



Republic of the Philippines  
Supreme Court  
Manila

THIRD DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, Third Division, issued a Resolution dated February 17, 2021, which reads as follows:*

**“G.R. No. 245038 (*Beatriz Laguda-Tam v. Intestate Estate of the Late Jovencio S. Broce, Sr., represented by its Substitute Judicial Administrator, Eduardo L. Broce*). — The Court resolves to **CONSIDER** the filing of a reply to respondent’s comment on the petition for review on certiorari as required in the Resolution dated July 7, 2020 as **WAIVED**.**

Before this Court is a Petition for Review on *Certiorari* seeking to “reverse, nullify, and set aside” the October 18, 2018 Decision<sup>1</sup> of the Court of Appeals (CA), Cebu City in CA-G.R. CV No. 06319 which set aside the following issuances of the Regional Trial Court (RTC) of San Carlos City, Negros Occidental, Branch 59, to wit: February 16, 2016 (Amended Decision), April 19, 2016 Order (for Execution), and October 27, 2016 Omnibus Order (for Confirmation of Sale).

The facts are culled from the available records as follows:

On March 15, 2003, respondent Intestate Estate of the late Jovencio S. Broce, Sr. (respondent) borrowed ₱10,000,000.00 from Beatriz Laguda-Tam (petitioner), payable within three (3) years from the same date with a monthly 2.5% interest rate.<sup>2</sup> Pursuant to the loan, a Real Estate Mortgage Agreement was executed by both parties where three (3) of respondent’s lands<sup>3</sup> as security for the debt.<sup>4</sup>

On May 8, 2003, the Intestate Court approved the March 15, 2003 Real Estate Mortgage Agreement.<sup>5</sup>

<sup>1</sup> Penned by Associate Justice Edward B. Conteras, with Associate Justices Gabriel T. Ingics and Dorothy P. Montejo-Gonzaga, concurring; *rollo*, pp. 236-253.

<sup>2</sup> *Id.* at 82.

<sup>3</sup> Covered by TCT Nos. T-16506, T-17991 and T-17993.

<sup>4</sup> *Rollo*, pp. 109-110.

<sup>5</sup> *Id.* at 110.

On June 11, 2014, petitioner filed a Complaint<sup>6</sup> before the RTC seeking to foreclose respondent's real properties alleging that: (a) the loan was subsequently increased by both parties with the execution of the Twenty-Seventh *Addendum* to Real Estate Mortgage<sup>7</sup> (27<sup>th</sup> *Addendum*) with the last executed on September 9, 2004; (b) respondent's total loan now amounted to ₱70,140,125.00; (c) the three (3)-year period to pay the loan has long expired without respondent paying the principal and interests thereon; and (d) respondent continued to refuse to pay the same despite verbal and written demands.

On August 4, 2014, respondent filed its Answer<sup>8</sup> denying, among others, the execution of the 27<sup>th</sup> *Addendum* which increased the amount of the loan to a staggering ₱70,140,125.00. Moreover, respondent also alleged that the demand was only made on January 7, 2014 and March 5, 2014 which, in consonance with Article 1142 of the Civil Code, had the effect of barring petitioner's claim of enforcing the Real Estate Mortgage Agreement by reason of prescription.<sup>9</sup>

On December 28, 2015, the RTC summarily rendered a Decision<sup>10</sup> with the dispositive portion which reads:

**WHEREFORE**, in view of the foregoing, judgment is hereby rendered in favor of plaintiff **BEATRIZ LAGUDA-TAM** against defendant **INTESTATE ESTATE OF THE LATE JOVENCIO S. BROCE**, represented by its Special Administratrix **Francisca Lopez Broce**, ordering the latter to pay the following amounts to wit:

- 1) **TEN MILLION (₱10,000,000.00) PESOS** with interest computed at **Two and a Half (2.5%) Percent per month** from May 2003 to May 2006 as actual damages within **ninety (90) days** from the finality of this Decision. Thereafter, interest is computed at **Twelve (12%) Percent** interest per annum from the filing of the Complaint until fully paid and at **six (6%) percent per annum** from the finality of the judgment until fully paid.
- 2) Should defendant fail to pay the judgment debt within the period given, let the real properties covered by Transfer Certificates of Titles Nos. (T-16506), T-17991 and T-17993, all of the Registry of Deeds of San Carlos City be sold at public auction in accordance with Rule 39 of the Rules of Court to satisfy the judgment debt.

**SO ORDERED.**<sup>11</sup>

In this three (3)-page Decision, however, the RTC only passed upon the factual issue of prescription, but left out any determination as to the

<sup>6</sup> Id. at 82-85.

<sup>7</sup> Id. at 89.

<sup>8</sup> Id. at 92-93.

<sup>9</sup> Id. at 93.

<sup>10</sup> Id. at 109-111.

<sup>11</sup> Id. at 111.

existence, validity, and due execution of the 27 *addenda*, as well as the legality of the 2.5% monthly interest rate.

On June 6, 2016, respondent filed a Motion for Reconsideration<sup>12</sup> essentially seeking to reduce the total amount of the loan from P70,140,125.00 to a more conscionable amount.

On February 16, 2016, the RTC issued an Order<sup>13</sup> amending its December 28, 2015 Decision with the dispositive as follows:

**WHEREFORE**, in view of the foregoing, judgment is hereby rendered in favor of plaintiff **BEATRIZ LAGUDA-TAM** against defendant **INTESTATE ESTATE OF THE LATE JOVENCIO S. BROCE** represented by its Special Administratrix **Francisca Lopez Broce**, ordering the latter to pay the following amounts to wit:

- 1) Seventy Million One Hundred Forty Thousand One Hundred Twenty Five (P70,140,125.00) Pesos computed at Twelve (12%) Percent interest per annum from the filing of the Complaint until fully paid within ninety (90) days from the finality of this Decision. Thereafter, the interest is computed at six (6%) percent per annum from the finality of the judgment until fully paid.
- 2) Should defendant fail to pay the judgment debt within the period given, let the real properties covered by Transfer Certificates of Titles Nos. (T-16506), T-17991 and T-17993, all of the Registry of Deeds of San Carlos City be sold at public auction in accordance with Rule 39 of the Rules of Court to satisfy the judgment debt.”

**SO ORDERED.**<sup>14</sup>

On April 1, 2016, petitioner filed a Motion for Execution<sup>15</sup> to execute the February 16, 2016 Order which amended the December 28, 2015 Decision.

On April 19, 2016, the RTC issued an Order<sup>16</sup> granting petitioner’s Motion for Execution. Thereafter, an Entry of Judgment<sup>17</sup> and Writ of Execution<sup>18</sup> were issued.

On June 22, 2016, petitioner filed a Motion for Public Auction of Lots Covered by [TC1] Nos. T-16506, T-17991 and T-17993.<sup>19</sup>

<sup>12</sup> Id. at 112-114.

<sup>13</sup> Id. at 115-117.

<sup>14</sup> Id. at 116-117.

<sup>15</sup> Id. at 118-119.

<sup>16</sup> Id. at 120-121.

<sup>17</sup> Id. at 122-123.

<sup>18</sup> Id. at 124-127.

<sup>19</sup> Id. at 132-133.

On June 27, 2016, respondent filed a Motion to Suspend Judicial Foreclosure Proceedings<sup>20</sup> informing the RTC that a certain Mirasol H. Maquiling (Maquiling) informed it through a letter<sup>21</sup> that she already bought<sup>22</sup> portions of the subject properties on March 28, 2001 — before the Real Estate Mortgage Agreement was executed.

On July 11, 2016, the RTC issued an Omnibus Order<sup>23</sup> granting petitioner's Motion for Public Auction for Lots Covered by TCT Nos. T-16506, T-17991, and T-17993 and denying respondent's Motion to Suspend Judicial Foreclosure Proceedings.

On September 15, 2016, the subject properties were sold at a public auction with petitioner as the winning bidder.<sup>24</sup>

On September 19, 2016, a Certificate of Sale<sup>25</sup> by the RTC's Clerk of Court V and Officer-In-Charge Atty. Edelyn Layumas-Celeste.

On September 30, 2016, Atty. Lester Rolando R. Nuique filed an Entry of Appearance as Collaborating Counsel with Motion to Recall Order to Sell Collaterals at Public Auction and the Sale at Public Auction<sup>26</sup> representing respondent and arguing that the RTC "inadvertently proceeded with undue haste" because: (a) the February 16, 2016 Order was to become final on March 3, 2016 in which respondent "had a minimum of 90 days [until June 3, 2016] and a maximum of 120 days [until July 3, 2016] to pay the judgment" which makes the April 19, 2016 Order granting petitioner's Motion for Execution premature; (b) the foreclosure of the whole lot for ₱70,140,125.00 is "outrageously unjust" because the subject properties have a market value of ₱310,000,000.00; and (c) there was a third party by the name of Maquiling who is claiming portions of the subject properties.<sup>27</sup>

On October 12, 2016, the RTC issued an Order<sup>28</sup> denying the Entry of Appearance as Collaborating Counsel with Motion to Recall Order to Sell Collaterals at Public Auction and the Sale at Public Auction.

On October 19, 2016, respondent filed a Motion for Reconsideration and Comments to the Motion for Confirmation of Sale primarily arguing that "an Entry of Judgment was required before the so-called equity of redemption period [will commence], and for an order of sale and a sale [to] take effect." It argued that the sale is defective because it "emanated from a premature Order."<sup>29</sup>

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<sup>20</sup> Id. at 134-136.

<sup>21</sup> Id. at 137.

<sup>22</sup> Id. at 138-142.

<sup>23</sup> Id. at 143-146.

<sup>24</sup> Id. at 149-150.

<sup>25</sup> Id. at 152-154.

<sup>26</sup> Id. at 158-162.

<sup>27</sup> Id. at 160-161.

<sup>28</sup> Id. at 163-165.

<sup>29</sup> Id. at 166-167.

On January 3, 2017, the RTC issued an Order<sup>30</sup> denying respondent's Motion for Reconsideration and Comments to the Motion for Confirmation of Sale.

On January 19, 2017, respondent filed its Notice of Appeal<sup>31</sup> invoking the Court's *En Banc* ruling in *De La Cruz, Jr. v. Sta. Maria*<sup>32</sup> that "[a]n order approving or confirming a public auction sale made by a sheriff pursuant to a decree entered in a foreclosure suit is appealable."

On October 18, 2018, the CA rendered a Decision<sup>33</sup> in favor of respondent with the dispositive portion as follows:

WHEREFORE, premises considered, the appeal is GRANTED. The December 28, 2015 Decision rendered by the Regional Trial Court, Branch 59, San Carlos City, Negros Occidental and its Orders dated February 16, 2016 (Amended Decision), April 19, 2016 (Order for Execution) and October 27, 2016 (Omnibus Order confirming sale), are SET ASIDE. The case is REMANDED to the Regional Trial Court of San Carlos City, Branch 59, for trial and reception of evidence to determine the exact liability of defendant-appellant. The Presiding Judge is directed to proceed with deliberate dispatch and in accordance with the Court's discussion in its Decision.

SO ORDERED.<sup>34</sup>

In its Decision, the CA held that the doctrine of immutability of judgments cannot apply to the RTC's February 16, 2016 Order which amended its December 28, 2015 Decision for being void.<sup>35</sup> It ratiocinated that, according to jurisprudence, a summary judgment cannot be resorted to by the trial court *motu proprio* as it amounts to a denial of due process.<sup>36</sup> Moreover, it also noticed in the records that the ₱70,140,125.00 amount of total indebtedness had not been sufficiently substantiated by petitioner and the individual amounts of each *addendum* were never stated in the Complaint.<sup>37</sup> It added that the RTC could have set the same for hearing for verification and additional reception of evidence instead of resorting to procedural safeguards to favor one party which in this case is the petitioner.<sup>38</sup> Additionally, it also found that the 2.5% monthly interest rate, according to established jurisprudence, is unconscionable and void *ab initio* for being contrary to morals and the law.<sup>39</sup> Finally, it also considered as a supervening event that the rights of a third party, Maquiling, who is claiming

<sup>30</sup> Id. at 178-179.

<sup>31</sup> Id. at 180.

<sup>32</sup> 117 Phil. 1010 (1963).

<sup>33</sup> *Rollo*, pp. 236-253.

<sup>34</sup> Id. at 252.

<sup>35</sup> Id. at 243-245.

<sup>36</sup> Id. at 246.

<sup>37</sup> Id. at 247.

<sup>38</sup> Id.

<sup>39</sup> Id. at 248.

portions of the subject properties may be prejudiced should the RTC's judgment be implemented.<sup>40</sup>

On November 27, 2016, petitioner filed a Motion for Reconsideration (Of the Decision Promulgated [on] October 18, 2018).<sup>41</sup>

On February 21, 2019, the CA issued a Resolution<sup>42</sup> denying petitioner's Motion for Reconsideration for "wanting of any compelling and sufficient cause to warrant a reversal"<sup>43</sup> of its October 18, 2018 Decision.

Aggrieved by the CA's October 18, 2018 Decision and February 21, 2019 Resolution, petitioner filed a Petition for Review on *Certiorari*<sup>44</sup> essentially arguing that: (a) the summary judgment is not invalid because respondent was given ample opportunity to be heard; (b) the confirmation sale underwent a "tedious process" of publication, posting, and public bidding; (c) there is no right to redemption in judicial foreclosure; (d) Maquiling failed to intervene in the proceedings; (e) Maquiling never registered her purchase of the portions of the subject properties with the Registry of Deeds; (f) respondent has already acknowledged the 27<sup>th</sup> *Addendum* when it entered into such contract which they could not be allowed to renege on; and (g) the interest stipulated in the 27<sup>th</sup> *Addendum* cannot be raised on appeal.

In response to the instant petition, the respondent filed its Comment<sup>45</sup> arguing that: (a) there was a denial of due process of the RTC's *motu proprio* rendition of the summary judgment; (b) jurisprudence is settled that decisions which violate due process are void; (c) petitioner failed to substantiate with evidence that the Intestate Court which has jurisdiction over matters relating to respondent's disposition of property had approved the 27<sup>th</sup> *Addendum*; (d) the unconscionability of the 2.5% monthly interest rate renders the Real Estate Mortgage Agreement void *ab initio*; (e) a void and inequitable judgment can never become final and executory; (f) the fact that Maquiling's acquisition of portions of the property is allegedly unregistered does not take away the fact that the RTC's assailed Orders are void; (g) petitioner is guilty of indirect contempt for pre-empting the results of this case by occupying and exercising dominion over the subject properties; and (i) respondent is entitled to a reasonable compensation over petitioner's premature and forcible occupation and use of the subject properties.

The case before this Court presents four (4) pivotal issues, viz.:

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<sup>40</sup> Id. at 250-251.

<sup>41</sup> Id. at 254-291.

<sup>42</sup> Id. at 308-310.

<sup>43</sup> Id. at 309.

<sup>44</sup> Id. at 25-77.

<sup>45</sup> Id. at 320-342.

- 1) Whether or not the CA erred in remanding the case back to the RTC for the purpose of determining the exact amount of liability.
- 2) Whether or not the CA erred in holding that the RTC's February 16, 2016 Order amending its own December 28, 2015 Decision had not attained finality for being void.
- 3) Whether or not petitioner's acts disrespect established juridical processes.
- 4) Whether or not respondent is entitled to a reasonable compensation.

In this case, this Court finds that the CA did not err in its Decision and correctly applied existing jurisprudence in invalidating the RTC's issuances. Moreover, the issues argued by petitioner do not even present any question of law, novel or otherwise, in violation of Section 1, Rule 45 of the Rules of Court. However, the same cannot be said as to the CA's disposition remanding the case back to the RTC for proper disposition.

*Firstly*, remanding the case back to the RTC in order to determine the exact amount of loan liability is circuitous as some undisputed facts appearing in the records are sufficient for the Court to make a final determination by simply applying laws and existing jurisprudence.

Section 5(5), Article VIII of the Constitution obliges the Court to provide for "a simplified and inexpensive procedure for the speedy disposition of cases." In line with this constitutional mandate, the Court has repeatedly espoused complementary doctrines aimed at realizing the objective of streamlining procedures and keeping the costs of litigation down while attaining substantive justice. At the forefront of these doctrines is the principle of resolving issues at hand to avoid circuitous litigation and further delay in the disposition of the case.<sup>46</sup>

In the instant case, the Court finds that a remand of the case back to the RTC for the sole purpose of determining the exact amount of liability will only result in a protracted litigation as the same factual issue had already been tried and can be settled on appeal. The reason is that a remand is necessary only when there has been no trial on the merits.<sup>47</sup> As it will be pointed out in the succeeding discussions, the exact amount of liability can be computed by simply applying the law and relevant jurisprudence to fix the proper amount of interest. Therefore, the CA erred in remanding the case back to the RTC.

<sup>46</sup> See *Orquiola v. Court of Appeals*, 435 Phil. 323, 332 (2002).

<sup>47</sup> *Spouses Morales v. Court of Appeals*, 349 Phil. 262, 269-270 (1998).

*Secondly*, respondent was denied of due process when the RTC *motu proprio* rendered a summary judgment absent any motion from either one of the parties.

Under the doctrine of immutability of judgments, a judgment that lapses into finality becomes immutable and unalterable.<sup>48</sup> Notwithstanding the immutability of final judgments, the exceptions to this doctrine are: (a) the correction of clerical errors; (b) the so-called *nunc pro tunc* entries which cause no prejudice to any party; (c) void judgments; and (d) whenever circumstances transpire after the finality of the decision rendering its execution unjust and inequitable.<sup>49</sup>

Correlatively, a void judgment creates no rights and imposes no duties.<sup>50</sup> Moreover, a decision rendered without due process is void *ab initio*.<sup>51</sup> In effect, it may even be attacked collaterally for being non-existent.<sup>52</sup>

In this case, it is established in the records that the RTC rendered the December 28, 2015 Decision in a summary manner without any motion filed by the parties. There is no need to stretch the imagination in order to conclude that respondent was indeed denied of due process by the RTC. A simple application of the existing case laws adequately supports the CA's assent to respondent's collateral attack against the RTC's void December 28, 2015 Decision and the February 16, 2016 Order (amending the December 28, 2015 Decision).

Besides, due process considerations require that judgments must conform to and be supported by the pleadings and evidence presented in court.<sup>53</sup> This was not the case of the RTC because it accepted the validity and due execution of the 27<sup>th</sup> *Addendum* hook, line, and sinker without even making a determination as to whether or not such novatory agreement was approved by the Intestate Court considering that respondent is an estate subject to the latter court's jurisdiction insofar as it involves acts pertaining to the disposition of its assets. Here, respondent correctly cited *Heirs of Spouses Sandejas v. Lina*<sup>54</sup> that the probate or intestate court's jurisdiction "extends to matters incidental and collateral to the exercise of a probate courts recognized powers such as selling, mortgaging or otherwise encumbering realty belonging to the estate."<sup>55</sup> As such, what is needed to prove the validity of the 27<sup>th</sup> *Addendum* is the Intestate Court's approval of the same document imposing onerous obligations on part of respondent's assets which petitioner failed to adduce as evidence.

<sup>48</sup> *Mercury Drug Corporation v. Spouses Huang*, 817 Phil. 434, 445 (2017).

<sup>49</sup> *Republic v. Heirs of Judge Cirilo Gotengco*, 824 Phil. 568, 578 (2018).

<sup>50</sup> *Imperial v. Judge Armes*, 804 Phil. 439, 474 (2017).

<sup>51</sup> *People v. Duca*, 618 Phil. 154, 166 (2009).

<sup>52</sup> *Go v. Echavez*, 765 Phil. 410, 424 (2015).

<sup>53</sup> *Diona v. Balangue*, 701 Phil. 19, 31 (2013).

<sup>54</sup> 403 Phil. 926 (2001).

<sup>55</sup> *Id.* at 942.



*Thirdly*, the patently exorbitant 2.5% monthly interest rate of the Real Estate Mortgage Agreement may be reviewed as a patent violation of “the Constitution, the law and jurisprudence” and even ousts a court of its jurisdiction.<sup>56</sup> Verily, a judgment rendered by a court without jurisdiction is null and void and may be attacked anytime for it creates no rights and produces no effect.<sup>57</sup>

Unconscionable interest rates are illegal and void for being against public morals.<sup>58</sup> This is also the rule even if such iniquitous interest rate is knowingly and voluntarily assumed, is immoral and unjust.<sup>59</sup> Accordingly, courts are granted authority to reduce them equitably; if reasonably exercised, such authority shall not be disturbed by appellate courts.<sup>60</sup>

In the case at hand, the 2.5% monthly interest rate of the Real Estate Mortgage Agreement is illegal and void as directly contemplated in *Spouses Abella v. Spouses Abella*.<sup>61</sup> At this point, there is even no need for further explanation as jurisprudence is clear. Nonetheless, the Court deems it significant to emphasize that respondent’s ₱10,000,000.00-principal obligation ballooned to an enormous amount of ₱70,140,125.00. Accordingly, the interest on the ₱10,000,000.00-principal obligation should be computed in consonance with the Court’s *En Banc* ruling in *Nacar v. Gallery Frames*<sup>62</sup> (since *Lara’s Gifts & Decors, Inc. v. Midtown Industrial Sales, Inc.*<sup>63</sup> is currently under reconsideration) which imposes an annual interest rate of 12% for those accrued before July 1, 2013 and 6% for those accrued on July 1, 2013 onwards.

Besides, even if the 27<sup>th</sup> *Addendum* were to be considered in fixing the amount of interest, the same would also be rendered void anyway considering that the total obligation had been staggeringly bloated compared to the principal amount. A principal loan which has ballooned to roughly 701.40% of its original amount is obviously shocking to the conscience.

However, contrary to respondent’s claim that the whole Real Estate Mortgage Agreement is void, only the interest stipulated is void and should be reduced to the allowable legal rate.

*Lastly*, the pictures,<sup>64</sup> letter,<sup>65</sup> and other court documents<sup>66</sup> submitted by respondent appear to show that petitioner is prematurely exercising

<sup>56</sup> See *Neri v. Yu*, G.R. No. 230831, September 5, 2018.

<sup>57</sup> *Bilag v. Ay-Ay*, 809 Phil. 236, 243 (2017), citing *Tan v. Cinco*, 787 Phil. 441, 450 (2016).

<sup>58</sup> *Vitug v. Abuda*, 776 Phil. 540, 568 (2016).

<sup>59</sup> *Rey v. Anson*, G.R. No. 211206, November 7, 2018.

<sup>60</sup> *Imperial v. Jaucian*, 471 Phil. 484, 488 (2004).

<sup>61</sup> 763 Phil. 372 (2015).

<sup>62</sup> 716 Phil. 267 (2013).

<sup>63</sup> G.R. No. 225433, August 28, 2019.

<sup>64</sup> *Rollo*, pp. 343-350.

<sup>65</sup> *Id.* at 351.

<sup>66</sup> *Id.* at 352-363.

dominion over the subject properties and forcibly wresting possession of the same from the former.

Persons guilty of any improper conduct tending, directly or indirectly, to impede, obstruct, or degrade the administration of justice may be punished for indirect contempt.<sup>67</sup> Such conduct encompasses any *ad interim* event which has the likelihood of either preempting the judgment of a court or substantially affect the final results of a case. Additionally, the Court — in the exercise of its inherent power to control, in furtherance of justice, the conduct of its ministerial officers and of all other persons in any manner connected with a case before it — may *motu proprio* initiate proceedings therefor.<sup>68</sup> This is in furtherance of the inherent power of courts to control their proceedings so as to make them conformable to law and justice.<sup>69</sup>

Significantly, it is only *after* consolidation of title in the purchaser's name for failure of the mortgagor to redeem the property can such purchaser's right to possession ripen into the absolute right of a confirmed owner.<sup>70</sup> This is because the issuance of a writ of possession remains the ministerial duty of the trial court until the foreclosure sale of the property in question is annulled by a court of competent jurisdiction.<sup>71</sup>

In the instant case, the principal amount of the obligation has not yet even been determined with finality. As such, it logically follows that respondent cannot, as of yet, avail of the benefits arising from equity of redemption until the total amount of the obligation (principal plus interest) is determined with finality. And since the total amount of the obligation has not yet been finally determined, a consolidation of the property in the name of petitioner cannot yet be done. In effect, petitioner cannot yet exercise acts of dominion and wrest possession over the subject properties as respondent's equity of redemption has yet to lapse. Relatedly, as to the equity of redemption, the same may only be exercised by respondent as soon as the total amount of the obligation is determined with finality by a court of competent jurisdiction. Only then may respondent undertake acts to extinguish the mortgage and retain ownership of the property by paying the secured debt within the 90-day period after the judgment becomes final, or even after the foreclosure sale, but prior to the confirmation of the sale.<sup>72</sup>

In her March 11, 2019 letter<sup>73</sup> to respondent, petitioner boldly claims the subject properties as “foreclosed properties” under her ownership claiming that she has “all the right” to stop the former from claiming ownership “despite the fact that the [CA]” “has rendered [a] Decision to remand” the case back to the RTC. Not only is such tenor an affront to the

<sup>67</sup> *Racines v. Judge Morallos*, 571 Phil. 1, 5 (2008).

<sup>68</sup> *Id.*

<sup>69</sup> See RULES OF COURT, Rule 135, Section 5(g).

<sup>70</sup> *Spouses Edralin v. Philippine Veterans Bank*, 660 Phil. 368, 381 (2011).

<sup>71</sup> *Cf. Spouses Gatustao v. Yanson*, 751 Phil. 188, 197 (2015).

<sup>72</sup> See *Robles v. Yapcinco*, 746 Phil. 70, 81 (2014).

<sup>73</sup> *Rollo*, p. 351.

Judiciary's constitutional and statutory power to settle disputes, it openly challenges and undermines its authority to do so.

In this regard, the Court is constrained to forgo of the resolution of the contempt charges because it is not a trier of facts.<sup>74</sup> However, since litigation is costly both to the litigants and to the State, the objective of procedural rules should be to limit its number or extent by settling all controversies, as well as all matters relating thereto.<sup>75</sup> This is because multiplicity of suits is anathema to the administration of justice which is why it is abhorred by law.<sup>76</sup> As such, the better recourse pursuant to the inherent power of courts to control their proceedings would be: (a) to order petitioner to cease and desist from exercising any act of dominion over the subject properties until the titles of these realties are consolidated under her name; and (b) to fix, consistent with established jurisprudence earlier discussed, the redeemable amount of ₱10,000,000.00 with legal interest computed from the date when the Real Estate Mortgage became due and demandable.

As to petitioner's alleged act of wresting possession over the subject properties, this Court also emphasizes that a purchaser in a foreclosure sale who also happens to be the creditor in the principal loan obligation cannot directly self-appropriate the mortgaged property before consolidation. This scenario would indirectly amount to a *pactum commissorium* which is prohibited by law.<sup>77</sup>

At this juncture, the Court deems it imperative to further expound on the effects of this Resolution as it agrees with the CA's findings that the RTC's December 28, 2015 Decision and February 16, 2016 Order amending the former issuance are both void for violating respondent's due process rights. However, in the interest of avoiding a circuitous litigation, as well as pursuant to this Court's constitutional power to promulgate rules on "the protection and enforcement of constitutional rights, pleading, practice, and procedure" and "provide a simplified and inexpensive procedure for the speedy disposition of cases,"<sup>78</sup> petitioner's Complaint for judicial foreclosure cannot be dismissed as the records are clear that respondent has indeed an outstanding obligation in favor of the former. Moreover, the RTC had jurisdiction to entertain petitioner's Complaint for judicial foreclosure. In other words, the December 28, 2015 Decision and February 16, 2016 Order were rendered void, not because the RTC did not have jurisdiction to take cognizance on petitioner's Complaint for judicial foreclosure, but because the same trial court had stepped outside the bounds of its jurisdiction in the performance of its functions. Therefore, the better course of action is to uphold the CA's October 18, 2018 Decision insofar as it does

<sup>74</sup> *Carbonell v. Carbonell-Mendez*, 762 Phil. 529, 536 (2015).

<sup>75</sup> *Fajardo v. Bayona*, 98 Phil. 659, 661 (1956).

<sup>76</sup> See *Central Bank of the Philippines v. De La Cruz*, 269 Phil. 365, 376 (1990).

<sup>77</sup> See *Spouses Felipe Solitarios and Julia Torda v. Spouses Jaque*, 746 Phil. 852, 879 (2014).

<sup>78</sup> CONSTITUTION, Art. VIII, Section 5(5).

not include the *remand* back to the RTC for compelling reasons earlier stated.

**WHEREFORE**, in view of the foregoing premises, the Court:

- (1) **AFFIRMS with MODIFICATION** the October 18, 2018 Decision of the Court of Appeals, Cebu City in CA-G.R. CV No. 06319 and **DELETES** the directive to remand the case back to the Regional Trial Court of San Carlos City, Negros Occidental, Branch 59, pursuant to this Court's constitutional mandate to provide for a simplified and inexpensive procedure for the speedy disposition of cases;
- (2) **DECLARES** that the total amount of respondent Intestate Estate of the late Jovencio S. Broce, Sr.'s obligation to petitioner Beatriz Laguda-Tam shall be P10,000,000.00 plus legal interest to be computed along the guidelines established in *Nacar v. Gallery Frames*<sup>79</sup> as the basis for the amount of equity of redemption should the same be availed by the respondent;
- (3) **FIXES** the reckoning point of legal interest on the date the Real Estate Mortgage Agreement became due and demandable which is three (3) years after March 15, 2003; and
- (4) **ORDERS** petitioner Beatriz Laguda-Tam to cease and desist from taking possession of and performing acts of dominion over the subject properties unless respondent fails to exercise said equity of redemption and the titles of the same realties have been consolidated under her name.

Costs against the petitioner.

**SO ORDERED.**"

By authority of the Court:

*Misael C. Battung III*  
**MISAEAL DOMINGO C. BATTUNG III**  
Division Clerk of Court *9-5-21*

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<sup>79</sup> *Supra* note 62.

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