



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

Please take notice that the Court, First Division, issued a Resolution dated January 17, 2023 which reads as follows:

“G.R. No. 243537 (*Flor B. Hayag v. Tranquilino Benigno, Sr.*). – This Petition for Review on *Certiorari* (Petition)¹ seeks to annul and set aside the Decision² dated 10 May 2018 and the Resolution³ dated 17 October 2018 of the Court of Appeals (CA) in CA-G.R. SP No. 07747-MIN. The CA Decision reversed the Order⁴ dated 21 June 2016 of Branch 4, Regional Trial Court of Panabo City (RTC) in Criminal Case No. 97-134.

Antecedents

Under a plea bargaining agreement on 30 January 2004, respondent Tranquilino Benigno, Sr., (Benigno) pleaded guilty to the charge of violation of Section 3 of Republic Act No. (RA) 3019,⁵ as he allegedly already served his sentence.⁶

On 31 March 2014, a writ of execution was issued in order to satisfy the civil indemnity of the plea bargaining agreement in the total amount of ₱4,284,601.22. In accordance with the foregoing writ, the real property of Benigno and his wife, Josefina A. Pacba, covered by Original Certificate of Title No. P-18675 containing an area of 750 square meters, and located at Poblacion, Panabo City, Davao del Norte, was levied by the RTC.⁷

¹ *Rollo*, pp. 3-23.

² *Id.* at 25-43; penned by Associate Justice Perpetua T. Atal-Paño and concurred in by Associate Justices Edgardo A. Camello and Walter S. Ong.

³ *Id.* at 45-48; penned by Associate Justice Perpetua T. Atal-Paño and concurred in by Associate Justices Edgardo A. Camello and Walter S. Ong.

⁴ *Id.* at 58-59; penned by Judge Dorothy P. Montejo-Gonzaga.

⁵ Entitled “Anti-Graft and Corrupt Practices Act,” dated 17 August 1960.

⁶ *Rollo*, p. 58.

⁷ *Id.*

On 07 May 2015, petitioner Flor L. Barrios-Hayag (Hayag) emerged as the highest bidder in the public auction of the levied property for the total amount of ₱4,285,000.00. Thus, a Certificate of Sale on even date was issued in favor of Hayag, and on 13 May 2015, the same was annotated under Entry No. 2015005311 before the Registry of Deeds for the Province of Davao.⁸

Benigno, assisted by counsel,⁹ filed a Manifestation/*Cum* Motion to Redeem Property (Manifestation) before the RTC on 29 April 2016, manifesting his intention to redeem the levied property from Hayag, since it is still within the one-year redemption period. Thus, Benigno prayed that Hayag “be directed to prepare a statement of account indicating the amount of any assessments or taxes which (she) may have...paid on account of this purchase, and such other liens chargeable to the redemptioner, with proofs thereof x x x.”¹⁰

In an order dated 06 June 2016, the RTC granted Benigno’s Manifestation and directed him to effect redemption within 16 days from receipt of the order, representing the days wherein the RTC failed to act on his motion before the expiration of the redemption period.¹¹

On 16 June 2016, Hayag filed a Motion for Reconsideration of the Order dated 06 June 2016, praying for the reversal of the directive considering there was no payment or valid tender of the full redemption price within the redemption period. What was filed is a mere manifestation to redeem without the tender of payment or consignment of the redemption price, thus, there was no *bona fide* redemption.¹²

Meanwhile, on 20 June 2016, upon receipt of the 06 June 2016 Order, Benigno consigned/deposited with the Office of the Clerk of Court-RTC (OCC-RTC) of Panabo City the total amount of ₱4,997,227.68, inclusive of court fees.¹³ Moreover, Benigno no longer filed his comment/opposition to Hayag’s Motion for Reconsideration considering he allegedly received the same a day after he consigned/deposited the redemption price with the OCC-RTC.¹⁴

In an Order dated 21 June 2016, the RTC granted Hayag’s motion for reconsideration, declaring that Benigno failed to redeem the property in the manner and within the period prescribed by law. The RTC underlined that the redemption price can be readily determined as provided for by Section 28, Rule 39 of the Rules of Court. Considering that there was no valid redemption, Benigno had lost his right to redeem the property and thus,

⁸ Id.

⁹ Id. at 55.

¹⁰ Id. at 26.

¹¹ Id. at 27.

¹² Id.

¹³ Id.

¹⁴ Id.

Hayag became the absolute owner thereof.¹⁵

Benigno filed his motion for reconsideration and also manifested that he already sold the subject property to Urgona Realty and Development Corporation by virtue of an unnotarized and undated Contract to Sell.¹⁶

The RTC denied Benigno's Motion for Reconsideration in its order dated 04 August 2016, adding that its order dated 06 June 2016 simply directed the OCC-RTC to facilitate the redemption and did not order Benigno to consign the redemption price. Moreover, Benigno did not notify or inform Hayag of the consignment with the OCC-RTC, thus, there is no *bona fide* redemption.¹⁷

Dissatisfied, Benigno filed an appeal with the CA.

On 08 September 2016, the RTC issued a Final Certificate of Sale, and by virtue of which, Hayag filed a motion for cancellation of title. Benigno filed his opposition thereto, alleging that the proper remedy is not for the cancellation of his title but to compel him to surrender it.¹⁸

Ruling of the CA

On 10 May 2018,¹⁹ the CA granted the petition, *viz*:

WHEREFORE, the petition is GRANTED. The June 21, 2016 Order of the Regional Trial Court, 11th Judicial Region, Branch 4, Panabo City, Davao del Norte in Criminal Case Nos. 97-134, 97-143, 97-144, 97-145, 97-201, 97-202, and 97-203, is REVERSED and SET ASIDE.

The subject property is hereby deemed validly and *bona fide* redeemed by petitioner Tranquilino Benigno, Sr. Accordingly, the Final Certificate of Sale dated September 8, 2016 is declared null and void, and the court *a quo* is directed to issue a Certificate/Deed of Redemption in favor of petitioner Tranquilino Benigno, Sr.

SO ORDERED.²⁰

In granting the Petition, the CA held that Benigno complied with the conditions for the liberal construction of the rules on redemption.²¹ The CA explained that while the general rule is that the redemptioner should make an actual tender in good faith of the full amount of the purchase price within the

¹⁵ Id. at 27-28, 58-59.

¹⁶ Id. at 28.

¹⁷ Id. at 29, 60-61.

¹⁸ Id.

¹⁹ Id. at 25-43.

²⁰ Id. at 42.

²¹ Id. at 40-41.

redemption period, the rule on redemption is liberally construed in favor of the original owner of the property. Where no injury will follow, a liberal construction is given to redemption laws.²² The non-simultaneous tender of payment is allowed if a judicial action is instituted by the redemptioner, as in the instant case.²³

Hayag's motion for reconsideration was denied by the CA in its Resolution dated 17 October 2018.²⁴ Hence, this Petition.

Issue

Aggrieved by the CA's Decision, Hayag is now before this Court raising the issue of whether or not the CA erred in ruling that Benigno validly redeemed the subject property.²⁵

Ruling of the Court

The Petition is meritorious.

Nature of the Right of Redemption in relation to Section 28, Rule 39 of the Rules of Court

Redemption has been defined as "the right of a debtor, and sometimes of a debtor's other creditors, to repurchase from a buyer at a forced sale, property of the debtor that was seized and sold in satisfaction of a judgment or other claim against the debtor, which right is usually limited to forced [sale] of real property."²⁶ The concept of redemption is to allow the owner to repurchase or to buy back, within a certain period and for a certain amount, a property that has been sold due to debt, tax, or encumbrance.²⁷

The redemption period is the time within which redemption may be made.²⁸ In this regard, Section 28, Rule 39 of the Rules of Court provides:

Section 28. Time and manner of, and amounts payable on, successive redemptions; notice to be given and filed.

²² Id. at 32-39.

²³ Id. at 39.

²⁴ Id. at 45-48.

²⁵ Id. at 7-8.

²⁶ H. Black, et al., Black's Law Dictionary 1278 (6th ed., 1990).

²⁷ *Iligan Bay manufacturing Corp. v. Dy*, 551 Phil. 501, 515-516 (2007).

²⁸ Id. at 516.

The judgment obligor, or redemptioner, may redeem the property from the purchaser, at any time within one (1) year from the date of the registration of the certificate of sale, by paying the purchaser the amount of his purchase, with one per centum per month interest thereon in addition, up to the time of redemption, together with the amount of any assessments or taxes which the purchaser may have paid thereon after purchase, and interest on such last named amount at the same rate; and if the purchaser be also a creditor having a prior lien to that of the redemptioner, other than the judgment under which such purchase was made, the amount of such lien, with interest.

x x x x

Clearly, the right of redemption in this case should be exercised within a one-year period, which should be counted from the time the certificate of sale is registered with the Register of Deeds.²⁹

Further, to constitute valid redemption, the amount tendered must comply with the following requirements: (1) it should constitute the full amount paid by the purchaser; (2) with one percent per month interest on the purchase price in addition, up to the time of redemption; (3) together with the amount of any assessments or taxes which the purchaser may have paid thereon after purchase; (4) interest on the taxes paid by the purchaser at the rate of one percent per month, up to the time of the redemption; and (5) if the purchaser be also a creditor having a prior lien to that of the redemptioner, other than the judgment under which such purchase was made, the amount of such other lien, with interest.³⁰

Exercise of the Right of Redemption: General rules and exceptions

The general rule in redemption is that it is not sufficient that a person offering to redeem simply manifests his/her desire to do so. The statement of intention must be accompanied by an actual and simultaneous tender of payment within one year from the date of registration of the certificate of sale.³¹ This constitutes the exercise of the right to repurchase. *Bona fide* redemption necessarily implies a reasonable and valid tender of the entire purchase price, otherwise the rule on the redemption period fixed by law can easily be circumvented.³²

²⁹ See *GE Money Bank, Inc. v. Spouses Dizon*, 756 Phil. 502, 511 (2015), citing *Spouses Estanislao, Jr. v. Court of Appeals*, 414 Phil. 509, 518 (2001) and *Metropolitan Bank and Trust Co. v. Spouses Tan*, 590 Phil 827, 843 (2008).

³⁰ *Cayton v. Zeonnix Trading Corp.*, 618 Phil. 136, 152 (2009).

³¹ See *GE Money Bank, Inc. v. Spouses Dizon*, supra note 31 at 509.

³² See supra note 29 at 517.

Verily, to be valid and effective, the offer to redeem must be accompanied by an actual tender of the redemption price. Redemption price should either be fully offered in legal tender or validly consigned in court. Only by such means can the auction winner be assured that the offer to redeem is being made in good faith.³³

Nevertheless, it has been the policy of the law to aid rather than defeat the right of redemption. Where no injury will follow, a liberal construction is given to our redemption laws as well as to the exercise of the right of redemption. Thus, in the following instances, We favorably ruled for the original owner or redemptioner, when: (1) there is voluntary agreement of the parties; (2) the mortgagee is estopped from asserting that the one-year period already elapsed; and (3) there is substantial compliance by the mortgagor/redemptioner.³⁴

Moreover, jurisprudence instructs that in cases where there is disagreement over the redemption price, the redemptioner may preserve his right through judicial action which in every case must be filed within the one-year redemption period. The filing of a court action to enforce redemption, being equivalent to a formal offer to redeem, would have the effect of preserving the redemptioner's redemptive rights and "freezing" the expiration of the one-year period.³⁵

In *Hi-Yield Realty, Inc. v. Court of Appeals*,³⁶ We ruled that the following must be observed: (1) timely redemption or redemption by expiration date; (2) good faith as always, meaning, the filing of the action must have been for the sole purpose of determining the redemption price and not to stretch the redemptive period indefinitely; and (3) once the redemption price is determined within a reasonable time, the redemptioner must make prompt payment in full.³⁷

No compelling justification is present in the instant case to exempt it from the application of the general rules on redemption

While it is true that the rule on redemption is liberally construed in favor of the original owner of the property,³⁸ We found no compelling justification as to warrant the relaxation of the rules on redemption in the instant case.

³³ Id.

³⁴ Id.

³⁵ *Banco Filipino Savings & Mortgage Bank v. Court of Appeals*, 501 Phil. 372, 384 (2005).

³⁶ 608 Phil. 350 (2009).

³⁷ Id. at 493.

³⁸ *Torbela v. Spouses Rosario*, 678 Phil. 1, 60 (2011).

At this juncture, it is worthy to note that the cases cited by the CA³⁹ to justify granting Benigno's Petition are not on all fours with the case at hand. In said cases, there was a tender of payment, albeit the amount is not in full.

We agree with Hayag that Benigno's manifestation is not the judicial action which shall effectively preserve the right of redemption, as contemplated by law.

There is no disagreement as to the redemption price. Second, the manifestation filed by Benigno, assisted by counsel, does not comply with the judicial action contemplated by law in form and in substance. The judicial action referred to is a separate initiatory legal action usually in the form of a complaint for redemption or a complaint to enforce a repurchase filed for the purpose of determining the redemption price.

In the present case, the manifestation merely requested the Court to order Hayag's preparation of a statement of account (SOA) indicating the amount of taxes and other liens chargeable to Benigno with proof of payment thereof. Benigno could have easily computed the redemption price by considering the price which Hayag paid for the property, the interest of 1% per month on the purchase price, and approximating any assessment or taxes in order to at least tender substantial payment.

Indeed, Benigno could find other ways to know the redemption price. For one, he can examine the Certificate of Sale registered with the Register of Deeds to verify the purchase price, or upon the filing of his Manifestation, he could have moved for a computation of the redemption price and consigned the same to the court. Benigno could have likewise tendered a partial value of the redemption price or what he estimated is the redemption price as a show of good faith and his willingness and ability to pay. At any rate, whether or not Benigno was diligent in asserting his willingness to pay is irrelevant. To reiterate, redemption within the period allowed by law is not a matter of intent but a question of payment or valid tender of the full redemption price within said period.⁴⁰

Notably, Benigno did not even wait for Hayag's submission of the SOA. Instead, he asked assistance from the Office of the Clerk of Court in computing the amount to consign upon receipt of the RTC's Order.⁴¹ He could have done this prior to filing or immediately after filing his Manifestation.

Benigno not only failed to justify the deviation from the Rules, but likewise failed to show good faith on his part. To recall, Benigno sold the

³⁹ *Doronilla v. Vasquez*, 72 Phil. 572 (1941); *Castillo v. Nagtalon*, 114 Phil. 7 (1962); *Rosario v. Tayug Rural Bank*, 131 Phil. 324 (1968); *Tolentino v. Court of Appeals*, 193 Phil. 663 (1981); *Delos Reyes v. IAC*, 257 Phil. 406 (1989); *Bodiongan v. Court of Appeals*, 318 Phil. 592 (1995).

⁴⁰ See *Metropolitan Bank and Trust Co. v. Spouses Tan*, 590 Phil. 827, 843 (2008).

⁴¹ *Rollo*, p. 75.

subject property on 17 June 2016 to a third party, Urgona Realty and Development Corporation, for ₱13,500,000.00 as evidenced by the unnotarized and undated (only indicating the year 2016) Contract to Sell. While the RTC in its order dated 06 June 2016 gave due course to Benigno's Manifestation, the said Order has not yet become final when the alleged sale took place after 11 days from its issuance, or on 17 June 2016. As the RTC correctly underlined, Benigno took the risk of disposing the property in issue notwithstanding the fact that he has yet to completely exercise his right to redeem the same and without waiting for Hayag's counter-action.⁴²


Benigno also failed to surrender the title of the property to the Court, having sold and given the property's title to Urgona Realty and Development Corporation.⁴³ This delayed the consolidation of title in favor of Hayag; the timing of the sale *vis-a-vis* the filing of the Manifestation is simply suspect.

Given the foregoing, We rule in favor of Hayag. The right of the purchaser to the possession of the foreclosed property becomes absolute upon the expiration of the redemption period.⁴⁴ For Benigno's failure to effect a valid redemption of the subject property, he has lost any right and interest over the same.

WHEREFORE, the Petition is hereby **GRANTED**. The Decision dated 10 May 2018 and the Resolution dated 17 October 2018 of the Court of Appeals in CA-G.R. SP No. 07747-MIN are **REVERSED** and **SET ASIDE**. The Order dated 21 June 2016 of Branch 4, Regional Trial Court of Panabo City in Criminal Case Nos. 97-134, 97-143, 97-144, 97-145, 97-201, 97-202, and 97-203 is **REINSTATED** and **AFFIRMED** with the **MODIFICATION** that respondent is no longer allowed to redeem his property.⁴⁵

SO ORDERED."

By authority of the Court:


LIBRADA C. BUENA
Division Clerk of Court *214*

by:

MARIA TERESA B. SIBULO
Deputy Division Clerk of Court

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⁴² Id. at 61.

⁴³ Id. at 16.

⁴⁴ Supra note 42 at 62.

⁴⁵ See *China Banking Corp. v. Spouses Martir*, 615 Phil. 728 (2009).

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& 97-201 to 97-203)

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