

TWELFTH DIVISION

[CA–G.R. CV No. 99414, June 26, 2014]

**SANDIGAN SAVINGS BANK, INC., PLAINTIFF-APPELLEE, VS.
SPOUSES ERIC T. CALDERON AND ELIZABETH EUSEBIO-
CALDERON, DEFENDANTS-APPELLANTS.**

D E C I S I O N

DICDICAN, J.:

Before this Court is an appeal^[1], under Rule 44 of the Revised Rules of Court, seeking the reversal of the Decision, dated August 1, 2011^[2], issued by the Regional Trial Court, Branch 12 of Malolos City, Bulacan in Civil Case No. 251-M-2003, the dispositive of which states as follows:

"WHEREFORE, judgment is hereby rendered in favor of the Plaintiff. The Defendant/s are hereby ordered to surrender to the Plaintiff, the owner's duplicate copy of their title KATIBAYAN NG ORIHINAL NA TITULO BLG. P-5317, and to execute a document transferring the said title to the Plaintiff.

"Should the Defendant/s fail or refuse to surrender the title herein mentioned, the said title is considered canceled and the Register of Deeds, Guguinto, Bulacan, is hereby directed to issue a duplicate owner's copy of the same title in the name of the Plaintiff, upon payment of the required fees.

"The defendant/s are likewise directed jointly and severally to pay the Plaintiff, the amount of P50,000.00 as attorney's fees and P1,500.00 as appearance fees for every hearing that the Plaintiff's lawyer actually appeared, and costs.

"SO ORDERED."^[3]

The antecedent facts are the following:

On March 31, 2003, plaintiff-appellee Sandigan Savings Bank, Inc. filed a Complaint^[4] for specific performance against defendants-appellants spouses Eric Calderon and Elizabeth E. Calderon who were the registered owner of a mortgaged property situated in Pulilan, Bulacan which was covered by Original Certificate of Title No. P-5317. In the complaint, plaintiff-appellee prayed that defendants-appellants be ordered to deliver and surrender the owner's duplicate copy of Original Certificate of Title No. P-5317 to plaintiff-appellee and that defendants-appellants be further directed to execute the necessary document to transfer the title of the said property to plaintiff-appellee.

Plaintiff-appellee alleged in the complaint that on February 8, 1993, defendants-appellants obtained a loan from it in the sum of P500,000.00. The said loan was secured by a real estate mortgage^[5] wherein defendants-appellants mortgaged their parcel of land covered by Tax Declaration No. 2929 in favor of plaintiff-appellee. It was a condition of the contract that, once a title to the property has been issued, the same shall be surrendered to the plaintiff-appellee. The mortgage contract thus bore a note which reads as follows:

“NOTE: (Upon issue, the title of this land should be surrendered to SSLB)”

Plaintiff-appellee further alleged that, on February 7, 1994, defendants-appellants obtained an additional loan from plaintiff-appellee in the sum of P125,000.00 while, on February 22, 1996, defendants-appellants obtained another P34,000.00 loan. Corresponding mortgage agreements^[6] over the same property, carrying the same notation above-quoted, were executed for the two additional loans.

Defendants-appellants failed to pay their loans even after demand for payment was made by plaintiff-appellee upon defendants-appellants. Consequently, the mortgage of the property covered by Tax Declaration No. 2929 was extra-judicially foreclosed and sold to plaintiff-appellee as the highest bidder. A Certificate of Sale^[7], dated September 4, 2007, was then issued to plaintiff-appellee. After consolidating the property in its name, plaintiff-appellee was issued a new Tax Declaration No. 99-19-001-18-030 while defendants-appellants failed to exercise their right of redemption within the one-year allowed period. To plaintiff-appellee's surprise, however, it soon discovered at the Register of Deeds of Bulacan that an Original Certificate of Title No. P-5317 covering the subject property was already issued in the name of defendants-appellants as early as on June 9, 1997. Contrary to the agreement of the parties in the mortgage contract, defendants-appellants did not surrender the copy of the title to plaintiff-appellee when they were issued the Original Certificate of Title No. P-5317 by the Register of Deeds. Upon demand made by plaintiff-appellee, the defendants-appellants continually refused to surrender the owner's duplicate copy of the title to the subject property.

In response to the complaint filed by plaintiff-appellee, defendants-appellants filed an Answer with Compulsory Counterclaim with Special and Affirmative Defenses^[8], praying for payment of damages and for nullity and/or annulment of the real estate mortgage contracts, foreclosure sale, certificate of sale and tax declaration issued in favor of plaintiff-appellee. Defendants-appellants claimed that the real estate mortgage contracts were signed by them in blank while the subsequent foreclosure of mortgage was carried out without their knowledge and consent. Although a free patent was indeed registered in the name of defendant-appellant Atty. Eric Calderon, it was lost by a third person to whom he had entrusted the same sometime in December of 1997.

After the issues were joined, the court *a quo* issued an Order setting the case for pre-trial on August 25, 2003. This pre-trial date was however canceled and reset fourteen times, mostly at the instance of the defendants-appellants who continually requested for a chance and time to dialogue with the plaintiff-appellee. Pre-trial finally proceeded almost three years later, or on June 26, 2006, and the parties subsequently presented their witnesses and evidence in support of their respective claims.

In the assailed Decision dated August 1, 2011, the Regional Trial Court, Branch 12 of Malolos, Bulacan ruled in favor of plaintiff-appellee. The court *a quo* observed that it was improbable that someone highly educated and with judicial experience as a Judge would sign a document in blank or without reading it first. Moreover, it was further observed that, despite defendants-appellants' protestation of the amount of the loan and lack of notice of the foreclosure, he never questioned the contracts and foreclosure sale in court but, instead, repeatedly manifested his willingness to pay his obligations. The court *a quo* also noted that, even as they were claiming that their title was lost, they never executed an affidavit of loss nor annotated the loss in the title or petitioned the court for issuance of another owner's duplicate. The court *a quo* went on to notice that, if the free patent was indeed a nullity, as alleged by defendants-appellants, then they should not have tried to use the title to borrow some more money from the Rural Bank of Bocaue where it was allegedly lost. In view of the foregoing, the court *a quo* additionally ruled that defendants-appellants acted in bad faith.

Defendant-appellant Atty. Eric Calderon filed a Motion for Reconsideration^[9] of the Decision dated August 1, 2011 and plaintiff-appellee filed a Comment/Objection^[10] to the said motion. In an Order dated April 20, 2012^[11], the Regional Trial Court denied the motion for reconsideration. The *fallo* of the Order reads:

"WHEREFORE, the "Motion for Reconsideration" filed by Defendant Eric Calderon is hereby DENIED for lack of merit and the August 1, 2011 Decision of this Court stands.

"Notify the Plaintiff SSBI, PDIC, and Defendant Eric Calderon of this Order.

"SO ORDERED."

Hence, this appeal.

Defendant-appellant Atty. Eric Calderon who, from the tenor of the appeal brief, appears to be a widower, assigns seven errors committed by the Regional Trial Court, to wit :

"The lower court gravely erred amounting to grave abuse of discretion amounting to lack of jurisdiction in rendering the assailed decision and in NOT finding and ruling that:

A. Defendant Eric Calderon actually has no personal knowledge that the subject property would be foreclosed on August 25, 1997 in violation of the Constitution that no person shall be deprived of property without due process of law.

B. Sandigan had committed continuous violation of The Truth in Lending Act and existing rules and regulations of the Bangko Sentral ng Pilipinas in not apprising defendants-appellants of their alleged outstanding monetary obligations in its (Sandigan's) favor by wittingly and unwittingly failing to furnish copies of the alleged real estate mortgage contracts in favor of the defendants-appellants.