

## SPECIAL TENTH DIVISION

[ CA-G.R. CV No. 100803, November 12, 2014 ]

**ANTONIA G. VALDEZ, ASSISTED BY HER HUSBAND, RODOLFO VALDEZ, PLAINTIFF-APPELLEE, VS. SPOUSES MANUEL COLLADOS AND ELSA N. COLLADOS, DEFENDANTS-APPELLANTS.**

### D E C I S I O N

**VELOSO, J.:**

#### *The Case*

In this appeal, defendants *Spouses Manuel Collados and Elsa Collados* ("**Spouses Collados**") assail the **Order**<sup>[1]</sup> dated **March 5, 2013** of the Regional Trial Court of Olongapo City<sup>[2]</sup> ("**RTC**") in SCA No. 88-0-2008 entitled "*Antonia G. Valdez, assisted by her husband Rodolfo Valdez, Plaintiff versus Spouses Manuel Collados and Elsa N. Collados, Defendants,*" the dispositive portion of which reads:

"**WHEREFORE**, the court resolves to :

- (1) *GRANT the Motion to Correct Transcript of Stenographic Notes Taken on 11 June 2012;*
- (2) *GRANT the Motion for Reconsideration on the Decision dated 30 October 2012).* The decision dated October 30, 2012 is set aside. Defendants are ordered to pay plaintiff the amount of Php550,000.00 with interest at 12% per annum from January 17, 2006 until the full amount is paid within 120 days from finality of the decision pursuant to Section 2, Rule 68 of the Rules of Court.

Upon failure of the defendant to fully pay the said amount, it is hereby ordered that the mortgaged property be sold at public auction pursuant to Sec. 3, Rule 68 in relation to Rule 39.

SO ORDERED."<sup>[3]</sup> (emphasis and italics supplied)

#### *The Facts*

The antecedent facts, as narrated by the RTC in its **Decision** dated **October 30,**

**2012**,<sup>[4]</sup> are as follows:

"This is a complaint for **foreclosure of real estate mortgage**. The complaint alleged that on **January 17, 2002**[,] the respondents mortgaged to the petitioners a **house and lot** located at Mangan-Vaca, Subic, Zambales **to secure a loan of Php1,000,000.00**. The loan amount is payable within one (1) year. The defendants **failed to pay** the loan; hence, this case.

After service of summons, the respondents filed an Answer interposing payment as defense.

At the pre-trial, the parties agreed to have this case decided on the following issues: (1) Whether or not there is cause of action to foreclose the mortgage; (2) Whether or not the obligation is extinguished by payment; (3) Whether or not the property mortgaged is a family home; and (4) Who between the parties is entitled to damages. Thereafter, the trial of the case ensued.

The antecedent facts of the case are as follows:

Petitioner **Antonia Valdez** testified that defendants Manuel and Elsa Collados **obtained a loan** from her in the amount of **Php1,000,000.00** secured by a **Real Estate Mortgage** (Exhibit 'C') covering their properties (house and lot) located at Mangan-Vaca, Subic, Zambales covered by Tax Declaration Nos. 010-0984 (pertaining to a parcel of land) and 010-0985 (residential building) marked as Exhibit[s] 'A' and 'B', respectively. The Real Estate Mortgage (Exhibit 'C') is for a period of one (1) year from the date of the instrument or until January 17, 2006. On due date, Antonia demanded from the defendant payment of the loan, but the latter failed to pay the same, hence; she filed a complaint before the Barangay of Mangan-Vaca, Subic, Zambales, but there was no settlement was [*sic*] reached and a Certification to File Action (Exhibit 'D') was issued to the plaintiffs.

On cross examination, plaintiff stated that she is engaged in lending business, and that she came to know the defendants sometime in 1995, when they borrowed from her Php300,000.00, with a monthly interest of Php9,000.00. In 1997, defendants obtained another loan in the amount of Php150,000.00 with 3% monthly interest, and Php1,000,000.00 sometime in 2004 or 2005. Plaintiff clarified that the first loan was paid and the defendants failed to pay the second loan, hence, she just added it (Php50,000.00) to the second loan. She admitted that she could no longer recall the amount paid by the defendants with respect to the interest; that she does not have any records as to the amount paid (principal and interest), nor the notes (monthly interest) prepared and paid by the defendants and acknowledged and signed by her (plaintiff), or if the same are true and correct.

Upon further inquiry from the Court, plaintiff stated that she is not sure if interest were paid to her by the defendants and she is no longer

interested in settling amicably the issue between them. She admitted that she is aware that defendants have children, that Manuel Collados passed away and that the only property left by the latter is the subject house and lot, but just the same, she is willing to pursue the case.

On re-direct, plaintiff mentioned that prior to the execution of the Real Estate Mortgage[,], she is not aware as to who was in actual possession of the properties, or if the defendants were living therein. She however stated that she visited the premises at the time the mortgage was executed.

Respondent **Elsa Collados** testified that [s]he is married to her co-defendant Manuel Collados who died on August 25, 2007. **Defendant admitted that she obtained a loan in the amount of Php1,000,000.00, and paid the same by monthly installment.** Witness clarified that in the years 1995, 1997 and 2005, **she obtained a loan in the amount of Php300,000.00, Php150,000.00 and Php550,000.00, respectively.** The first loan (1995), she paid Php9,000.00 monthly, second loan (1997) Php13,500.00 a month, and the last loan (2005) Php1,000.00 a day. That **she already paid her monetary obligation in the total amount of Php1,625,000.00** as evidenced by a list of payments marked as Exhibit '1' and series. Further, while the list was prepared by defendant, the plaintiff was aware of such list considering that the latter was beside the defendant when she was preparing the same. She narrated that based on the complaint of the plaintiffs, they wanted to foreclose the property where her family (four children) resides, and that they have been there since 1991 up to present. Defendant now seeks for accounting of her indebtedness and dismissal of the case.

On cross-examination, defendant affirmed that she obtained a loan from plaintiff Antonia Valdez in 1995, 1997 and 2005, and that she has been paying the plaintiff since 1995. The entries in the list were prepared by her (defendant) in the presence of the plaintiff, and that while the latter receives her payment, she (plaintiff Antonia) refused to sign the list.

The defendant rested her case with the offer and admission of the exhibits on July 27, 2012. The case was submitted for decision on September 7, 2012."<sup>[5]</sup> (emphasis Ours.)

On October 30, 2012, the court *a quo* rendered its **Decision**<sup>[6]</sup> dismissing the complaint for lack of merit. It held, in part:

"While the plaintiff was able to prove that defendants owed her, **she failed to sufficiently establish defendant's non-payment.** On the contrary, defendant was able to show proof that she paid a considerable amount as evidenced by the **list of payments tendered to the plaintiff**, either of the principal obligation or of the interest. Plaintiff in fact admitted that she was not sure of the total amount of payments

made by the defendants; and she even admitted that she does not have any list of payments and that she merely signed the note given and prepared by the defendants. Plaintiff was even given an opportunity to scrutinize the list presented by the defendant. Such being the case, the issue left for resolution by this Court is the amount or balance of the unpaid loan.

The **list** (Exhibits '1' and series) shows that defendants were able to pay the amount of **Php1,605,000.00**. She paid Php9,000.00 monthly for two years, Php13,500.00 monthly for several years and Php1,000 every day until April 2005, with a total of Php1,605,000.00. The last year that defendant paid her obligation was sometime in 2005. Hence, **it is clear therefore that defendant's obligation was already paid.**<sup>[7]</sup> (emphasis Ours)

Aggrieved, plaintiff moved for reconsideration<sup>[8]</sup> of the court's October 30, 2012 Decision. She alleged that there was no factual and legal basis in concluding that the loan obligation has been fully paid;<sup>[9]</sup> that among the evidence relied upon by the court *a quo*, only Exhibit "1" was validated by plaintiff as it bears her signature;<sup>[10]</sup> hence, out of the subject obligation, only Php248,000.00 had been paid as again, only Exhibit "1" bears the signature of the plaintiff and not all the dates were marked "paid."<sup>[11]</sup>

On March 5, 2013, the RTC issued the herein assailed **Order**<sup>[12]</sup> reversing its October 30, 2012 Decision, and consequently granting plaintiff's motion. It explained:

"Defendants owes plaintiff the amount of Php1,000,000.00, as reflected in the Real Estate Mortgage (Exh. C) payable for one year from the date of the instrument (January 17, 2005) or until January 2006. Since the loan was not paid when it became due, Valdez demanded the foreclosure of the security.

Plaintiff testified that she was not sure of the total amount of payments defendant had already made as she does not keep a record or list and that she merely signed the note given and prepared by the defendants (TSN dated May 7, 2010, p. 7). She recalls that defendants obtained loan from her in 1995 amounting to Php450,000.00 which was already paid (TSN dated May 7, 2010, p. 5 and 6). Sometime in 2004 or 2005, defendants again obtained loan in the amount of Php1,000,000.00 which is left unpaid.

Defendant Elsa Collados likewise testified having obtained loan from Valdez but claims that she obtained Php300,000.00 in 1995 and paid Php9,000.00 monthly; Php150,000.00 in 1997 and paid Php13,500.00 per month; and an additional Php550,000.00 in 2005 for a total amount of Php1,000,000.00 where she paid Php1,000.00 every day (TSN dated March 5, 2012, pp. 5 to 7). Defendant presented a list (Exhs. 1 series),

showing her payment to Valdez for a total amount of Php1,605,000.00.

However, as correctly pointed out by the plaintiff in this motion, **the list was unilaterally prepared by the defendant, and not fully confirmed by the plaintiff.** The court notes plaintiff's admission that **while she does not keep a list of the payments made by the defendant, she signs the note prepared by the defendant when she receives the money** (TSN dated May 7, 2010, p. 7). Plaintiff likewise admitted that the first loan obtained was already paid (TSN dated May 7, 2010, p. 5 and 6); and that when the defendants secured another loan, the first loan was added (TSN dated May 7, 2010, p. 4). This confirms defendant's claim that the Php1,000,000.00 was obtained on three occasions in 1995, 1997 and 2005.

Considering **plaintiff's admission that the Php450,000.00 loan had already been paid** (TSN dated May 7, 2010, p. 5), it follows that what remains to be paid would be the Php550,000.00 additional loan in 2005. If the court would consider only the list signed by the plaintiff, it would seem that defendant paid only Php108,000, as only Exh 1 from the series bore the signature of the plaintiff. But since **plaintiff consistently testified that the first loan amounting [to] Php450,000.00 was already paid**, the balance payable will be the remainder of the Php1,000,000.00 as there was no agreement for the payment of interest. In other words, **since plaintiff admitted that the first loan was already paid, only Php550,000.00 remains.**

Defendant also admitted that payments were made since 1995 (TSN dated June 11, 2012, p. 3), thus, it could not possibly apply to the additional loan obtained in 2005.

While defendant's stance was initially favored, the court resolves to grant the motion for reconsideration in order to correct mistakes brought to its attention."<sup>[13]</sup> (emphasis Ours)

**Hence this appeal.**

### ***Issues***

In their Brief,<sup>[14]</sup> defendants-appellants Spouses Collados raised the following as issues for Our resolution:

"A.

WHETHER OR NOT THE HONORABLE COURT A QUO COMMITTED A REVERSIBLE ERROR OF JUDGMENT WHEN IT REVERSED AND SET ASIDE UPON MOTION ITS DECISION DATED OCTOBER 30, 2012?

B.