



Republic of the Philippines  
Supreme Court  
Manila

THIRD DIVISION

PLANTERS DEVELOPMENT  
BANK (NOW CHINA BANK  
SAVINGS, INC.),

Petitioner,

- versus -

FATIMA D.G. FUERTE,

Respondent.

G.R. No. 259965

Present:

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

Promulgated:

October 7, 2024

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DECISION

CAGUIOA, J.:

Before the Court is the petition for review on *certiorari*<sup>1</sup> (Petition) under Rule 45 of the Rules of Court filed by petitioner Planters Development Bank (now China Bank Savings, Inc.) (PDB) assailing the Decision<sup>2</sup> dated October 28, 2021 (CA Decision) and Resolution<sup>3</sup> dated March 30, 2022 (CA Resolution) of the Court of Appeals<sup>4</sup> in CA-G.R. CV No. 114507. The CA Decision partly granted the appeal of respondent Fatima D.G. Fuerte (Fuerte) while the CA Resolution denied PDB's Motion for Reconsideration (MR).

The Facts and Antecedent Proceedings

The CA Decision narrates the factual antecedents as follows:

The present case arose from a *Complaint for Specific Performance with Prayer for Damages* filed by [Fuerte] on March 8, 2012 before the

\* On official business.

<sup>1</sup> *Rollo*, pp. 50–77, excluding Annexes.

<sup>2</sup> *Id.* at 79–107. Penned by Associate Justice Emily R. Aliño-Geluz and concurred in by Associate Justices Victoria Isabel A. Paredes and Bonifacio S. Pascua.

<sup>3</sup> *Id.* at 109–115.

<sup>4</sup> Fifteenth Division and Former Fifteenth Division, CA, Manila.

Regional Trial Court [(RTC)] of Pasig City<sup>5</sup>, which was . . . docketed as Civil Case No. 73363-PSG.

The following facts are not disputed.

Sometime in 2010, . . . Fuerte acceded to the request of a certain Arsenio J. Jison (Jison) for a loan in the amount of Php 5,000,000.00. To secure the . . . loan, Jison executed a *Real Estate Mortgage* [(REM)] dated April 13, 2010 over his parcel of land situated at Don Hernandez Street, Barangay San Rafael, Pasay City (subject property), and covered by *Transfer Certificate of Title (TCT) No. 4224* registered in his name. Jison subsequently failed to pay his loan when it became due despite Fuerte's repeated demands.

Desirous of obtaining the subject property for themselves, herein defendants-appellees Spouses Oscar and Angelita Abel (Spouses Abel) intimated to Fuerte and Jison that they [were] willing to assume Jison's obligation and pay Fuerte the amount of Php 10,000,000.00 in exchange for the cancellation of the April 13, 2010 [REM] and the transfer of the subject property under their name. After obtaining the conformity of both Fuerte and Jison to their proposal, Spouses Abel applied for a credit facility with herein defendant-appellee (PDB) from which they planned to draw the money to pay Fuerte.

Thereafter, through a *Credit Line Agreement* and a *Letter of Approval* dated June 29, 2010, PDB granted Spouses Abel's loan application in the amount of Php 26,000,000.00. An amount of Php 3,000,000.00 was also released by PDB to Spouses Abel representing [their] initial drawdown.

Meanwhile, pursuant to her agreement with Spouses Abel, Fuerte executed a *Cancellation/Release of Mortgage* dated July 13, 2010 wherein she caused the cancellation of the previous April 13, 2010 [REM] over the subject property that had been executed by Jison in her favor. A *Deed of Absolute Sale* dated July 19, 2010, was then executed by Jison in favor of Spouses Abel wherein he sold the subject property to [them] for Php 20,000,000.00.

Pending the release of the remainder of their loan, Spouses Abel requested PDB to issue a Letter of Guaranty in favor of Fuerte and a certain Patricia Tan. Previously, or sometime in June 2010, Spouses Abel entered into an agreement with Patricia Tan to finance all the costs and expenses that they would incur in obtaining their loan from PDB.

PDB acceded to Spouses Abel's request and a *Letter of Guaranty* dated July 23, 2010 was issued by the bank to Fuerte and Patricia Tan, which stated as follows:

"Dr. Ms. Tan and Ms. Fuerte,

We wish to inform you that we have approved a mortgage loan in favor of **SPS. OSCAR and ANGELITA ABEL [doing business under] LOR's FOOD AND TREATS** to be secured by one (1) parcel of land covered by Transfer Certificate of Title No. 4224 located at Don Hernandez

<sup>5</sup> Initially raffled to Branch 71, then re-raffled to Branch 265 of the RTC of Pasig City.



Street, San Raff[a]el, Pasay City including all improvements erected thereon which is presently registered under the name of Arsenio J. Sison (*sic*).

In this connection, we wish to advise you that you can effect the transfer of ownership of the said property under the name of our client **SPOUSES OSCAR and ANGELITA ABEL** to be followed by the annotation of our mortgage therein.

Upon transfer of ownership and annotation of our mortgage in the new Transfer Certificate of Title, we undertake to remit within seven (7) working days a manager's check as full payment of the borrower's outstanding balance with you as follows:

- |                     |   |                 |
|---------------------|---|-----------------|
| 1. Fatima G. Fuerte | – | P 10,000,000.00 |
| 2. Patricia A. Tan  | – | P 7,000,000.00  |

It is understood that any difference between the stated amount and the actual balance of the obligation of the Spouses Abel shall be settled by them directly with you.

Correspondingly, you shall forward to us the following documents within three (3) days from receipt of our check payment:

1. Original Transfer Certificate of Title registered under the name of Sps. Oscar and Angelita Abel free from other lien and other encumbrance except our mortgage annotated thereon[;]
2. Original copy of Tax Declaration on land and improvement, if any, under the name of Sps. Oscar and Angeli[t]a Abel;
3. Original [c]opy of the 2010 Real Estate Tax receipts for land and improvement, if any;
4. Copy of BIR Certification Authorizing Registration.

Should you be amenable to the above request, kindly indicate your conformity to the space provided below.

This letter of guaranty shall be good for 60 days from receipt hereof.

Thank you very much.

Respectfully yours,

**South Luzon Lending Department**" (Emphas[i]s in the original, underscoring [deleted])

On July 26, 2010, in compliance with the directives contained in the above-quoted [L]etter of [G]uaranty, Fuerte caused the recording of her previous cancellation of the April 13, 2010 [REM]) on TCT No. 4224. Later that day, the Registry of Deeds of Pasig City cancelled TCT No. 4224 and a new title, *TCT No. 151615*, covering the subject property was issued in the name of Spouses Abel.



On August 5, 2010, a [REM] was constituted by Spouses Abel over the subject property to secure the Php 26,000,000.00 loan that they had obtained from PDB. The . . . mortgage was annotated on TCT No. 151615 on the same date.

Despite, however, the (a) issuance of a new certificate of title under the name of Spouses Abel and (b) the annotation of PDB's [REM] thereon, no manager's check was issued by PDB to Fuerte because it received a *letter* dated August 9, 2010 from a certain Atty. Rodinil Bugay (Atty. Bugay) warning the bank that Arsenio J. Jison ha[d] been dead since 1971, and that it ha[d] come to the attention of the latter's heirs that there [were] ongoing attempts to mortgage the property covered by TCT No. 4224 registered in the name of Arsenio J. Jison.

[The said letter informed PDB that the estate of Arsenio J. Jison, which included the property covered by TCT No. 4224, "is" pending settlement before the Regional Trial Court, Branch 40 of Silay City, Negros Occidental, docketed as "*In the Matter of the Intestate Estate of the Late Arsenio Jison*," Spec. Proc. No. 368-40. The letter also put the bank on notice that any person claiming to be Arsenio J. Jison was an impersonator and any deed of sale, conveyance, or encumbrance purportedly signed by the registered owner was an absolute forgery and clearly falsified. Further, the letter stated that based on the documents which had come to the possession of Atty. Bugay, the person falsely claiming to be Arsenio J. Jison had sold the property to a certain Oscar S. Abel, married to Angelita M. Abel, and the latter "are currently" negotiating for the mortgage thereof with PDB. The contact numbers of Atty. Bugay were indicated in the letter.]

More importantly, it came to the attention of PDB that an *Adverse Claim* pertaining to the matters stated in the letter above ha[d] been executed by a certain Ma. Liza Agnes Jison Calangan (Calangan) on August 6, 20[1]0 which, in turn, was annotated on TCT No. 151615 under Entry No. 2010-4652/T-151615 on August 10, 2010.

Thus, considering the serious implications of the information that [had] come to its attention regarding the subject property, which [had] been offered as security by Spouses Abel for their loan, PDB deemed it prudent to hold the remaining balance of [their] approved loan, as well as not to release Fuerte's Php 10,000,000.00 manager's check until Spouses Abel provided another collateral for their loan in *lieu* of the subject property or caused the cloud that had been cast on TCT No. 151615 to be removed.

Meanwhile, Fuerte sent a *demand letter* to PDB on February 14, 2011 wherein she demanded the release of her Php 10,000,000.00 manager's check. Fuerte likewise sent a *demand letter* on the same day to Spouses Abel wherein she demanded the latter to coordinate with PDB to cause the issuance of the amount guaranteed in her favor or to cause the payment thereof within three days from the receipt of the said demand letter.

When neither PDB nor Spouses Abel heeded her demands, Fuerte filed [the] above-mentioned complaint for specific performance [before the RTC of Pasig City, Branch 265, docketed as Civil Case No. 73363-PSG] against PDB and Spouses Abel to compel them to release/remit to her the amount of Php 10,000,000.00 as well as pay for the legal fees and expenses that she had incurred in order to collect the same.

....



In its *Answer*, PDB alleged that Fuerte has no cause of action against it because its refusal to release to her the amount of Php 10,000,000.00 was justified in light of Spouses Abel's failure to either provide another collateral for their loan or to remove the cloud that had been cast on TCT No. 151615 by reason of the annotation of Calangan's adverse claim. PDB argued that Spouses Abel had failed to meet the terms and conditions set forth in its July 23, 2010 [L]etter of [G]uaranty since there was an encumbrance annotated on TCT No. 151615 other than the [REM] that had been executed by Spouses Abel in its favor. PDB likewise emphasized that serious doubt exists on the validity of the deed of sale that Jison had executed in favor of Spouses Abel because based on the investigation that it has conducted, the Arsenio J. Jison mentioned as owner of the subject property under TCT No. 4[2]24 had already passed away on August 12, 1970, as shown by *Certificate of Death* with Local Registry No. 987. PDB emphasized that no creditor-debtor relationship exists between it and Fuerte, and that the latter's right only emanates from that of her principals, Spouses Abel, whose rights, in turn, were subject to a suspensive condition, namely[,] their presentment of a certificate of title over the subject property under their name which is free from any encumbrances except for the [REM] that had been executed by them in favor of the bank. Considering that this suspensive condition has not been fulfilled by Spouses Abel, PDB argued that its obligation to release to Fuerte the amount of Php 10,000,000.00 did not arise.

....

For their part, Spouses Abel argued in their *Answer* that Fuerte's complaint is baseless, unfounded and malicious, and that the latter has no cause of action against them since their Php 26,000,000.00 loan application has been approved by PDB. Spouses Abel further pointed out that there was even a partial release of their loan, and that the rest thereof will be released by PDB once the [REM] that they have executed in the bank's favor has been annotated in their certificate of title covering the subject property. PDB, however, did not release the rest of their loan because of a mere letter from a certain lawyer that the subject property is subject of a pending intestate proceedings.

....

In an *Order* dated October 5, 2016, the RTC granted Fuerte and PDB's motion to declare Spouses Abel in default for failure to attend the pre-trial and other hearings scheduled by the [c]ourt.

....

[Trial proceeded.] Thereafter, in its . . . *Decision* dated March 20, 2019, the RTC dismissed Fuerte's claim against PDB but ordered Spouses Abel to pay her the amount of Php 10,000,000.00 plus attorney's fees in the amount of Php 50,000.00, *to wit*:

**"WHEREFORE**, in view of the foregoing, the court renders judgment in favor of plaintiff and against defendant Spouses Oscar and Angelita Abel, and the latter are hereby ordered:

1. To pay plaintiff Fatima Fuerte the amount of Ten Million Pesos (P10,000,000.00) with monthly



interest at the rate of one percent (1%) from the date of extra-judicial demand (February 14, 2011) until the date of judgment plus legal interest of six percent (6%) per annum from the date of finality of judgment until fully paid.

2. To pay plaintiff the amount of Fifty Thousand Pesos (P50,000.00), as attorney's fees.

The claim against defendant Planters Development [Bank] is hereby ordered **DISMISSED** for lack of merit.

**SO ORDERED.”**

In dismissing the claim of Fuerte against PDB, the RTC . . . held that PDB's obligation under its Letter of Guaranty to release to Fuerte the amount of Php 10,000,000.00 was subject to a suspensive condition, *i.e.*, the issuance of a certificate of title under the name of Spouses Abel which is free from lien[s] and other encumbrances except for PDB's mortgage. Since the condition has not been complied with, Fuerte is not entitled to receive the amount of Php 10,000,000.00 from P[D]B.

Spouses Abel filed their [MR] to assail the above-quoted judgment while Fuerte filed a [partial MR] to make PDB also liable for the payment of the monetary award that had been rendered in her favor.

In its . . . *Order* dated October 23, 2019, the RTC denied the respective motions of Spouses Abel and Fuerte. [Fuerte appealed to the CA.]<sup>6</sup>

***Ruling of the CA***

The CA, in its Decision dated October 28, 2021, found Fuerte's appeal partly meritorious.<sup>7</sup> The CA disagreed with the RTC's pronouncement that the release of Fuerte's PHP 10,000,000.00 manager's check under the Letter of Guaranty dated July 23, 2010 was subject to a suspensive condition that Spouses Abel's certificate of title should be issued free from liens and encumbrances except for the annotated REM of PDB.<sup>8</sup> The CA stated that the Letter of Guaranty is clear and categorical in stating that the only conditions that had been imposed by PDB for the release of Fuerte's PHP 10,000,000.00 manager's check were: (1) the transfer of the certificate of title covering the subject property under the name of Spouses Abel and (2) the subsequent annotation of PDB's mortgage thereon.<sup>9</sup> The CA further stated that, considering the two conditions for the release of Fuerte's manager's check had been fulfilled, there is no basis for PDB to withhold its release.<sup>10</sup> The CA insisted that “there was nothing stated in the records of the case that the release of Fuerte's money is subject to the condition that Spouses Abel's certificate of title should be issued free from lien[s] and other encumbrances except for

<sup>6</sup> *Rollo*, pp. 79–89, CA Decision.

<sup>7</sup> *Id.* at 90.

<sup>8</sup> *Id.* at 93.

<sup>9</sup> *Id.* at 94.

<sup>10</sup> *Id.* at 95–96.



the annotated [REM] of PDB.”<sup>11</sup> Thus, the CA found PDB guilty of breach for refusing to release the PHP 10,000,000.00 that it had bound itself to give to Fuerte under the terms of its Letter of Guaranty.<sup>12</sup>

The CA also held that the RTC erred in ordering Spouses Abel to pay Fuerte the amount of PHP 10,000,000.00 because the contractual provisions that Fuerte is seeking to enforce in the present case are those contained in the Letter of Guaranty dated July 23, 2010 to which Spouses Abel are not signatories.<sup>13</sup> The CA reasoned that based on the principle of relativity of contracts, Spouses Abel not being privies to the Letter of Guaranty, they cannot be made liable to pay the PHP 10,000,000.00 that PDB refuses to release to Fuerte.<sup>14</sup> Besides, the CA found that PDB could nevertheless seek reimbursement from Spouses Abel for whatever amount it would release to Fuerte based on the Deed of Undertaking which Spouses Abel executed in its favor wherein they bound themselves to answer for any adverse decision, damages, expenses, and liabilities that PDB might incur as a consequence of their availment of credit facilities from PDB and the latter’s issuance of the Letter of Guaranty in favor of Fuerte and Patricia Tan.<sup>15</sup>

Furthermore, the CA affirmed the RTC’s award of attorney’s fees in the amount of PHP 50,000.00 to Fuerte,<sup>16</sup> and it considered the obligation that was breached in the case as involving a forbearance of money, which should bear interest at 12% per annum from date of extrajudicial demand on February 14, 2011 until June 30, 2013, and thereafter at the rate of 6% per annum until full payment based on recent jurisprudence.<sup>17</sup> The dispositive portion of the CA Decision states:

**WHEREFORE**, premises considered, the present appeal is **PARTLY GRANTED**. The Decision dated March 20, 2019 of the Regional Trial Court of Pasig City in Civil Case No. 73363-PSG is hereby **MODIFIED** as follows:

1. Defendant-appellant Planters Development Bank is hereby **ORDERED** to **PAY** plaintiff-appellant Fatima D.G. Fuerte the amount of Ten Million Pesos (Php 10,000,000.00) plus twelve percent (12%) legal interest *per annum* counted from February 14, 2011, the date of extrajudicial demand, until June 30, 2013, and six percent (6%) legal interest *per annum* from July 1, 2013, until full payment;
2. Defendant-appellant Planters Development Bank is hereby **ORDERED** to **PAY** plaintiff-appellant Fatima D.G. Fuerte the amount of Fifty Thousand Pesos (Php 50,000.00) as attorney’s fees;

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<sup>11</sup> *Id.* at 100.

<sup>12</sup> *Id.*

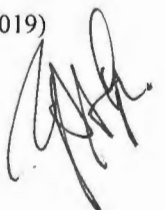
<sup>13</sup> *Id.* at 101–102.

<sup>14</sup> *Id.* at 102.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Id.* at 103–105, citing *Lara’s Gifts & Decors, Inc. v. Midtown Industrial Sales, Inc.*, 860 Phil. 744 (2019) [Per J. Carpio, *En Banc*].



3. Defendants-appellants Spouses Oscar and Angelita Abel are hereby **ORDERED** to **REIMBURSE** Planters Development Bank all amounts that the latter will pay to Fatima D.G. Fuerte. The spouses are further ordered to **INFORM** this Court, within five (5) days from the finality of this decision, as to whether it had already reimbursed Planters Development Bank for the amounts that the latter was ordered to pay to Fatima D.G. Fuerte in the present case.

SO ORDERED.<sup>18</sup>

PDB filed an MR, which was denied in the CA Resolution.

Hence, the present PDB's Rule 45 Petition after it filed a motion for extension of time to file petition for review<sup>19</sup> wherein it sought an extension of 30 days to file the said petition. Fuerte filed her Comment/Opposition<sup>20</sup> dated December 15, 2023.

### *The Issue*

The Petition zeroes in on this singular issue: whether the CA erred in ruling that all the terms and conditions in PDB's July 23, 2010 Letter of Guaranty were met.<sup>21</sup>

### *The Court's Ruling*

Before delving into the sole issue raised in the Petition, the CA's holding that the RTC erred in ordering Spouses Abel to pay Fuerte the amount of PHP 10,000,000.00 can no longer be disturbed given that Fuerte did not appeal this matter before the Court. In this case, Fuerte is seeking to enforce the provisions of the Letter of Guaranty dated July 23, 2010 to which Spouses Abel are not signatories.<sup>22</sup> The CA reasoned that based on the principle of relativity of contracts, Spouses Abel cannot be made liable to pay the PHP 10,000,000.00 that PDB refuses to release to Fuerte because they are not privies to the Letter of Guaranty.<sup>23</sup>

Proceeding to the issue, the CA took the position that PDB has no basis to withhold the release of Fuerte's PHP 10,000,000.00 manager's check and disagreed with the RTC's pronouncement in its Decision that the release of the PHP 10,000,000.00 to Fuerte was subject to a suspensive condition that Spouses Abel's certificate of title should be free from liens and encumbrances except for the annotated REM of PDB.<sup>24</sup> The reading by the CA of PDB's

<sup>18</sup> *Id.* at 105–106.

<sup>19</sup> *Id.* at 3–8, excluding Annexes.

<sup>20</sup> *Id.* at 192–202.

<sup>21</sup> *See id.* at 64, Petition.

<sup>22</sup> *Id.* at 101–102, CA Decision.

<sup>23</sup> *Id.* at 102.

<sup>24</sup> *Id.* at 93.





Letter of Guaranty is that it clearly states and is categorical that the only conditions that had been imposed by PDB for the release of Fuerte's PHP 10,000,000.00 manager's check were (1) the transfer of the certificate of title covering the subject property under the name of Spouses Abel and (2) the subsequent annotation of PDB's REM thereon, quoting this portion of the Letter of Guaranty:

"Upon transfer of ownership and annotation of our mortgage in the new Transfer Certificate of Title, we undertake to remit within seven (7) working days a manager's check as full payment of the borrower's outstanding balance with you as follows:

1. Fatima G. Fuerte - P 10,000,000[.00]"<sup>25</sup>

PDB, in its Petition, contends that the CA did not correctly interpret the Letter of Guaranty because it did not consider the other stipulations therein, cherry-picked specific portions thereof, and ignored its other provisions, among them:

"Correspondingly, you shall forward to us the following documents within three (3) days from receipt of our check payment:

1. Original Transfer Certificate of Title registered under the name of Sps. Oscar and Angelita Abel free from other lien and other encumbrance except our mortgage annotated thereon[.]"<sup>26</sup>

Relying on Article 1374 of the Civil Code and Rule 130, Sections 12 and 14 of the Rules of Court, PDB asserts that the stipulations and conditions of the Letter of Guaranty should be read and interpreted in its entirety.<sup>27</sup> When said legal provisions are applied, PDB claims that there are more than two conditions that have to be satisfied before its undertaking to remit the PHP 10,000,000.00 manager's check to Fuerte becomes legally demandable, and that it is not enough that the certificate of title is transferred to Spouses Abel and the REM in favor of PDB is annotated thereon, the Letter of Guaranty specifically requires that the certificate of title in the name of Spouses Abel should be free from "other lien and other encumbrance except [the PDB] mortgage annotated thereon."<sup>28</sup>

PDB points out that the CA even noted that TCT No. 151615 in the name of Spouses Abel contained other annotations of encumbrance, specifically:

1. Entry No. 20104652/T-151615 regarding an Adverse Claim executed by Ma. Liza Agnes Jison Calangan (Calangan), claiming that she is among the heirs of deceased Arsenio

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<sup>25</sup> *Id.* at 94.

<sup>26</sup> *Id.* at 67, Petition.

<sup>27</sup> *Id.* at 66-67.

<sup>28</sup> *Id.* at 67.



Jison, the registered owner reflected in TCT No. 4224 which TCT No. 151615 replaced; that she is in possession of the owner's duplicate of TCT No. 4224; that a person, misrepresenting himself as Arsenio Jison, executed a falsified Deed of Absolute Sale involving said TCT No. 4224 despite the fact that the owner's duplicate thereof is intact in Calangan's custody; and that unless an adverse claim is annotated on TCT No. 4224, the heirs of Arsenio Jison are in danger of being defrauded and deprived of their just and valid right over the subject property; and

2. Entry No. 2010000393 Date: November 30, 2010 regarding a Notice of Lis Pendens presented by Calangan, as special administratrix of the estate of deceased Arsenio Jison wherein notice is given that an action has been commenced and is pending before Branch 116, Regional Trial Court of Pasay City, docketed as Civil Case No. R-PSY-10-04506 entitled "*Ma. Liza Agnes Jison-Calangan, etc. v. Spouses Oscar and Angelita Abel*" for nullification of certificate of title and damages.<sup>29</sup>

The CA, however, disregarded these annotations, according to PDB.<sup>30</sup>

PDB further contends that given said encumbrances, its undertaking is not legally demandable inasmuch as the condition for the delivery of the title free from other lien and other encumbrance, except for the REM in its favor, cannot be satisfied.<sup>31</sup> Citing Article 1184 of the Civil Code, PDB concludes that its obligation to Fuerte to release or remit the manager's check in the amount of PHP 10,000,000.00 is extinguished because it has become indubitable that said condition will no longer take place.<sup>32</sup>

Moreover, PDB would be grossly negligent in releasing the loan proceeds given the information it has obtained as to the clear defect in the security given to it, and would be in disregard of the care and prudence required of it as a business affected with public interest.<sup>33</sup>

Lastly, PDB informs the Court that the present Petition is closely intertwined with G.R. No. 243369 (*Patricia Tan [represented by her surviving heirs, Edgar Tan, Carmela Melissa Tan, and Cristina Angelica Tan], Petitioner, vs. Planters Development Bank, Respondent*).<sup>34</sup> Patricia Tan (Tan) filed said petition (Tan Petition) before the Court against PDB.<sup>35</sup> The Tan

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<sup>29</sup> *Id.* at 67–68.

<sup>30</sup> *Id.* at 67.

<sup>31</sup> *Id.* at 68.

<sup>32</sup> *Id.* at 68–69.

<sup>33</sup> *Id.* at 69.

<sup>34</sup> *Id.* at 70.

<sup>35</sup> *Id.* at 74.



Petition emanated from a separate complaint filed by Tan against PDB before the Regional Trial Court of Makati City, Branch 145 (RTC-Makati City), docketed as Civil Case No. 13-541, for the collection of the PHP 7,000,000.00 earmarked for Tan, which is also the subject of the same Letter of Guaranty dated July 23, 2010.<sup>36</sup> According to PDB, the RTC-Makati City ruled in favor of Tan, but on appeal before the CA, the decision of the RTC-Makati City was reversed and set aside, and Tan’s complaint was dismissed for lack of merit.<sup>37</sup> PDB also informs the Court that the CA issued conflicting decisions based on the same July 23, 2010 Letter of Guaranty that PDB issued.<sup>38</sup> Thus, PDB proposes that for orderly administration of justice, the present Petition and the Tan Petition should be consolidated.<sup>39</sup> Unfortunately, its plea for consolidation is not mentioned in the present Petition’s prayer.

The Court finds the arguments of PDB tenable. Accordingly, the CA committed reversible error.

*Interpretation of the Letter of Guaranty*

While the Letter of Guaranty issued by PDB is, by its terms, structured in such a way that there are pre- and post-release/remittance conditions, these should be taken together, and not separately. As written, the Letter of Guaranty provides a seven-working day window for the compliance of pre-release conditions and a three-day window for the post-release conditions. As is, PDB had at least 10 days to ascertain compliance by Spouses Abel of the several conditions imposed in the Letter of Guaranty dated July 23, 2010.

To recall the conditions imposed upon Fuerte, as well as Tan, in PDB’s Letter of Guaranty for the release/remittance of the respective manager’s checks earmarked for them are the following:

Upon transfer of ownership and annotation of our mortgage in the new Transfer Certificate of Title, we undertake to remit within seven (7) working days a manager’s check as full payment of the borrower’s outstanding balance with you as follows:

- 1. Fatima D. G. Fuerte – P 10,000,000[.00]
- 2. Patricia A. Tan – P 7,000,000[.00]

....

Correspondingly, you shall forward to us the following documents within three (3) days from receipt of our check payment:

- 1. Original Transfer Certificate of Title registered under the name of Sps. Oscar and Angelita Abel free from other lien and other encumbrance except our mortgage annotated thereon;

<sup>36</sup> *Id.* at 71.  
<sup>37</sup> *Id.* at 71–72.  
<sup>38</sup> *Id.* at 74.  
<sup>39</sup> *Id.*



2. Original copy of Tax Declaration on land and improvement, if any, under the name of Sps. Oscar and Angeli[t]a Abel;
3. Original [c]opy of the 2010 Real Estate Tax receipts for land and improvement, if any;
4. Copy of BIR Certification Authorizing Registration [(CAR)].<sup>40</sup>

The post-release documentary requirements that should be forwarded to PDB within three days from receipt of the check payment should already be extant, except maybe the tax declaration under the name of Spouses Abel which is subsequently obtained after the issuance of the TCT in the name of Spouses Abel, when the pre-release conditions (transfer of ownership and annotation of mortgage in favor of PDB) are complied with, since the updating of the real estate tax and the obtention of the BIR CAR are necessary for the transfer of ownership to Spouses Abel, and the annotation of the PDB REM cannot be had without the prior issuance of the pertinent original and owner's duplicate TCTs. Thus, the pre- and post-release conditions cannot be bifurcated—i.e., they are all connected.

Even from the lens of contract interpretation, as pointed out by PDB, all the stipulations of the Letter of Guaranty should be read together and as a whole. As well, even using the interpretation parameters of the CA, the interplay of the pre- and post-release conditions, as pointed above, is integral in the interpretation of the Letter of Guaranty.

The CA, citing jurisprudence, appreciated the terms of the Letter of Guaranty bearing in mind that “the court’s only purpose in examining a contract is to interpret the intent of the contracting parties, as objectively manifested by them” and “[w]here the written terms of the contract are not ambiguous and can only be read one way, the court will interpret the contract as a matter of law.”<sup>41</sup> With the words “clear” and “categorical” describing the conditions of the Letter of Guaranty in its Decision, the CA apparently took the plain or literal meaning of the contractual words approach in its interpretation. This is the objective approach. The CA posited that the only material conditions for the release of the PHP 10,000,000.00 manager’s check to Fuerte are the transfer of ownership to Spouses Abel and the annotation of PDB’s REM on Spouses Abel’s TCT.<sup>42</sup>

This approach to interpretation of contracts is in keeping with the first paragraph of Article 1370 of the Civil Code, which provides: “If the terms of a contract are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of its stipulations shall control.”

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<sup>40</sup> *Id.* at 123.

<sup>41</sup> *Id.* at 94, CA Decision.

<sup>42</sup> *Id.* at 95.



The CA is utterly mistaken however in its application of the plain meaning of contractual words approach. As stipulated, the pre-release conditions, which are the transfer of ownership to Spouses Abel and annotation of PDB's REM on Spouses Abel's TCT, are inextricably connected with, and cannot be isolated from, the post-release condition that an "Original Transfer Certificate of Title registered under the name of Sps. Oscar and Angelita Abel [be] **free from other lien and other encumbrance** except [the PDB] mortgage annotated thereon"<sup>43</sup> especially where the window for compliance of the post-release conditions was set at the extremely tight schedule of only three days.

The terms of the Letter of Guaranty are clear and categorical that the transfer of ownership to Spouses Abel is to be evidenced by the owner's duplicate TCT issued in their name, which should be **free from other lien and other encumbrance**, except the PDB mortgage encumbrance. Even assuming that the submission to PDB of a mere copy of Spouses Abel's owner's duplicate TCT in their name is sufficient for compliance with one of the pre-release conditions, proof that such TCT is already free from other lien and other encumbrance, except the PDB mortgage annotation thereon should already be apparent in the TCT. Stated otherwise, the plain meaning of the contract approach actually supports PDB's contention that the certificate of title, evidencing the transfer of ownership to Spouses Abel, should be free from any lien and encumbrance, except the PDB mortgage encumbrance, when it is submitted to PDB for the release of the manager's check to Fuerte. PDB is not expected to release the same without satisfactory proof of the transfer of ownership to Spouses Abel, reflecting the PDB mortgage as the only encumbrance annotated thereon.

The second paragraph of Article 1370—"If the words appear to be contrary to the evident intention of the parties, the latter shall prevail over the former[, which is the literal meaning of the contract's stipulations]."—does not even apply. Here, the intention of the parties is in keeping with the stipulations expressed in the Letter of Guaranty.

Discerning the intention of the parties, what they envisioned is a clean title or unencumbered collateral, except for the PDB mortgage encumbrance, for the payment to Fuerte, as well as Tan, of the amounts earmarked for them in the Letter of Guaranty. This condition of a clean title or unencumbered collateral is not an unusual condition in mortgages. Rather, it is a normal one. Thus, applying the parties' intention or subjective approach to contract interpretation, the condition that the certificate of title issued in the name of Spouses Abel should be free from other lien and other encumbrance, except the PDB mortgage annotation thereon, is an indispensable one.

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<sup>43</sup> *Id.* at 123, Letter of Guaranty. (Emphasis supplied)





Furthermore, PDB's invocation of Article 1374 of the Civil Code and Rule 130, Sections 12 and 14 of the Rules of Court as aides in interpreting the terms of the Letter of Guaranty is on point.

Article 1374 of the Civil Code states:

ART. 1374. The various stipulations of a contract shall be interpreted together, attributing to the doubtful ones that sense which may result from all of them taken jointly.

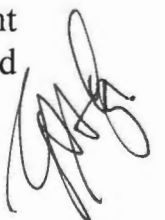
The pertinent Sections of Rule 130 of the Rules of Court provide:

Section 12. *Instrument construed so as to give effect to all provisions.* – In the construction of an instrument, where there are several provisions or particulars, such a construction is, if possible, to be adopted as will give effect to all.

Section 14. *Interpretation according to circumstances.* – For the proper construction of an instrument, the circumstances under which it is made, including the situation of the subject thereof and of the parties to it, may be shown, so that the judge may be placed in the position of those whose language he or she is to interpret.

Applying the holistic or “whole contract” approach, as provided in Article 1374 of the Civil Code and Rule 130, Sections 12 and 14 of the Rules of Court, yields the same interpretation that the condition regarding the certificate of title issued in the name of Spouses Abel being free from any lien and encumbrance, except the PDB mortgage annotation thereon, is implicit and integral in the condition on the transfer of ownership to Spouses Abel. If the condition that the TCT issued in the name of Spouses Abel should be free from other lien and other encumbrance, except the PDB mortgage annotation thereon, is not complied with, then the fulfillment of the pre-release condition regarding the transfer of ownership to them as evidenced by a TCT in their name would not be possible. Surely, PDB is expected to scrutinize the owner's duplicate TCT in the name of Spouses Abel or its copy that is submitted to it and make sure that said TCT is free from any lien and encumbrance, except the PDB mortgage annotation thereon, before it would release the manager's check to Fuerte.

It must be noted that the two pre-release conditions—transfer of ownership and annotation of the PDB REM—can only be complied with by the presentation to PDB of the TCT issued in the name of Spouses Abel. Since the “original” TCT, meaning owner's duplicate, required to be submitted after release of the manager's check to Fuerte should be clean, save for the PDB mortgage annotation thereon, then it would be the height of absurdity to interpret these two conditions as independent of the condition on the submission of a clean title, save for the PDB mortgage annotation thereon. There is only one certificate of title that is required to be submitted pursuant to the Letter of Guaranty—“Original Transfer Certificate of Title registered





under the name of Sps. Oscar and Angelita Abel **free from other lien and other encumbrance** except [the PDB] mortgage annotated thereon”.<sup>44</sup> It is this certificate of title that complies with both the two pre-release conditions. It is this certificate of title that is envisioned in the Letter of Guaranty.

Furthermore, the interpretation according to circumstances approach instructs that the judge should place himself or herself in the position and circumstances of a person who is lending money on the basis of a real estate collateral and the person who is borrowing the money on the basis of the real estate registered in the latter’s name. This scenario is common place, and it is basic that the lender’s pre-condition for the release of the amount to be borrowed is that the collateral is clean or free from any lien and encumbrance. If a mortgage in favor of the lender is required, then it is but usual that the only lien or encumbrance on the collateral’s certificate of title is the annotated mortgage in favor of the lender.

Precisely, Article 1371 of the Civil Code provides: “In order to judge the intention of the contracting parties, their contemporaneous and subsequent acts shall be principally considered.” As such, the reasons and surrounding circumstances behind a contract’s execution are of paramount importance to place the interpreter in the situation occupied by the parties concerned at the time of the writing.<sup>45</sup>

Using this approach in interpreting the terms of the Letter of Guaranty, imposing as a pre-condition for the release of the manager’s check to Fuerte the presentation of a clean title, save for the PDB mortgage encumbrance, is in accord with the norm under the circumstances of PDB and Spouses Abel, and the transaction that they entered into.

In conclusion, the Court adopts the view, contrary to the CA’s stance, that the clean certificate of title in the name of Spouses Abel, save for the PDB mortgage annotated thereon, is the document required to evidence the transfer of ownership to Spouses Abel that must be presented to PDB before the latter is obligated to release the manager’s check to Fuerte.

*Non-compliance of the conditions  
imposed in the Letter of Guaranty*

Proceeding now to the question as to whether there was compliance of the conditions for the release of the manager’s check in Fuerte’s favor, the Court takes the view that there was none.

Verily, as the CA noted, the TCT in the name of Spouses Abel presented to PDB contained “other lien and other encumbrance, except [the

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<sup>44</sup> *Id.* (Emphasis supplied)

<sup>45</sup> *Gonzales v. CA*, 406 Phil. 440, 448-449 (2001) [Per J. Quisumbing, Second Division], citing *Ridjo Tape & Chemical Corp. v. CA*, 350 Phil. 184, 193 (1998) [Per J. Romero, Third Division].



PDB] mortgage annotation thereon”. The Adverse Claim of Calangan and the Notice of Lis Pendens of a complaint filed by Calangan against Spouses Abel annotated on the Spouses Abel TCT are definitely liens and encumbrances, which affect the validity of the transfer of ownership to them as well as the mortgage in favor of PDB.

The presence of these liens and encumbrances prevents Fuerte from claiming that the pre-release conditions for the release of the manager’s check in her favor have been complied with. As discussed earlier, said pre-release conditions require the presentation of a clean title with only the PDB mortgage encumbrance reflected thereon. The presence of any other lien or encumbrance annotated on the Spouses Abel TCT negates any claim of compliance with said pre-release conditions.

Likewise, given these facts, it has become indubitable that the condition regarding the presentation of a clean title with only the PDB mortgage encumbrance annotated thereon, can no longer be complied with.

Relatedly, the fact that the Letter of Guaranty does not expressly mention that the transfer of ownership to Spouses Abel, the TCT in the name of Spouses Abel, and the annotation of the PDB REM should be valid does not mean that the same is not required. The compliance with the conditions therein must be legal; otherwise, if they are performed illegally, then the effects thereof would be of no consequence. Such conditions would be deemed not complied with.

Given Calangan’s claim in her Adverse Claim that the owner’s duplicate of Arsenio Jison’s TCT is intact and is in her possession, and PDB’s presentation of the Death Certificate of Arsenio Jison, the registered owner of the subject property, who died on August 12, 1970, the compliance with the transfer of ownership pre-condition is seriously doubted. Given that the Deed of Absolute Sale wherein Arsenio Jison purportedly sold the subject property to Spouses Abel is dated July 19, 2010, and that Arsenio Jison had died in August, 1970, the validity of the sale and transfer to Spouses Abel is in extreme jeopardy. Add to this the presence of the extant owner’s duplicate TCT in the name of Arsenio Jison, the validity of the registration of the Deed of Absolute Sale in favor of Spouses Abel is questionable. As required by Section 53 of Presidential Decree No. 1529,<sup>46</sup> or the Property Registration Decree, the registration of any voluntary transaction affecting a registered land requires the presentation and submission to the Register of Deeds of the owner’s duplicate certificate of title of the affected property.

Section 53 of Presidential Decree No. 1529 provides:

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<sup>46</sup> Amending or Codifying the Laws Relative to Registration of Property and for Other Purposes, otherwise known as the “Property Registration Decree” (1978).



SEC. 53. *Presentation of owner's duplicate upon entry of new certificate.* — No voluntary instrument shall be registered by the Register of Deeds, unless the owner's duplicate certificate is presented with such instrument, except in cases expressly provided for in this Decree or upon order of the court, for cause shown.

The production of the owner's duplicate certificate, whenever any voluntary instrument is presented for registration, shall be conclusive authority from the registered owner to the Register of Deeds to enter a new certificate or to make a memorandum of registration in accordance with such instrument, and the new certificate or memorandum shall be binding upon the registered owner and upon all persons claiming under him, in favor of every purchaser for value and in good faith.

In all cases of registration procured by fraud, the owner may pursue all his legal and equitable remedies against the parties to such fraud without prejudice, however, to the rights of any innocent holder for value of a certificate of title. After the entry of the decree of registration on the original petition or application, any subsequent registration procured by the presentation of a forged duplicate certificate of title, or a forged deed or other instrument, shall be null and void.

Given the unmistakable requirement on the submission of the owner's duplicate certificate, the Court is perplexed how the registration of the aforesaid Deed of Absolute Sale was even effected. Was a spurious or manufactured owner's duplicate certificate presented? Or was there even no owner's duplicate certificate submitted? Surely, the issuance of the Spouses Abel TCT could only have been possible with the complicity with the Register of Deeds personnel.

The Court digresses and takes this opportunity to remind the personnel of the Registers of Deeds and the Land Registration Authority to perform their duties and responsibilities with utmost care and diligence to protect the sanctity of the certificates of title registered and issued by them. The defraudation of registered owners is to a great extent dependent upon the complicity of such personnel. The Court is hopeful that with the conversion of the conventional certificates of title to e-titles, the proliferation of fraudulent transfers of certificate of title would be averted.

Going back to the present case, since the registration of the Deed of Absolute Sale, purportedly divesting Arsenio Jison of ownership, and the issuance of a TCT in the name of Spouses Abel, could only have been made fraudulently, given the presence of the owner's duplicate TCT of Arsenio Jison and his death in 1970, the registration of the Deed of Absolute Sale and the Spouses Abel TCT would necessarily be void. Section 53 of Presidential Decree No. 1529 is explicit: "any subsequent registration procured by the presentation of a forged duplicate certificate of title or a forged deed or other instrument, shall be null and void."



Given the foregoing, there could not have been valid compliance with the conditions regarding the transfer of ownership to Spouses Abel, issuance of the Spouses Abel TCT, and the annotation of the PDB mortgage thereon.

Article 1159 of the Civil Code provides that: "Obligations arising from contracts have the force of law between the contracting parties and should be complied with in good faith." As well, Article 1315 of the Civil Code is clear: "Contracts are perfected by mere consent, and from that moment the parties are bound not only to the fulfillment of what has been expressly stipulated but also to all the consequences which, according to their nature, may be in keeping with good faith, usage and law." The compliance with the said conditions should, as mandated by these articles, be in keeping not only with law but also good faith.

Given the Adverse Claim of Calangan and the Notice of Lis Pendens of a complaint filed by Calangan against Spouses Abel annotated on the Spouses Abel TCT, the good faith compliance with the said conditions by Fuerte cannot be justified. Under these circumstances, there is no way that a clean title can be mortgaged with PDB.

Besides, Fuerte even failed to ascertain the true identity of the purported Arsenio J. Jison, who allegedly borrowed from her PHP 5,000,000.00 and purportedly mortgaged the subject property to her. The registration of the REM in her favor is highly suspicious in the light of Calangan's claim that the owner's duplicate of TCT No. 4224 is intact. Fuerte's dealing with PDB could not have been done in good faith because of the dubious circumstances surrounding the transactions that Fuerte entered into first, with the person who represented himself as Arsenio J. Jison and then, Spouses Abel.

*Effect of the non-compliance with the  
Letter of Guaranty's conditions*

Clearly, the obligation of PDB to release the PHP 10,000,000.00 manager's check to Fuerte is subject to suspensive conditions.

As provided in Article 1181 of the Civil Code, "[i]n conditional obligations, the acquisition of rights, as well as the extinguishment or loss of those already acquired, shall depend upon the happening of the event which constitutes the condition." Article 1181 contemplates of suspensive and resolutive conditions. As defined, a suspensive condition (condition precedent) is a future and uncertain event upon the happening or fulfillment of which rights arising out of the obligation are acquired, while a resolutive condition (condition subsequent) is a future and uncertain event the happening or fulfillment of which rights which are already acquired by virtue of the obligation are extinguished or lost.<sup>47</sup>

<sup>47</sup> DESIDERIO P. JURADO, COMMENTS AND JURISPRUDENCE ON OBLIGATIONS AND CONTRACTS 100-101 (9<sup>th</sup> rev. ed., 1987).



When the obligation depends upon a suspensive condition, the acquisition of rights by the obligee or creditor is subordinated to the fulfillment of the event which constitutes the condition, and the birth or effectivity of the obligation is suspended until the happening or fulfillment of the suspensive condition.<sup>48</sup> Since the obligation shall be effective only upon fulfillment of the condition, what is acquired by the obligee or creditor upon the constitution of the obligation is only a mere hope or expectancy.<sup>49</sup>

In view of the non-compliance with the pre-release conditions, as explained above, which conditions are suspensive in nature, the right of Fuerte to the release of the PHP 10,000,000.00 manager's check earmarked to her did not arise. In the same vein, the corresponding obligation of PDB to release said manager's check did not become effective.

Further, Article 1184 of the Civil Code provides that "[t]he condition that some event happen at a determinate time shall extinguish the obligation . . . if it has become indubitable that the event will not take place." Assuming that the Letter of Guaranty created an obligation on the part of PDB to release the PHP 10,000,000.00 manager's check to Fuerte, such obligation has been extinguished because it has become indubitable that the submission of a clean Spouses Abel TCT, save for the annotation of the PDB mortgage thereon, is rendered impossible by the annotation of Calangan's Adverse Claim and the Notice of Lis Pendens of the complaint filed by Calangan against Spouses Abel, questioning the validity of the sale to them and the TCT issued to them.

#### *Diligence required of banks*

In refusing to release the PHP 10,000,000.00 manager's check to Fuerte after it was informed about the death of Arsenio Jison, the existence of the owner's duplicate TCT in his name, the annotation of Calangan's Adverse Claim, and the presence of a case initiated by Calangan questioning the validity of the sale to Spouses Abel and their TCT, PDB acted pursuant to the oft-repeated exhortation to banks for them to exercise more care and prudence in dealing with registered lands, as compared to private individuals, as their business is one affected with public interest.<sup>50</sup>

In *Philippine National Bank v. Corpuz*,<sup>51</sup> the Court reiterated the degree of diligence required of financial institutions, to wit:

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 of banks before approving a loan is to send a staff to the property offered as collateral

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<sup>48</sup> *Id.* at 100.

<sup>49</sup> *Id.* at 101.

<sup>50</sup> *See Heirs of Eduardo Manlapat v. CA*, 498 Phil. 453, 473 (2005) [Per J. Tinga, Second Division].

<sup>51</sup> 626 Phil. 410 (2010) [Per J. Abad, Second Division].





and verify the genuineness of the title to determine the real owner or owners.<sup>52</sup> (Citations omitted)

With respect to subsequent information obtained by a banking institution which has a bearing on the ownership of the property being offered as collateral for a mortgage, *Sps. Omengan v. Philippine National Bank*<sup>53</sup> (*Sps. Omengan*) may be applied by analogy. In *Sps. Omengan*, the Court found that the respondent Philippine National Bank (PNB) did not breach its obligation in the PHP 3,000,000.00 credit line agreement with the petitioners when it refused to release the final half million Pesos, after it received information that the petitioners were not the exclusive owners of the collateral; and it exercised the degree of diligence expected of it. The Court explained:

Any investigation previously conducted on the property offered by petitioners as collateral did not preclude PNB from considering new information on the same property as security for a subsequent loan. The credit and property investigation for the original loan of P3 million did not oblige PNB to grant and release any additional loan. At the time the original P3 million credit line was approved, the title to the property appeared to pertain exclusively to petitioners. By the time the application for an increase was considered, however, PNB already had reason to suspect petitioners' claim of exclusive ownership.

....

Here, PNB had acquired information sufficient to induce a reasonably prudent person to inquire into the status of the title over the subject property. Instead of defending their position, petitioners merely insisted that reliance on the face of the certificate of title (in their name) was sufficient. This principle, as already mentioned, was not applicable to financial institutions like PNB.

In truth, petitioners had every chance to turn the situation in their favor if, as they said, they really owned the subject property alone, to the exclusion of any other owner(s). Unfortunately, all they offered were bare denials of the co-ownership claimed by Edgar's sisters.

PNB exercised reasonable prudence in requiring the above-mentioned condition for the release of the additional loan. If the condition proved unacceptable to petitioners, the parties could have discussed other terms instead of making an obstinate and outright demand for the release of the additional amount. If the alleged co-ownership in fact had no leg to stand on, petitioners could have introduced evidence other than a simple denial of its existence.

Since PNB did not breach any contract and since it exercised the degree of diligence expected of it, it cannot be held liable for damages.<sup>54</sup>

Like PNB, PDB might not have been aware of the defect in Spouses Abel's title when it issued the Letter of Guaranty, but upon receipt of

<sup>52</sup> *Id.* at 413.

<sup>53</sup> 541 Phil. 293 (2007) [Per J. Corona, First Division].

<sup>54</sup> *Id.* at 298-299.





subsequent information on such defect, which had serious implications on the subject property that was offered as security, it held the remaining balance of Spouses Abel's approved loan and refused to release Fuerte's PHP 10,000,000.00 manager's check until Spouses Abel provided another collateral for their loan in lieu of the subject property or caused the cloud that had been cast on their title to be removed.<sup>55</sup> In line with the Court's ruling in *Sps. Omengan*, the Court finds that PDB exercised the diligence expected of it as a financial institution.

The vulnerability of banks to certain modus perpetrated by unscrupulous persons wherein lands covered by certificates of title of questionable validity are presented to them as collaterals in securing loans is highlighted in this case. Based on the circumstances of this case, the modus may involve a vacant or unoccupied lot, where the owner is not apparent. Through investigation and connection of this group of persons, the certificate of title is identified. A buyer, who is part of the group and purportedly bought the land, applies for a loan with a bank, presenting a deed of sale supposedly executed by the registered owner in favor of such buyer and offering the land as collateral. The bank inspects the land and makes an appraisal of its loanable value. Once the amount of the loan is determined, a credit facility or loan agreement may be entered into between the bank and the buyer. The agreement requires the issuance of a new certificate of title in the name of the buyer and the annotation of the mortgage in favor of the bank before the loan proceeds are released. Since a considerable amount of money may be involved in this scheme, the participation of a financier may be necessary. Because of the involvement of a financier, the buyer instructs the bank to issue a letter of guaranty in favor of the financier, and the condition for the release of the amount indicated in the letter of guaranty to the financier is the issuance of the certificate of title in the name of the buyer with the mortgage to the bank annotated thereon. Through the falsified deed of sale and with the complicity of certain personnel of the Register of Deeds, the deed of sale is registered and a new TCT is issued in the name of a supposed buyer. The money is then released to the financier, and subsequently, the rest of the loan proceeds is released to the buyer. When the registered owner or his or her heirs eventually learn of the fraudulent transfer of title to the buyer, a person they never dealt with, they will initiate a complaint against the bank and the buyer for the cancellation of the certificate of title issued to the buyer, and nullification of the deed of sale. If the registered owner or his or her heirs succeed, the bank is now left without a collateral and is compelled to proceed against the borrower-buyer and the financier, who by then may have disappeared and have already run away with the money. For this modus not to come to fruition, the exercise by the bank of the due care and prudence in dealing with registered lands becomes very crucial. The bank should guard against its own personnel who may lend their involvement to making the modus successful.

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<sup>55</sup> See rollo, pp. 85–86, CA Decision.



For PDB, it was fortunate that it was able to discover the fraudulent scheme just in the nick of time so to speak.

*The Tan Petition and the present Petition*

PDB, by now, is aware that the Tan Petition has been resolved by the Court adversely against it. In G.R. No. 243369, the Court's Third Division has issued a Resolution<sup>56</sup> dated November 10, 2021 wherein the Tan Petition was granted.<sup>57</sup> The CA Decision in that case was reversed and set aside, and the Decision of the RTC was reinstated.<sup>58</sup> PDB filed an MR, which was denied by the Court in its Resolution dated March 15, 2023.

Given these developments, PDB's plea for consolidation has become moot and academic.

The Court is not bound by the unsigned Resolution issued in G.R. No. 243369. Said Resolution being unsigned, it only binds the parties thereto. As provided in the Internal Rules<sup>59</sup> of the Court, its ruling in an unsigned Resolution "is essentially meaningful only to the parties; has no significant doctrinal value, or is of minimal interest to the law profession, the academe, or the public."<sup>60</sup> Let it be noted that the Tan Petition originated from a separate complaint and the parties are not identical to the parties herein.

While it is unfortunate that this present Petition and the Tan Petition could no longer be consolidated and the outcomes of these two separate petitions are not identical, PDB can take solace in the fact that in the present Petition, it has finally prevailed, and that PDB has apparently a cause of action against Spouses Abel based on the Deed of Undertaking wherein they bound themselves to answer for any adverse decision, damages, expenses, and liabilities that PDB might incur as a consequence of their availment of credit facilities from PDB and the latter's issuance of the Letter of Guaranty in favor of Tan.

**ACCORDINGLY**, the Petition is hereby **GRANTED**. The Decision dated October 28, 2021 and Resolution dated March 30, 2022 of the Court of Appeals in CA-G.R. CV No. 114507 are **REVERSED** and **SET ASIDE**. The complaint filed by respondent Fatima D.G. Fuerte before the Regional Trial Court of Pasig City in Civil Case No. 73363-PSG is **DISMISSED** for lack of merit.

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<sup>56</sup> *Tan v. Planters Development Bank*, G.R. No. 243369, November 10, 2021 [Unsigned Resolution, Third Division].

<sup>57</sup> *Id.*

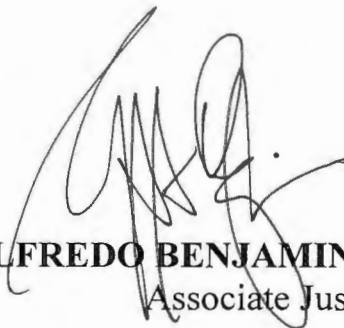
<sup>58</sup> *Id.*

<sup>59</sup> A.M. No. 10-4-20-SC, INTERNAL RULES OF THE SUPREME COURT, published on May 7, 2010.

<sup>60</sup> *Id.*, Rule 13, sec. 6(c).




**SO ORDERED.**




**ALFREDO BENJAMIN S. CAGUIOA**  
Associate Justice

WE CONCUR:

(On official business)  
**HENRI JEAN PAUL B. INTING**  
Associate Justice



**SAMUEL H. GAERLAN**  
Associate Justice

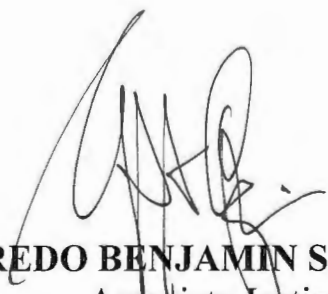


**JAPAR B. DIMAAMPAO**  
Associate Justice

(On official business)  
**MARIA FILOMENA D. SINGH**  
Associate Justice

**ATTESTATION**

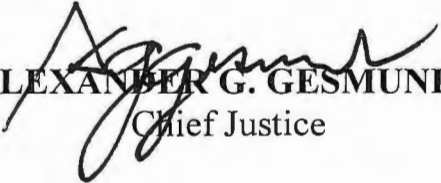
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**ALFREDO BENJAMIN S. CAGUIOA**  
Associate Justice  
Chairperson, Third Division

**CERTIFICATION**

Pursuant to Article VIII, Section 13 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