



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

THE COMMONER LENDING G.R. No. 247646
CORPORATION,

Petitioner, Present:

CAGUIOA, J., *Chairperson,*
INTING,
GAERLAN,
DIMAAMPAO, and
SINGH, JJ.

- versus -

Promulgated:

RAFAEL BALANDRA,

Respondent.

March 29, 2023

M. DEBATA

X-----X

DECISION

INTING, J.:

Before the Court is a Petition for Review on *Certiorari*¹ assailing the Decision² dated June 21, 2018, and the Resolution³ dated April 16, 2019, of the Court of Appeals (CA) in CA-G.R. CEB-CV No. 05257. The CA reversed and set aside the Decision⁴ dated March 25, 2013, of Branch 24, Regional Trial Court (RTC), Iloilo City, in Civil Case No. 23890 for Nullity of Documents and Damages.

The Antecedents

The controversy pertains to an encumbrance of a parcel of land

¹ *Rollo*, pp. 4-25. Filed under Rule 45 of the Rules of Court.

² Id. at 67-80. Penned by Associate Gabriel T. Robeniol and concurred in by Associate Justices Gabriel T. Ingles and Marilyn B. Lagura-Yap.

³ Id. at 53-55. Penned by Associate Justice Marilyn B. Lagura-Yap and concurred in by Associate Justices Gabriel T. Ingles and Emily Aliño-Geluz.

⁴ Id. at 44-47. Penned by Judge Danilo P. Galvez.

denominated as Lot 2-A, Psd-06-007963, located at Poblacion, Oton, Iloilo. The lot was covered by Transfer Certificate of Title (TCT) No. T-126054⁵ in the name of Spouses Rafael Balandra (respondent) and Alita Balandra (Alita). The lot and the house erected thereon (subject properties) were mortgaged to the Commoner Lending Corporation (petitioner) to secure a loan in the amount of ₱300,000.00 contracted by respondent's wife, Alita.⁶

Invoking that the subject properties are his exclusive properties, respondent filed a Complaint for Nullity of Documents and Damages⁷ on October 24, 1997 against petitioner and Alita. Respondent prayed for the nullification of the Real Estate Mortgage (REM) dated March 24, 1997 constituted on the subject properties.⁸ The case was docketed as Civil Case No. 23890 before the RTC.

Respondent alleged that Alita forged his signature on a document denominated as "General Power of Attorney"⁹ (GPA) dated February 25, 1997, making it appear that he gave her authority, as his attorney-in-fact, to mortgage the subject properties. According to respondent, he could not have signed the document on February 25, 1997, because he was then out of the country on board an overseas vessel. Respondent, thus, prayed that the GPA dated February 25, 1997 and REM dated March 24, 1997 be declared null and void for lack of his consent to both documents.¹⁰

For its part, petitioner averred that it subjected Anita's loan application to an extensive credit investigation, advising her of the need for a power of attorney from her husband, respondent. Upon being shown the questioned GPA and other documents, petitioner approved the loan application on March 23, 1997. On March 24, 1997, petitioner released the amount of ₱300,000.00 allegedly to the spouses. On the same day, the REM was executed covering the subject lot and its improvements as security for the loan.¹¹

According to petitioner, the spouses defaulted in their installment payments and had an outstanding obligation in the amount of ₱438,130.00 as of October 24, 1997. Respondent allegedly promised to pay 30% of the amount on or before October 15, 1997 and the remaining

⁵ Id. at 27-28.

⁶ Id. at 68-69.

⁷ Id. at 31-37.

⁸ Id. at 35.

⁹ Id. at 30.

¹⁰ Id. at 33-35, 45.

¹¹ Id. at 37-40.

balance, thereafter, by way of installments.¹² Petitioner, thus, asserted that respondent ratified the questioned mortgage.¹³

Averring that respondent failed to comply with his undertaking to pay the outstanding obligation on the subject loan, petitioner extrajudicially foreclosed the REM and consequently acquired the mortgaged properties.¹⁴

The Ruling of the RTC

In its Decision¹⁵ dated March 25, 2013, the RTC found respondent's signature on the GPA dated February 25, 1997 a forgery. Characterizing the instrument as *absolutely simulated* or *fictitious* under Article 1409 of the Civil Code,¹⁶ the RTC ruled that the partial payments made by respondent could not be considered as his ratification of or consent to the loan. For the RTC, respondent's reason for attempting to settle the loan merely proceeded from his vain effort to save his house from execution.¹⁷

Nonetheless, finding the mortgaged properties as conjugal properties of the spouses, the RTC sustained the validity of the REM only as regards the one-half (1/2) portion of the mortgaged properties pertaining to the petitioner:

Wherefore, on the rule that the property subject of litigation is conjugal, what was validly mortgage[d] by the wife was one[-]half (1/2) of the property and one[-]half (1/2) should be considered still belonging to the [respondent] and the value of which shall be reimbursed by [petitioner] at the time of the taking, taken by way of writ of possession. and to pay the cost.

SO DECIDED.¹⁸

Both parties moved for reconsideration. For respondent, the REM is void, in its entirety, for being fictitious and simulated. On the other hand, petitioner protested the RTC's partial nullification of the foreclosure, maintaining that respondent impliedly ratified the loan and the mortgage entered into by his wife when he made partial payments of the outstanding obligation on the loan. Petitioner further averred that the loan redounded

¹² Id. at 40.

¹³ Id. at 69.

¹⁴ Id.

¹⁵ Id. at 44-47.

¹⁶ Id. at 46.

¹⁷ Id.

¹⁸ Id. at 47.

to the benefit of respondent's family.¹⁹

In an Order²⁰ dated July 19, 2013, the RTC denied both motions for reconsideration: (a) respondent failed to rebut the presumption that the subject properties belonged to the conjugal partnership of the spouses; while (b) petitioner failed to prove that the loan redounded to the benefit of the spouses' family.²¹

The parties filed opposing appeals to the CA.

The Ruling of the CA

In the assailed Decision²² dated June 21, 2018, the CA reversed and set aside the RTC Decision; thus:

WHEREFORE, the appeal of [respondent] Rafael Balandra is GRANTED, while the appeal of [petitioner] The Commoner Lending Corporation is DENIED.

The Decision dated March 25, 2013 of the Regional Trial Court, 6th Judicial Region, Branch 24, Iloilo City, in Civil Case No. 23890, is REVERSED and SET ASIDE, and a new one is hereby rendered as follows:

1. The Real Estate Mortgage dated March 24, 1997 is declared NULL and VOID for want of consent on the part of [respondent] Rafael Balandra;
2. The foreclosure of the Real Estate Mortgage, and the certificate of sale issued pursuant thereto, are likewise declared NULL and VOID;
3. Accordingly, the Register of Deeds of Iloilo is hereby ORDERED to cancel the new Transfer Certificate of Title over the subject lot issued in the name of [petitioner] The Commoner Lending Corporation, and to reinstate Transfer Certificate of Title No. T-126054 in the name of the spouses Rafael Balandra and Alita M. Balandra; and
4. [Respondent] The Commoner Lending Corporation is hereby ORDERED to return the possession of the mortgaged properties back to the spouses Balandra.

¹⁹ Id. at 70.

²⁰ Id. at 50-A.

²¹ Id.

²² Id. at 67-80.

SO ORDERED.²³ (Italics omitted)

The CA affirmed the findings of the RTC that respondent's signature on the questioned GPA was a forgery and that the questioned loan did not redound to the benefit of the spouses' family.²⁴

Citing Article 124 of the Family Code,²⁵ the CA held that the REM is void in its entirety, and not merely voidable, for having been executed by Anita without respondent's consent or authority. Characterizing the transaction as legally inexistent and absolutely wanting in civil effects, the CA ruled that the questioned REM cannot be cured or ratified even if respondent made partial payments on the loan it secured.²⁶

Hence, the Petition assigning the following errors:

- a. WHETHER OR NOT THE [CA] GRAVELY ERRED IN RULING THAT THE [GPA] IS FORGED;
- b. WHETHER OR NOT THE [CA] GRAVELY FAILED TO RECOGNIZE THAT THE SUBSEQUENT PAYMENT BY THE RESPONDENT OF THE BALANCE OF THE LOAN RATIFIED THE MORTGAGE; [and]
- c. WHETHER OR NOT THE [CA] ERRED IN RULING THAT THE [REM] DID NOT REDOUND TO THE BENEFIT OF THE FAMILY[.]²⁷

The Issues

The resolution of the case hinges on the following: (a) the factual issue on the regularity in the execution of the questioned REM and (b) the

²³ Id. at 78-79.

²⁴ Id. at 75,77.

²⁵ Article 124 of the Family Code provides:

Art. 124. The administration and enjoyment of the conjugal partnership shall belong to both spouses jointly. In case of disagreement, the husband's decision shall prevail, subject to recourse to the court by the wife for proper remedy, which must be availed of within five years from the date of the contract implementing such decision.

In the event that one spouse is incapacitated or otherwise unable to participate in the administration of the conjugal properties, the other spouse may assume sole powers of administration. These powers do not include disposition or encumbrance without authority of the court or the written consent of the other spouse. In the absence of such authority or consent, the disposition or encumbrance shall be void. However, the transaction shall be construed as a continuing offer on the part of the consenting spouse and the third person, and may be perfected as a binding contract upon the acceptance by the other spouse or authorization by the court before the offer is withdrawn by either or both offerors. (Underscoring supplied)

²⁶ *Rollo*, pp. 76-77.

²⁷ Id. at 9.

substantive issue on the characterization of the REM constituted on the subject properties without the consent of respondent.

The Court's Ruling

The petition is meritorious.

Factual question of forgery

Preliminarily, it is noted that the petition merely reiterates the factual issues and arguments relating to forgery which were squarely passed upon by the CA. The findings of the RTC, which were affirmed by the CA—*i.e.*, physical impossibility of respondent to have signed the questioned REM and the discrepancies of respondent's signatures as established by handwriting experts—are essentially factual inasmuch as the Court is being asked to revisit and re-evaluate the evidence on record and assess anew the testimonies given before the trial court. The questions of fact requiring a re-evaluation of evidence are inappropriate in a petition for review on *certiorari* filed with the Court.²⁸

Under Rule 45 of the Rules of Court, only questions of law may be raised in a petition for review on *certiorari* and resolved by the Court. Not a trier of facts, the Court will not review the factual findings of the lower tribunals as these are generally binding and conclusive.²⁹ The rule applies with more reason in the case considering that the factual findings of the RTC were affirmed by the CA on appeal. While there are recognized exceptions to the rule,³⁰ none of them apply in the case. Accordingly, the Court sees no cogent reason to disturb the congruent findings of the RTC and the CA that respondent's signature of the questioned REM is a forgery; thus:

First, the General Power of Attorney was examined by two (2)

²⁸ *Tenazas v. R. Villegas Taxi Transport*, 731 Phil. 217, 228 (2014), citing "*J*" *Marketing Corp. v. Taran*, 607 Phil. 414, 424-425 (2009).

²⁹ *Id.*

³⁰ The exceptions are: (1) when the conclusion is a finding grounded entirely on speculation, surmises or conjectures; (2) when the inference made is manifestly mistaken, absurd or impossible; (3) where there is a grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of facts are conflicting; (6) when the Court of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee; (7) the findings of the Court of Appeals are contrary to those of the trial court; (8) when the findings of fact are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondent; and (10) the findings of fact of the Court of Appeals is premised on the supposed absence of evidence and is contradicted by the evidence on record. [*Pascual v. Burgos*, 776 Phil. 167, 182-183 (2016), citing *Medina v. Mayor Asistio, Jr.*, 269 Phil. 225, 232 (1990)].

handwriting experts, namely: (1) Gregorio Mendoza, Jr., a Licensed Criminologist and the Dean of the School of Criminology of the Colegio de la Purisima Concepcion, Roxas City, who testified for [respondent]; and (2) P/Chief Inspector Arturo Bangcaya of the PNP Crime Laboratory of Region 6, who testified for [petitioner]. Despite being witnesses for the adverse parties, they both concluded that [respondent]'s standard signatures in his Passport and Seaman's Book, on the one hand, differs from the questioned signature contained in the General Power of Attorney, on the other.

Second, a visual assessment by the Court of the questioned signature on the General Power of Attorney shows glaring dissimilarities with [respondent]'s standard signatures appearing in his Passport and Seaman's Book.

Third, it is physically impossible for [respondent] to have signed the General Power of Attorney and to have appeared before the notary public on February 25, 1997 as he was then outside the Philippines and on board the vessel MV ANTJE as shown in his Passport and Seaman's Book. Thus, the presumption of regularity in the execution of the General Power of Attorney was sufficiently debunked by [respondent]'s evidence.³¹

Characterization of an encumbrance of a conjugal property made by a spouse, without the written consent of the other.

The questioned REM dated March 24, 1997, which was executed on the basis of the forged GPA dated February 28, 1997, is governed by the Family Code which took effect on August 3, 1988.

In *Alexander v. Spouses Escalona*,³² the Court held that the applicable law governing an alienation or encumbrance of conjugal properties, without the consent of the other spouse, must be reckoned on the date of the alienation or encumbrance. The Court laid the following guidelines:

1. The alienation or encumbrance of the conjugal property, without the wife's consent, made before the effectivity of the Family Code, is not void but merely voidable. The applicable laws are Articles 166 and 173 of the Civil Code. The wife may file an action for annulment of contract within 10 years from the transaction; and

2. The alienation or encumbrance of the conjugal property,

³¹ *Rollo*, pp. 74-75. Citations omitted.

³² G.R. No. 256141, July 19, 2022.

without the authority of the court or the written consent of the other spouse, made after the effectivity of the Family Code is void. The applicable law is Article 124 of the Family Code without prejudice to vested rights in the property acquired before August 3, 1988. Unless the transaction is accepted by the non-consenting spouse or is authorized by the court, an action for declaration of nullity of the contract may be filed before the continuing offer on the part of the consenting spouse and the third person becomes ineffective.³³
(Underscoring supplied)

Article 116 of the Family Code provides that “[a]ll property acquired during the marriage, whether the acquisition appears to have been made, contracted or registered in the name of one or both spouses, is presumed to be conjugal unless the contrary is proved.” Here, the records are bereft of any strong, clear, and convincing evidence presented by respondent that the mortgaged properties were his exclusive properties. In his comment to the subject petition, respondent even admitted that the mortgaged properties are their conjugal properties.³⁴

The Court has consistently held that a disposition or encumbrance of a conjugal property made by a spouse, without the written consent of the other, during the effectivity of the Family Code is void.³⁵ Article 124 thereof reads:

Article 124. The administration and enjoyment of the conjugal partnership property shall belong to both spouses jointly. In case of disagreement, the husband’s decision shall prevail, subject to recourse to the court by the wife for proper remedy, which must be availed of within five years from the date of the contract implementing such decision.

In the event that one spouse is incapacitated or otherwise unable to participate in the administration of the conjugal properties, the other spouse may assume sole powers of administration. These powers do not include disposition or encumbrance without authority of the court or the written consent of the other spouse. In the absence of such authority or consent, the disposition or encumbrance shall be void. However, the transaction shall be construed as a continuing offer on the part of the consenting spouse and the third person, and may be perfected as a binding contract upon the acceptance by the other spouse or authorization by the court before the offer is withdrawn by either or both offerors. (Italics and underscoring supplied)

The contemplated encumbrance or disposition, albeit categorized

³³ Id.

³⁴ *Rollo*, pp. 101-102.

³⁵ *Spouses Cueno v. Spouses Bautista*, G.R. No. 246445, March 2, 2021.

as a “void” transaction, is further characterized *distinctly* from void contracts under Article 1409 of the Civil Code that are deemed inexistent and, consequently, incapable of ratification.³⁶ Notably, void dispositions under Article 124 of the Family Code are *expressly deemed* as a continuing offer which may be perfected and accepted by consent of the previously non-consenting spouse.³⁷ In *Spouses Cueno v. Spouses Bautista*³⁸ the Court noted the special nature of the void transactions under the Family Code, *i.e.*, they can become binding contracts upon the acceptance by the other spouse or authorization by the court before the continuing offers are withdrawn by either or both spouses.³⁹ In other words, a void contract under Article 124 of the Family, while not capable of ratification, is *distinctively susceptible of perfection through acceptance* by the non-consenting spouse.⁴⁰

In the case, the REM executed by Alita without the written consent or authority of respondent partook of a continuing offer from petitioner and Alita that a mortgage be constituted over the subject conjugal properties to secure the questioned loan. Respondent had the option of accepting or rejecting the offer before its withdrawal either by petitioner or Alita. As found by both the RTC and CA, respondent, instead of rejecting the offer, undertook to pay the outstanding loan obligation and made partial payments thereon. The circumstances establish respondent’s acceptance of the offer, thereby perfecting the previously unauthorized REM into a binding undertaking on his part to constitute the mortgage over the subject conjugal properties as security for the loan.

It bears underscoring that respondent’s undertaking to settle the questioned loan, making partial payments thereon to prevent foreclosure, was relied upon by the petitioner. Pursuant to Article 1431 of the Civil Code,⁴¹ a representation is rendered conclusive upon the party making it, and this representation cannot be denied as against the person relying thereon. That respondent’s undertaking to pay the loan proceeded from his vain effort to save the mortgaged properties from being foreclosed—is immaterial and irrelevant. There is nothing special or compelling about this reason as the foreclosure of a mortgage is a necessary consequence of the failure to settle the loan it secures.

³⁶ *Alexander v. Spouses Escalona*, supra note 32.

³⁷ *Id.*

³⁸ *Spouses Cueno v. Spouses Bautista*, supra note 35.

³⁹ *Id.*

⁴⁰ *Id.* See Concurring Opinion of Associate Justice Alfredo Benjamin S. Caguioa in *Alexander v. Spouses Escalona*, supra note 32.

⁴¹ Article 1431 of the Civil Code provides:

Art. 1431. Through estoppel an admission or representation is rendered conclusive upon the person making it, and cannot be denied or disproved as against the person relying thereon. See Article 1431 of the Civil Code of the Philippines.

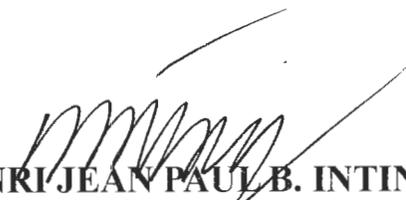


In *fine*, the CA erred in holding that the questioned REM dated March 24, 1997 is legally inexistent and absolutely wanting in civil effects for lack of respondent's consent. Pursuant to Article 124 of the Family Code, the previously unauthorized REM was perfected into a binding security for the questioned loan when respondent undertook to settle the loan, making partial payments thereon, to prevent foreclosure of the mortgage.

WHEREFORE, the Petition is **GRANTED**. The Decision dated June 21, 2018, and the Resolution dated April 16, 2019, of the Court of Appeals in CA-G.R. CEB-CV No. 05257 are **REVERSED and SET ASIDE**.

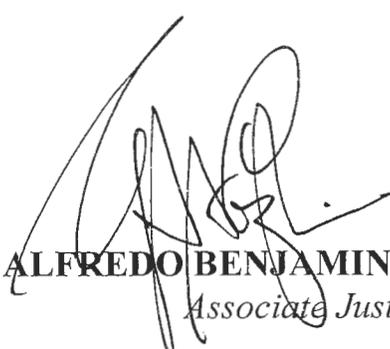
Accordingly, respondent Rafael Balandra's Complaint for Nullity of Documents and Damages in Civil Case No. 23890 is **DISMISSED** for lack of merit.

SO ORDERED.



HENRI JEAN PAUL B. INTING
Associate Justice

WE CONCUR:



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

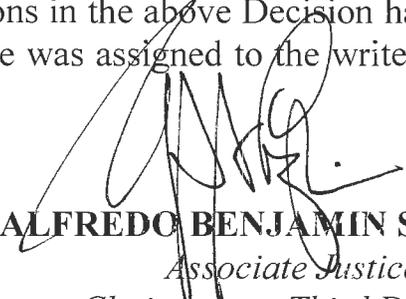

SAMUEL H. GAERLAN
Associate Justice


JAFAR B. DIMAAMPAO
Associate Justice


MARIA FILOMENA D. SINGH
Associate Justice

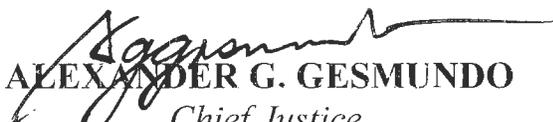
ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ALFREDO BENJAMIN S. CAGUIOA
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ALEXANDER G. GESMUNDO
Chief Justice

