone because the phrase "married to Rogelio Ruiz" is merely descriptive of the civil status of Corazon and should not be construed to mean that her husband is also a registered owner. Furthermore, registration of the property in the name of "Corazon G. Ruiz, of legal age, married to Rogelio Ruiz" is not proof that such property was acquired during the marriage, and thus, is presumed to be conjugal. The property could have been acquired by Corazon while she