



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

LAND BANK OF THE PHILIPPINES, G.R. No. 206343

Petitioner,

Present:

-versus-

CARPIO, J., *Chairperson*,
PERALTA,
MENDOZA,
LEONEN, and
JARDELEZA, JJ.

LORENZO MUSNI, EDUARDO
SONZA and SPOUSES IRENEO
AND NENITA SANTOS,
Respondents.

Promulgated:
22 FEB 2017

X-----X

DECISION

LEONEN, J.:

Banks must show that they exercised the required due diligence before claiming to be mortgagees in good faith or innocent purchasers for value.

This is a Petition for Review on Certiorari¹ under Rule 45 of the Rules of Court, praying that the assailed Decision² dated February 29, 2012, and the Resolution³ dated March 12, 2013 of the Court of Appeals in CA-G.R. CV No. 92304 be nullified and set aside, and that judgment to the complaint

¹ Rollo, pp. 9–31.

² Id. at 32–50. The Decision was penned by Associate Justice Agnes Reyes-Carpio, and concurred in by Associate Justices Jose C. Reyes, Jr., and Priscilla J. Baltazar-Padilla of the Tenth Division.

³ Id. at 60–61. The Resolution was penned by Associate Justice Agnes Reyes-Carpio, and concurred in by Associate Justices Jose C. Reyes, Jr., and Priscilla J. Baltazar-Padilla of the Former Tenth Division.

against petitioner be rendered dismissed.⁴ Petitioner likewise prays that the deleted award be reinstated should the assailed Decision and Resolution be affirmed.⁵

Respondent Lorenzo Musni (Musni) was the compulsory heir of Jovita Musni (Jovita), who was the owner of a lot in Comillas, La Paz, Tarlac, under Transfer of Certificate Title (TCT) No. 07043.⁶

Musni filed before the Regional Trial Court of Tarlac City a complaint for reconveyance of land and cancellation of TCT No. 333352 against Spouses Nenita Sonza Santos and Ireneo Santos (Spouses Santos), Eduardo Sonza (Eduardo), and Land Bank of the Philippines (Land Bank).⁷

Musni alleged that Nenita Sonza Santos (Nenita) falsified a Deed of Sale, and caused the transfer of title of the lot in her and her brother Eduardo's names. He claimed that the Spouses Santos and Eduardo mortgaged the lot to Land Bank as security for their loan of ₱1,400,000.00.⁸

Musni said that he was dispossessed of the lot when Land Bank foreclosed the property upon Nenita and Eduardo's failure to pay their loan. Later, the titles of the lot and another foreclosed land were consolidated in TCT No. 333352, under the name of Land Bank.⁹

Musni claimed that he filed a criminal case against Nenita and Eduardo for falsification of a public document.¹⁰ The case was filed before the Municipal Trial Court of Tarlac, and was docketed as Criminal Case No. 4066-99.¹¹ According to him, the municipal trial court rendered a decision finding Nenita guilty of the imputed crime.¹²

In their Answer, the Spouses Santos admitted having mortgaged the lot to Land Bank. They also admitted that the property was foreclosed because they failed to pay their loan with the bank. Moreover, they confirmed that Nenita was convicted in the falsification case filed by Musni.¹³

In defense, the Spouses Santos alleged that they, together with

⁴ Id. at 28, Petition for Review.

⁵ Id.

⁶ Id. at 51.

⁷ Id.

⁸ Id. at 51-52.

⁹ Id. at 52.

¹⁰ Id. at 51.

¹¹ Id. at 41.

¹² Id. at 51-52.

¹³ Id. at 52-53.

Eduardo, ran a lending business under the name “Sonza and Santos Lending Investors.” As security for the loan of ₱286,640.82, Musni and his wife executed a Deed of Sale over the lot in favor of the Spouses Santos. The title of the lot was then transferred to Nenita and Eduardo. The lot was then mortgaged to Land Bank, and was foreclosed later.¹⁴

Land Bank filed its Amended Answer with Counterclaim and Cross-claim.¹⁵ It asserted that the transfer of the title in its name was because of a decision rendered by the Department of Agrarian Reform Adjudication Board, Region III. It countered that its transaction with the Spouses Santos and Eduardo was legitimate, and that it verified the authenticity of the title with the Register of Deeds. Further, the bank loan was secured by another lot owned by the Spouses Santos, and not solely by the lot being claimed by Musni.¹⁶

Land Bank prayed that it be paid the value of the property and the expenses it incurred, should the trial court order the reconveyance of the property to Musni.¹⁷

On June 27, 2008, the trial court rendered a Decision,¹⁸ in favor of Musni. It relied on the fact that Nenita was convicted of falsification of the Deed of Sale. The trial court found that Musni did not agree to sell the property to the Spouses Santos and Eduardo. In addition, the amount of Musni’s indebtedness was an insufficient consideration for the market value of the property. Lastly, the sale was executed before the loan’s maturity.¹⁹

The trial court also found that Land Bank was not an “innocent purchaser for value[.]”²⁰ The institution of the criminal case against Nenita should have alerted the bank to ascertain the ownership of the lot before it foreclosed the same.²¹

The dispositive portion of the Decision reads:

WHEREFORE, in view of the foregoing, judgment is hereby rendered in favor of the plaintiff Lorenzo Musni and against the defendant[s] Sps. Nenita Sonza and Ireneo Santos and the Land Bank of the Philippines.

¹⁴ Id.

¹⁵ Id. at 131–138.

¹⁶ Id. at 53.

¹⁷ Id. at 136.

¹⁸ Id. at 51–59. The Decision was penned by Judge Bitty G. Viliran of the Regional Trial Court of Tarlac City, Branch 65.

¹⁹ Id. at 35.

²⁰ Id. at 58.

²¹ Id.

1. Ordering the land covered by TCT No. 333352 in the name of the Land Bank of the Philippines be conveyed to plaintiff Lorenzo Musni by defendant Land Bank of the Philippines

2. Ordering the defendant Nenita Sonza-Santos and Eduardo Santos to pay to the Land Bank of the Philippines Php.448,000.00 which in the amount of damages the latter suffered by reason of the mortgage, foreclosure and consolidation of the land in its name.

3. Ordering the defendant Spouses Nenita S. Sonza and Ireneo Santos and defendant Land Bank of the Philippines to pay attorney's fees in the amount of Php.30,000.00; and

4. Ordering the defendants to pay the cost of the suit.

SO ORDERED.²²

Land Bank and Nenita separately moved for reconsideration, which were both denied by the trial court in an Omnibus Order²³ dated September 11, 2008.

Land Bank and Spouses Santos separately appealed to the Court of Appeals.²⁴ In its appeal,²⁵ Land Bank reiterated that "it has demonstrated, by a preponderance of evidence, that it is a mortgagee in good faith and a subsequent innocent purchaser for value; as such, its rights as the new owner of the subject property must be respected and protected by the courts."²⁶

The Court of Appeals rendered a Decision²⁷ on February 29, 2012. It found that the sale of the lot between Musni, and the Spouses Santos and Eduardo, was null and void since Nenita was convicted for falsifying the signatures of Jovita and Musni in the Deed of Sale. Therefore, the Spouses Santos and Eduardo could not have been the absolute owners, who could validly mortgage the property.²⁸

The Court of Appeals also held that Land Bank was neither a mortgagee in good faith nor an innocent purchaser for value for failure to observe the due diligence required of banks.²⁹

The Court of Appeals affirmed with modifications the Decision of the trial court:

²² Id. at 58–59.

²³ Id. at 144.

²⁴ Id. at 37–40.

²⁵ Id. at 147–173.

²⁶ Id. at 171.

²⁷ Id. at 32–50.

²⁸ Id. at 41–42.

²⁹ Id. at 42–46.

WHEREFORE, in view of the foregoing, the assailed Decision rendered by the Regional Trial Court of Tarlac City, Branch 65 is hereby **AFFIRMED** with **MODIFICATIONS**:

1. The Real Estate Mortgage Contract executed between Land Bank of the Philippines and appellants Irineo and Nenita Santos is hereby declared **NULL** and **VOID**.
2. The Extra-judicial Foreclosure Sale over the two parcels of land subject of the mortgage is hereby declared **NULL** and **VOID**.
3. The Land Bank of the Philippines is hereby directed to reconvey TCT No. 333352 registered in its name to appellee Musni.
4. Appellee Musni is directed to pay appellants Santos the amount of Php286,640.82 with 12% legal interest per annum from date of judicial demand on March 15, 2002.

SO ORDERED.³⁰ (Emphasis in the original)

Land Bank moved for reconsideration, which was denied by the Court of Appeals in a Resolution dated March 12, 2013.³¹

On May 6, 2013, Land Bank filed a Petition for Review before this Court against Musni, Eduardo, and the Spouses Santos.³² Petitioner reiterates that it observed good faith in both the mortgage transaction, and the foreclosure sale. From the time the property was mortgaged to it until the title was consolidated in its name, no one filed an adverse claim or notice of *lis pendens* with the Registry of Deeds. Petitioner argues that it has complied with all the requirements of foreclosure, including the required publication and posting.³³

Petitioner asserts that upon examination of the titles offered by the Spouses Santos as security for their loan, it found neither infirmity nor defect.³⁴ It also “verified [the Spouses Santos’] financial capability and credit worthiness.”³⁵ The bank ascertained the ownership of the subject lot by conducting the following:³⁶

- a) Verifications with the proper Registry of Deeds, the Municipal treasurer’s office, the police and proper courts concerned, as well interview (sic) with adjoining property owners;
- b) Confirmation that the Spouses Santos were up to date in paying realty taxes and had no record of tax delinquencies;

³⁰ Id. at 49–50.

³¹ Id. at 60–61.

³² Id. at 9.

³³ Id. at 20–21.

³⁴ Id. at 22.

³⁵ Id. at 23.

³⁶ Id. at 22–23.

- c) Verification that Spouses Santos have no pending criminal and civil cases;
- d) Findings that LBP found no adverse information against the spouses Santos from owners of neighboring properties;
- e) Findings that there was no notice of adverse claim or lis pendens filed or registered by Lorenzo Musni or by any person with the concerned Registry of Deeds and have it annotated on TCT No. 304649;
- f) Inspection of TCT No. 07403 (source of TCT No. 304649) indicates that the same was cancelled and TCT No. 304649 was issued in the name of Nenita Santos and Eduardo Santos (sic), by virtue of the Decision of the [Department of Agrarian Reform] Adjudication Board, Region III, Diwa ng Tarlac, Tarlac[.]³⁷

Moreover, petitioner contends that the mortgage was executed before the institution of the criminal case against one of the mortgagors.³⁸ It insists that the “filing of the [criminal] complaint could not operate as a notice to the whole world.”³⁹ Since the bank “was not a party to the case[,] it could not have been notified of the existence of the [criminal] complaint.”⁴⁰

Petitioner also assails the Court of Appeal’s deletion of the ₱448,000.00 award in its favor. This constitutes the amount suffered by the bank in its undertakings with respondents Spouses Santos. According to petitioner, the alleged falsification of the Deed of Sale should not affect the bank since it was not a party to the transaction between respondent Musni, and respondents Spouses Santos and Eduardo.⁴¹

Petitioner prays that the February 29, 2012 Decision and the March 12, 2013 Resolution of the Court of Appeals be set aside, and that the Complaint against it be dismissed. If the Decision is sustained, petitioner prays that the award of ₱448,000.00 be reinstated.⁴²

On April 17, 2015, respondents Spouses Santos and Eduardo filed their Comment.⁴³ They countered that the deletion of the award in favor of petitioner was correct since the loss that petitioner allegedly suffered did not result to a compensable injury.⁴⁴

³⁷ Id.

³⁸ Id. at 23.

³⁹ Id. at 24.

⁴⁰ Id.

⁴¹ Id. at 26–27.

⁴² Id. at 28.

⁴³ Id. at 207–208.

⁴⁴ Id.

On April 28, 2015, respondent Musni filed his Comment.⁴⁵ He pointed out that petitioner's argument that it transacted in good faith was a factual issue, which could no longer be raised in a Rule 45 petition.⁴⁶ Further, both the trial court and the Court of Appeals ruled against petitioner's allegation of good faith.⁴⁷

On July 31, 2015, petitioner filed its Reply,⁴⁸ reiterating its arguments in its Petition.

In a Resolution⁴⁹ dated November 11, 2015, this Court required the parties to submit their respective memoranda.

Petitioner submitted its Memorandum⁵⁰ on February 26, 2016. Respondents Spouses Santos and Eduardo filed their Memorandum⁵¹ on February 23, 2016, while respondent Musni filed his Memorandum⁵² on March 2, 2016. The parties rehashed the arguments in their earlier pleadings.

This Court resolves the following issues:

1. Whether petitioner is a mortgagee in good faith and an innocent purchaser for value; and
2. Whether petitioner is entitled to the award of damages.

I

Petitioner is neither a mortgagee in good faith nor an innocent purchaser for value.

The determination of whether petitioner acted in good faith is a factual matter, which cannot be raised before this Court in a Rule 45 petition.⁵³ To emphasize, "this Court is not a trier of facts and does not normally embark on a re-examination of the evidence adduced by the parties during trial."⁵⁴

⁴⁵ Id. at 214–220.

⁴⁶ Id. at 217.

⁴⁷ Id. at 218.

⁴⁸ Id. at 225–228.

⁴⁹ Id. at 231–232.

⁵⁰ Id. at 238–259.

⁵¹ Id. at 236-A–236-G.

⁵² Id. at 261–269.

⁵³ *Philippine National Bank v. Heirs of Militar*, 504 Phil. 634, 643 (2005) [Per J. Ynares-Santiago, First Division].

⁵⁴ Id.

Although this rule admits of exceptions,⁵⁵ the present case does not fall under any of them.

Nevertheless, this Court recognized the relevance of the concept of a mortgagee, and a purchaser in good faith in *Andres, et al. v. Philippine National Bank*:⁵⁶

The doctrine protecting mortgagees and innocent purchasers in good faith emanates from the social interest embedded in the legal concept granting indefeasibility of titles. The burden of discovery of invalid transactions relating to the property covered by a title appearing regular on its face is shifted from the third party relying on the title to the co-owners or the predecessors of the title holder. Between the third party and the co-owners, it will be the latter that will be more intimately knowledgeable about the status of the property and its history. The costs of discovery of the basis of invalidity, thus, are better borne by them because it would naturally be lower. A reverse presumption will only increase costs for the economy, delay transactions, and, thus, achieve a less optimal welfare level for the entire society.⁵⁷ (Citation omitted)

In *Philippine Banking Corporation v. Dy, et al.*,⁵⁸ this Court explained this concept in relation to banks:

Primarily, it bears noting that the doctrine of “mortgagee in good faith” is based on the rule that all persons dealing with property covered by a Torrens Certificate of Title are not required to go beyond what appears on the face of the title. This is in deference to the public interest in upholding the indefeasibility of a certificate of title as evidence of lawful ownership of the land or of any encumbrance thereon. In the case of banks and other financial institutions, however, greater care and due diligence are required since they are imbued with public interest, failing which renders the mortgagees in bad faith. Thus, before approving a loan application, it is a standard operating practice for these institutions to conduct an ocular inspection of the property offered for mortgage and to verify the genuineness of the title to determine the real owner(s) thereof. The apparent purpose of an ocular inspection is to protect the “true owner” of the property as well as innocent third parties with a right, interest or claim thereon from a usurper who may have acquired a fraudulent certificate of title thereto.⁵⁹ (Citations omitted)

Further, in *Philippine National Bank v. Corpuz*:⁶⁰

⁵⁵ See *Sia Tio, et al. v. Abayata, et al.*, 578 Phil. 731, 741–742 (2008) [Per J. Austria-Martinez, Third Division].

⁵⁶ 745 Phil. 459 (2014) [Per J. Leonen, Second Division].

⁵⁷ Id. at 473.

⁵⁸ 698 Phil. 750 (2012) [Per J. Perlas-Bernabe, Second Division].

⁵⁹ Id. at 757. See also *Cruz v. Bancom Finance Corporation*, 429 Phil. 225, 237–239 (2002) [Per J. Panganiban, Third Division], and *Metropolitan Bank and Trust Co., Inc. v. SLGT Holdings, Inc.*, 559 Phil. 914, 928–929 (2007) [Per J. Garcia, First Division].

⁶⁰ 626 Phil. 410 (2010) [Per J. Abad, Second Division].

As a rule, the Court would not expect a mortgagee to conduct an exhaustive investigation of the history of the mortgagor's title before he extends a loan. But petitioner . . . is not an ordinary mortgagee; it is a bank. Banks are expected to be more cautious than ordinary individuals in dealing with lands, even registered ones, since the business of banks is imbued with public interest. It is of judicial notice that the standard practice for banks before approving a loan is to send a staff to the property offered as collateral and verify the genuineness of the title to determine the real owner or owners.⁶¹ (Citations omitted)

On petitioner's claim that it was a mortgagee in good faith, the Court of Appeals held that petitioner "was actually remiss in its duty to ascertain the title of [respondents Eduardo and Nenita] to the property."⁶² The Court of Appeals' Decision reads:

During trial, appellant [Land Bank] presented its Account Officer Randy Quijano who testified that while it conducted a credit investigation and inspection of the subject property as stated in its Credit Investigation Report dated March 17, 1998, a perusal of the report and the testimony of the account officer failed to establish that the bank's standard operating procedure in accepting the property as security, including having investigators visit the subject property and appraise its value were followed.

At the most, the report and the testimonial evidence presented were limited to the credit investigation report conducted by Randy Quijano who, in turn relied on the report made by its field officers. [Land Bank's] field officers who allegedly visited the property and conducted interviews with the neighbors and verified the status of the property with the courts and the police were not presented. At the most, We find [Land Bank's] claim of exhaustive investigation was a just generalization of the bank's operating procedure without any showing if the same has been followed by its officers.

The Credit Investigation Report also does not corroborate the material allegations of [Land Bank] that verifications were made with the Treasurer's Office and the courts and the owners of the adjoining properties. For one, the report failed to mention the names of the adjoining owners or neighbors whom the credit investigation team were able to interview; second, the report did not mention the status of the realty taxes covering the property although Land Bank is now claiming that [Eduardo and Nenita] were up to date in paying the realty taxes. No certification from the Treasurer's Office was presented to prove [Land Bank's] claim that [Eduardo and Nenita] were the one[s] regularly paying the taxes on the said property.

Moreover, what further militates against the claim of [Land Bank's] good faith is the fact that TCT No. 304649 which was mortgaged to the bank, was issued by virtue of a Decision of the [Department of

⁶¹ Id. at 412-413.

⁶² *Rollo*, pp. 42-43.

Agrarian Reform Adjudication Board] Region III dated December 29, 1997. The said Decision was, however, inscribed only on February 25, 1998, after the issuance of TCT No. 304649 on February 8, 1998. In addition, the property was mortgaged to [Land Bank] a few days after the inscription of the alleged Decision of the [Department of Agrarian Reform Adjudication Board]. This circumstance should have aroused a suspicion on the part of [Land Bank] and anyone who deliberately ignores a significant fact that would create suspicion in an otherwise reasonable person cannot be considered as a mortgagee in good faith.

We quote the following disquisitions of the trial court on the Land Bank's apparent bad faith in the transaction:

“[Land Bank] however tried to show that the title of the land owned by Jovita Musni was cancelled by virtue of a decision of the [Department of Agrarian Reform] Adjudication Board, Region III and in lieu thereof TCT No. 304649 was issued in favor of Nenita Sonza et.al. The date of the decision in (sic) December 29, 1997 but inscribed only on February 25, 1998. If this were so, why is it that Nenita Santos was issued TCT No. 304649 on February 8, 1998, before the Decision was inscribed. Defendant Nenita Santos never mentioned any decision of the [Department of Agrarian Reform Adjudication Board] awarding the lot to her.”

....

The cited case of *Philippine Veterans Bank vs. Monillas* is not controlling to Land Bank's case. In the said case, [Philippine Veterans Bank] has the right to rely on what appears on the certificate of title because of the absence of any infirmity that would cast cloud on the mortgagor's title. The situation is different in the present case since the certificate of title (TCT No. 304649) apparently shows the defect in the owner's title. As previously stated, the title of [Eduardo and Nenita] to the subject property was dubious because the certificate of title was issued before the inscription of the Decision of the [Department of Agrarian Reform Adjudication Board]. Accordingly, Land Bank cannot be considered a mortgagee in good faith.⁶³ (Citations omitted)

The Court of Appeals also found that petitioner was not an innocent purchaser for value:

Neither can We also consider [Land Bank] as an innocent purchaser for value because the subject property was foreclosed on May 4, 1999 while the complaint for falsification was filed on March 4, 1999.

A purchaser in good faith is one who buys property without notice that some other person has a right to or interest in such property and pays its fair price before he has notice of the adverse claims and interest of another person in the same property. Clearly, the factual circumstances as afore-cited surrounding the acquisition of the disputed property do not

⁶³ Id. at 43-46.

make [Land Bank] an innocent purchaser for value or a purchaser in good faith. Thus, We are in accord with the ruling of the trial court in that:

“In the instant case, the Court cannot consider the Land Bank of the Philippines as innocent purchaser for value. With all its resources, it could have ascertained how Nenita Sonza acquired the land mortgaged to it and later foreclosed by it. The fact the land (sic) was foreclosed after Criminal Case No. 4066-99 was instituted should have warned it. The questionable ownership of Nenita Sonza for it and its employees to obtain knowledge of the questionable transfer of the land to Nenita Sonza. Its failure to take the necessary steps or action shall make the bank liable for damages. The bank shall be responsible for its and its employer shortcomings.”⁶⁴ (Citations omitted)

Petitioner’s defense that it could not have known the criminal action since it was not a party to the case and that there was no notice of *lis pendens* filed by respondent Musni, is unavailing. This Court held in *Heirs of Gregorio Lopez v. Development Bank of the Philippines*:⁶⁵

The rule on “innocent purchasers or [mortgagees] for value” is applied more strictly when the purchaser or the mortgagee is a bank. Banks are expected to exercise higher degree of diligence in their dealings, including those involving lands. Banks may not rely simply on the face of the certificate of title.⁶⁶

Had petitioner exercised the degree of diligence required of banks, it would have ascertained the ownership of one of the properties mortgaged to it.

Where “the findings of fact of the trial courts are affirmed by the Court of Appeals, the same are accorded the highest degree of respect and, generally, will not be disturbed on appeal[;] Such findings are binding and conclusive on this Court.”⁶⁷ Accordingly, this Court finds no reason to disturb the findings of the Court of Appeals, which affirmed the findings of the trial court, that petitioner is neither a mortgagee in good faith nor an innocent purchaser for value.

II

Petitioner is not entitled to the award of ₱448,000.00 as damages.

⁶⁴ Id. at 46.

⁶⁵ G.R. No. 193551, November 19, 2014, 741 SCRA 153 [Per J. Leonen, Second Division].

⁶⁶ Id. at 168–169.

⁶⁷ *Manotok Realty, Inc. v. CLT Realty Development Corp.*, 512 Phil. 679, 706 (2005) [Per J. Sandoval-Gutierrez, Third Division].

In its Decision, the trial court ordered respondents Nenita and Eduardo to pay petitioner damages in the amount equivalent to the appraised value of the property being claimed by respondent Musni.⁶⁸ The Court of Appeals deleted the award, and held that:

In so ruling, the trial court resorted to a partial nullification of the real estate mortgage executed by [respondents Spouses Santos] and [Land Bank] because while maintaining the validity of the mortgage over the parcel of land with an area of 800 square meters, the trial court however, partially nullified the mortgage pertaining to the parcel of land containing an area of 24, 937 square meters.⁶⁹

The Court of Appeals considered the grant of award as a partial extinguishment of the real estate mortgage, which is not allowed. Since the mortgage is indivisible, the Court of Appeals nullified the real estate mortgage involving the two properties, and deleted the award.⁷⁰

Although the Court of Appeals' basis for deleting the award is erroneous, this Court affirms the removal on a different ground.

The Court of Appeals misconstrued the award given by the trial court. When the trial court awarded the amount of ₱448,000.00, it did so in representation of the damages that petitioner suffered "by reason of the mortgage, foreclosure[,] and consolidation of the land in its name."⁷¹ The award was meant to compensate petitioner for the loss it suffered in transacting with respondents Spouses Santos and Eduardo.

Nonetheless, this Court affirms the removal of the damages since petitioner did not seek relief from the Court with clean hands. Petitioner may have incurred losses when it entered into the mortgage transaction with respondents Spouses Santos and Eduardo, and the corresponding foreclosure sale. However, the losses could have been avoided if only petitioner exercised the required due diligence.

This Court notes that both lower courts erroneously reconveyed TCT No. 333352 to respondent Musni, despite finding that only one of the properties covered by the title was in question. Thus, the consolidated title should be cancelled before the reconveyance of the subject property.

⁶⁸ *Rollo*, p. 58.

⁶⁹ *Id.* at 48.

⁷⁰ *Id.* at 48–49.

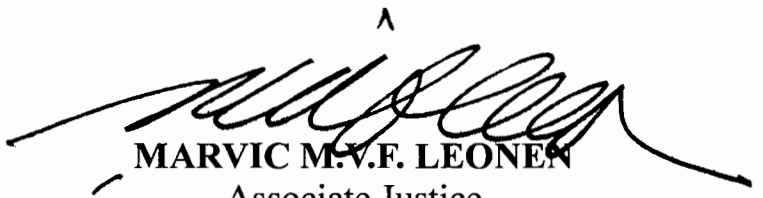
⁷¹ *Id.* at 58.



WHEREFORE, the petition is **DENIED**. The Court of Appeals' Decision dated February 29, 2012, and the Resolution dated March 12, 2013 are **AFFIRMED** with the following **MODIFICATIONS**:

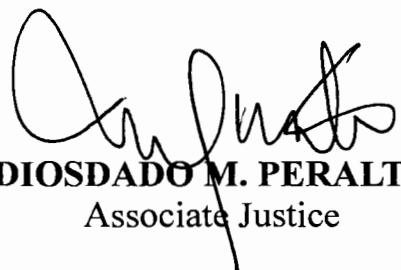
1. TCT No. 333352 is hereby **CANCELLED**;
2. Eduardo Sonza and Nenita Sonza Santos are hereby ordered to reconvey TCT No. 304649 to Lorenzo Musni; and
3. Lorenzo Musni is directed to pay Nenita Sonza Santos and Ireneo Santos the amount of ₱286,640.82, with legal interest at the rate of 12% per annum computed from the date of judicial demand on March 15, 2002 up to June 30, 2013, and at 6% per annum from July 1, 2013 until full payment.

SO ORDERED.


MARVIC M.V.F. LEONEN
Associate Justice

WE CONCUR:


ANTONIO T. CARPIO
Associate Justice
Chairperson


DIOSDADO M. PERALTA
Associate Justice


JOSE CATRAL MENDOZA
Associate Justice


FRANCIS H. JARDELEZA
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.



ANTONIO T. CARPIO
Associate Justice
Chairperson, Second 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.



MARIA LOURDES P. A. SERENO
Chief Justice