



Republic of the Philippines  
Supreme Court  
Manila

THIRD DIVISION

GE MONEY BANK, INC. (Formerly  
KEPPEL BANK PHILIPPINES,  
INC.),

Petitioner,

- versus -

G.R. No. 184301

Present:

VELASCO, JR., J., *Chairperson*,  
PERALTA,  
VILLARAMA, JR.  
REYES, and  
JARDELEZA, JJ.

SPOUSES VICTORINO M. DIZON  
and ROSALINA L. DIZON,

Respondents.

Promulgated:

March 23, 2015

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*[Signature]*

DECISION

PERALTA, J.:

This is a petition for review on *certiorari* under Rule 45 of the 1997 Revised Rules on Civil Procedure (*Rules*) seeking to reverse and set aside the May 13, 2008 Decision<sup>1</sup> and August 27, 2008 Resolution<sup>2</sup> of the Court of Appeals (*CA*) in CA-G.R. CV No. 82307, which affirmed the April 29, 2004 Decision<sup>3</sup> of Regional Trial Court (*RTC*), Branch 26, Manila, in Civil Case No. 98-88228. The dispositive portion of the RTC Decision states:

**PREMISES CONSIDERED**, judgment is hereby rendered in favor of the plaintiffs and against defendant, to wit:

<sup>1</sup> Penned by Associate Justice Monina Arevalo-Zeñarosa, with Associate Justices Edgardo F. Sundiam and Sixto C. Marella, Jr. concurring; *rollo*, pp. 28A-39.

<sup>2</sup> *Id.* at 41-42.

<sup>3</sup> Penned by Acting Presiding Judge Oscar P. Barrientos; *rollo*, pp. 43-46.

*[Handwritten mark]*

- a. Allowing the plaintiffs to redeem the mortgaged properties by paying the remaining balance of ₱113,791.52 at 12% per annum until fully paid;
- b. The consolidation of title and ownership already instituted by defendant be annulled, cancelled and declared null and void.
- c. The Transfer Certificate of Title (TCT) No. 222186 in the name of the defendant be cancelled and in lieu thereof another Transfer Certificate of Title be issued in the name of herein plaintiffs.
- d. All other claims and counterclaims that the parties may have against each other in connection with this case are hereby DISMISSED.

No pronouncements as to costs.

**SO ORDERED.**<sup>4</sup>

The facts are uncomplicated.

On September 18, 1991, the spouses Victorino M. Dizon and Rosalina L. Dizon (*Spouses Dizon*) obtained a loan in the amount of ₱100,000.00 from Monte de Piedad and Savings Bank, the predecessor-in-interest of Keppel Monte Bank, Inc., which is now known as GE Money Bank, Inc. (*Bank*). By way of security for the loan, they executed a real estate mortgage<sup>5</sup> over their two (2) lots located at 856 Sisa Street, Sampaloc, Manila, covered by Transfer Certificate of Title (*TCT*) No. 164193<sup>6</sup> and Tax Declaration No. 96-526-0037, and with a total land area of 150 square meters.

The Spouses Dizon defaulted in the payment of their loan obligation. As of March 26, 1993, the Statement of Foreclosure issued by the Bank showed that their outstanding liability was ₱143,049.54.<sup>7</sup> On July 19, 1993 and August 4, 1993, they paid the Bank ₱12,000.00 and ₱10,000.00, respectively.<sup>8</sup> In a letter dated August 10, 1993, they also requested for the postponement of the foreclosure sale for at least 60 days.<sup>9</sup>

On September 13, 1993, the mortgaged properties were extra-judicially foreclosed. The Bank was the highest bidder in the amount of ₱181,956.72, which was the total obligation of the Spouses Dizon at the time

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<sup>4</sup> *Rollo*, p. 46. (Emphasis in the original)

<sup>5</sup> Exhibit "6," records, pp. 427-429.

<sup>6</sup> Exhibit "A," *id.* at 348-351.

<sup>7</sup> Exhibit "B," *id.* at 352.

<sup>8</sup> Exhibits "C" and "D," *id.* at 353-354.

<sup>9</sup> Exhibit "H," *id.* at 358.

of the public auction.<sup>10</sup> The Certificate of Sale was registered with the Register of Deeds for Manila on October 18, 1993. Hence, the Spouses Dizon had one (1) year therefrom, or until October 18, 1994, within which to redeem the subject properties.

Within the redemption period, the Spouses Dizon were only able to pay the sum of ₱90,000.00,<sup>11</sup> which, despite acceptance by the Bank, was less than the total redemption price.<sup>12</sup> The Bank then consolidated its title over the subject property. On July 6, 1995, TCT No. 222186<sup>13</sup> was issued in its name upon the cancellation of TCT No. 164193.

The Spouses Dizon manifested their desire to re-acquire the subject property, but the Bank declined to entertain the same as they still failed to tender the full amount of the redemption price. Later, on April 3, 1998, they filed a case for Redemption and Recovery of Ownership, Title and Possession of Real Properties (Nullify Consolidation of Ownership, Cancellation of Transfer Certificate of Title [TCT] No. 222186), Issuance of New Transfer Certificate of Title; and Damages; and With Notice of *Lis Pendens* with the Manila RTC.<sup>14</sup> The complaint, docketed as Civil Case No. 98-88228, was amended on April 14, 1998.<sup>15</sup>

After trial on the merits, the RTC ruled in favor of the Spouses Dizon. In its April 29, 2004 Decision, the trial court held:

The statement of foreclosure issued by defendant Bank showed that the total amount due as of March 26, 1993 was only ₱143,049.54 (Exhibit "B") and plaintiff Spouses paid in good faith their outstanding obligation with herein defendant Bank in the total amount of ₱112,000.00 (Exhibits "C" to "G"). There is already substantial compliance on the part of herein plaintiffs, considering that they already paid at least 75% of their outstanding obligation. By accepting the said amount, defendant Bank is now estopped from denying herein plaintiffs' right to redeem the subject properties. Otherwise, defendants would be enriching itself at the expense of herein plaintiffs.

As ruled by the High Court in *Ysmael vs. CA*, G.R. No. 132497, 11-16-99, "Although it is required that full payment of the redemption price must be made within the redemption period, the rule on redemption is actually liberally construed in favor of the original owner of the property. The policy of the law is to aid rather than to defeat him in the

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<sup>10</sup> Exhibit "7," *id.* at 430.

<sup>11</sup> The amounts of ₱50,000.00, ₱35,000.00, and ₱5,000.00 were paid on August 10, 1994, September 13, 1994, and October 17, 1994, respectively (Exhibits "E," "F," and "G," *id.* at 355-357).

<sup>12</sup> In its pleadings, the Bank gave different amounts of redemption price: ₱251,849.77, as stated in the Petition for Review; ₱232,904.60, as stated in the Motion for Reconsideration of the CA Decision; and ₱428,019.16, as stated in the Appellant's Brief.

<sup>13</sup> Exhibit "K," records, pp. 362-363.

<sup>14</sup> *Id.* at 1-10.

<sup>15</sup> *Id.* at 23-33.

exercise of his right of redemption. As the Court of Appeals observed, this Court has allowed parties in several cases to perfect their right of redemption beyond the period prescribed therefor.” Otherwise, the defendant would be enriching itself at the expense of herein plaintiffs.

As clearly borne out by the records of the instant case, defendant’s application for extrajudicial foreclosure and public auction sale of plaintiffs’ mortgaged property was filed under Act No. 3135.

Moreover, the real estate mortgage (Exhibit “6”) explicitly provides that “... the mortgagee may immediately foreclose this mortgage judicially or extrajudicially under Act No. 3135, as amended.” Since the mortgage contract in this case is in the nature of a contract of adhesion as it was prepared solely by defendant, it has to be interpreted in favor of herein plaintiffs. However, defendant tries to renege on this contractual commitment by seeking refuge in the 1989 case of *Sy vs. Court of Appeals* (G.R. No. 83139, 04-12-89), wherein the High Court ruled that “the redemption price is equal to the total amount of indebtedness to the bank’s claim inasmuch as Section 78 of the General Banking Act is an amendment to Section 6 of Act No. 3135, despite the fact that the extrajudicial foreclosure procedure followed by the PNB was explicitly under or in accordance with Act No. 3135.” Defendant is hereby estopped from invoking Section 78 of the General Banking Act in as much as it would be unfair to the other contracting party (herein plaintiffs) who, in good faith, believed that defendant would comply with [its] contractual agreement. Hence, it is only just that plaintiffs be allowed to redeem their mortgaged property by paying only the winning bid price, which is ₱181,956.72 plus interest at the rate of 1% per month until fully paid. Since the period of redemption begins only from the date of the registration of the certificate of sale in the Registry of Deeds, the computation of the interest on the purchase price should also be made to commence from that date. Hence, the interest due on the auction price for 12 month, *i.e.*, October 18, 1993 to October 18, 1994, is only ₱21,834.806 (₱181,956.72 x 1% x 12 months). The total redemption price therefore is ₱203,791.52. Considering the payments already paid by herein plaintiffs in the total amount of ₱90,000.00, the same shall be deducted to the total redemption price of ₱203,791.52, *i.e.*, ₱203,791.52 – ₱90,000.00 = ₱113,791.52. Plaintiffs [are] hereby allowed to redeem the property by paying the remaining balance which is ₱113,791.52 at 1% per month until fully paid.<sup>16</sup>

On appeal, the RTC Decision was affirmed by the CA, which opined:

In the case at bar, [Spouses] Dizon continuously paid Keppel Bank the amount of [the] loan. As a matter of fact, Simplicio Tapia, Jr., Assistant Manager of Keppel Bank, corroborated plaintiff-appellee Rosalina Dizon with regard to the amount of Ninety Thousand Pesos (₱90,000.00) paid by the latter during the redemption period. Keppel Bank even assured [Spouses] Dizon that they could still redeem the subject property, which prompted [Spouses] Dizon to pay a total amount of Ninety Thousand Pesos during the redemption period. There can be no

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<sup>16</sup> *Rollo*, pp. 44-46.

doubt of the earnest intent of [Spouses] Dizon to exercise their right of redemption. Their tender of payment during the redemption period should therefore be considered an affirmation of the timely notice to redeem.

Spouses Dizon have demonstrated a serious and sincere desire to redeem the subject property when they continuously paid their loan during the redemption period.

x x x x

Keppel Bank argues that [Spouses] Dizon have not fully paid [their] loan obligation, hence, the trial court erred in declaring null and void the consolidation of title and ownership of mortgaged property.

Although [Spouses] Dizon have not fully paid their loan obligation, nevertheless, we agree with the trial court that there was substantial compliance. As a matter of fact, [Spouses] Dizon have paid Seventy-Eight percent (78%) of the loan obligation.

x x x x

Moreover, the doctrine of estoppel will apply in this case. This is because Keppel Bank accepted loan payment, albeit less than the full amount due, from [Spouses] Dizon during the redemption period giving assurance to the latter that they could still redeem the mortgaged property. Such assurance from Keppel [Bank] led [Spouses] Dizon to pay the former the amount of Ninety Thousand Pesos (₱90,000.00) during the redemption period.<sup>17</sup>

Now before Us, the Bank raises the following alleged errors:

5.1 THE HONORABLE COURT OF APPEALS ERRED IN HOLDING THAT RESPONDENTS CAN STILL VALIDLY REDEEM THE SUBJECT PROPERTIES EVEN AFTER THE EXPIRATION OF THE REDEMPTION PERIOD.

5.2 ASSUMING *ARGUENDO* THAT RESPONDENTS CAN STILL REDEEM THE SUBJECT PROPERTIES, THE HONORABLE COURT OF APPEALS ERRED IN ANNULING, CANCELLING, AND DECLARING NULL AND VOID PETITIONER'S TITLE OVER THE SUBJECT PROPERTIES EVEN BEFORE RESPONDENTS COULD VALIDLY REDEEM THEM IN FULL.

5.3 ASSUMING *ARGUENDO* THAT RESPONDENTS CAN STILL REDEEM THE SUBJECT PROPERTIES, THE HONORABLE COURT OF APPEALS ERRED IN ALLOWING RESPONDENTS TO PAY THE BALANCE OF THE REDEMPTION PRICE COMPUTED ON THE BASIS OF SECTION 6 OF ACT NO. 3135 WITHIN AN INDEFINITE PERIOD OF TIME.<sup>18</sup>

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<sup>17</sup> *Id.* at 35-38.

<sup>18</sup> Page 8 of the Petition.

The petition is meritorious.

Section 6 of Act No. 3135,<sup>19</sup> as amended by Act No. 4118,<sup>20</sup> provides:

SEC. 6. In all cases in which an extrajudicial sale is made under the special power hereinbefore referred to, the debtor, his successors in interest or any judicial creditor or judgment creditor of said debtor, or any person having a lien on the property subsequent to the mortgage or deed of trust under which the property is sold, may redeem the same at any time within the term of one year from and after the date of sale; and such redemption shall be governed by the provisions of sections four hundred and sixty-four to four hundred and sixty-six, inclusive, of the Code of Civil Procedure, insofar as these are not inconsistent with the provisions of this Act.

The right of redemption should be exercised within the period required by law, which should be counted not from the date of foreclosure sale but from the time the certificate of sale is registered with the Register of Deeds.<sup>21</sup> Fixing a definite term within which a property should be redeemed is meant to avoid prolonged economic uncertainty over the ownership of the thing sold.<sup>22</sup>

In this case, considering that the creditor-mortgagee is a banking institution, the determination of the redemption price is governed by Section 78<sup>23</sup> of Republic Act No. 337 or “The General Banking Act,” as amended by Presidential Decree No. 1828.

x x x In *Ponce de Leon v. Rehabilitation Finance Corporation*, this Court had occasion to rule that Section 78 of the General Banking Act had the effect of amending Section 6 of Act No. 3135 insofar as the redemption price is concerned when the mortgagee is a bank, as in this case, or a banking or credit institution. The apparent conflict between the provisions

<sup>19</sup> An Act To Regulate The Sale Of Property Under Special Powers Inserted In Or Annexed To Real Estate Mortgages (Approved on March 6, 1924).

<sup>20</sup> An Act To Amend Act Numbered Thirty-One Hundred And Thirty-Five Entitled, “An Act To Regulate The Sale Of Property Under Special Powers Inserted In Or Annexed To Real Estate Mortgages” (Approved on December 7, 1933).

<sup>21</sup> *Spouses Estanislao, Jr. v. Court of Appeals*, 414 Phil. 509, 518 (2001) and *Metropolitan Bank and Trust Co. v. Spouses Tan, et al.*, 590 Phil 827, 843 (2008).

<sup>22</sup> *BPI Family Savings Bank, Inc. v. Spouses Veloso*, 479 Phil. 627, 635 (2004).

<sup>23</sup> Sec. 78. x x x. In the event of foreclosure, whether judicially or extrajudicially, of any mortgage on real state which is security for any loan granted before the passage of this Act or under the provisions of this Act, the mortgagor or debtor whose real property has been sold at public auction, judicially or extrajudicially, for the full or partial payment of an obligation to any bank, banking or credit institution, within the purview of this Act shall have the right, within one year after the sale of the real estate as a result of the foreclosure of the respective mortgage, to redeem the property by paying the **amount fixed by the court in the order of execution, or the amount due under the mortgage deed, as the case may be, with interest thereon at the rate specified in the mortgage, and all the costs, and judicial and other expenses incurred by the bank or institution concerned by reason of the execution and sale and as a result of the custody of said property less the income received from the property.** x x x (Emphasis supplied)

of Act No. 3135 and the General Banking Act was, therefore, resolved in favor of the latter, being a special and subsequent legislation. This pronouncement was reiterated in the case of *Sy v. Court of Appeals* where we held that the amount at which the foreclosed property is redeemable is the amount due under the mortgage deed, or the outstanding obligation of the mortgagor plus interest and expenses in accordance with Section 78 of the General Banking Act. It was, therefore, manifest error on the part of the Court of Appeals to apply in the case at bar the provisions of Section 30, Rule 39 of the Rules of Court in fixing the redemption price of the subject foreclosed property.<sup>24</sup>

Redemption within the period allowed by law is not a matter of intent but a question of payment or valid tender of the full redemption price.<sup>25</sup> It is irrelevant whether the mortgagor is diligent in asserting his or her willingness to pay. What counts is that the full amount of the redemption price must be actually paid; otherwise, the offer to redeem will be ineffectual and the purchaser may justly refuse acceptance of any sum that is less than the entire amount.<sup>26</sup> In *Metropolitan Bank and Trust Co. v. Spouses Tan, et al.*,<sup>27</sup> We held:

The general rule in redemption is that it is not sufficient that a person offering to redeem manifests his/her desire to do so. The statement of intention must be accompanied by an actual and simultaneous tender of payment. This constitutes the exercise of the right to repurchase. *Bona fide* redemption necessarily implies a reasonable and valid tender of the entire purchase price, otherwise, the rule on the redemption period fixed by law can easily be circumvented. There is no cogent reason for requiring the vendee to accept payment by installments from the redemptioner, as it would ultimately result in an indefinite extension of the redemption period.<sup>28</sup>

To be valid and effective, the offer to redeem must be accompanied by an actual tender of the redemption price. Redemption price should either be fully offered in legal tender or validly consigned in court. Only by such means can the auction winner be assured that the offer to redeem is being made in good faith.<sup>29</sup>

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<sup>24</sup> *Union Bank of the Phils. v. Court of Appeals*, 412 Phil. 64, 75-76 (2001), as cited in *Allied Banking Corporation v. Mateo*, 606 Phil. 535, 543 (2009). See also *Tolentino, M.D. v. Court of Appeals*, 546 Phil. 557, 566 (2007).

<sup>25</sup> *BPI Family Savings Bank, Inc. v. Sps. Veloso*, *supra* note 22, at 634 and *Metropolitan Bank and Trust Co. v. Spouses Tan, et al.*, *supra* note 21, at 844.

<sup>26</sup> *Bodiongan v. Court of Appeals*, G.R. No. 114418, September 21, 1995, 248 SCRA 496, 501.

<sup>27</sup> *Supra* note 21.

<sup>28</sup> *Metropolitan Bank and Trust Co. v. Spouses Tan, et al.*, *id.* at 843. See also *BPI Family Savings Bank, Inc. v. Sps. Veloso*, *supra* note 22, at 632; *Allied Banking Corporation v. Mateo*, *supra* note 24, at 544; and *Cayton, et al. v. Zeonnix Trading Corporation, et al.*, 618 Phil 152.

<sup>29</sup> *Allied Banking Corporation v. Mateo*, *supra* note 24, at 546-547, citing *BPI Family Savings Bank, Inc. v. Spouses Veloso*, *supra* note 22.

Nevertheless, it has been the policy of the law to aid rather than defeat the right of redemption.<sup>30</sup> Where no injury will follow, a liberal construction is given to our redemption laws as well as to the exercise of the right of redemption.<sup>31</sup> Thus, in the following cases, the Court favorably ruled for the original owner, successor-in-interest or redemptioner:

1. *Voluntary agreement of the parties*

The one-year period of redemption provided in Act No. 3135, as amended, is only directory and can be extended by agreement of the parties.<sup>32</sup> When the parties voluntarily agree to extend the redemption period, the concept of legal redemption is converted into conventional redemption.<sup>33</sup> However, two (2) requisites must be established, to wit: (a) voluntary agreement of the parties to extend the redemption period; and (b) the debtor's commitment to pay the redemption price on a fixed date.<sup>34</sup>

2. *Mortgagee is estopped from asserting that the one-year redemption period already elapsed*

In *Ibaan Rural Bank Inc. v. Court of Appeals*,<sup>35</sup> the sheriff unilaterally and arbitrarily extended the period of redemption to two years. The parties were not even privy to the extension made by the sheriff. However, We ruled that the bank cannot, after two years had elapsed, insist that the redemption period was only one year. When it received a copy of the certificate of sale registered in the Office of the Register of Deeds, it was deemed to have actual and constructive knowledge of the certificate and its contents. The bank was found guilty of estoppel *in pais*. By its silence and inaction, it was considered that the mortgagors were misled to believe that they had two years within which to redeem the subject lots.

3. *Substantial compliance by the mortgagor/successor-in-interest/redemptioner*

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<sup>30</sup> *Tolentino v. Court of Appeals*, Nos. L-50405-06, August 5, 1981, 106 SCRA 513, 525; *Bodiongan v. Court of Appeals*, supra note 26, at 502, citing *Tibajia v. Court of Appeals*, 193 SCRA 581 (1991); *De los Reyes v. Intermediate Appellate Court*, 257 Phil. 406 (1989); *Sulit v Court of Appeals*, 335 Phil. 914, 928 (1997); *Iligan Bay Manufacturing Corp. v. Dy*, 551 Phil. 501, 516-518 (2007); and *Republic v. Marawi-Marantao General Hospital, Inc.*, G.R. No. 158920, November 28, 2012, 686 SCRA 546, 561, citing *Cometa v. Court of Appeals*, 404 Phil. 107, 118 (2001).

<sup>31</sup> *Tolentino v. Court of Appeals*, supra, at 525.

<sup>32</sup> *Gajudo v. Traders Royal Bank*, 519 Phil. 791, 808 (2006), citing *Ibaan Rural Bank Inc. v. Court of Appeals*, 378 Phil. 707, 713 (1999).

<sup>33</sup> *Lazo vs. Republic Surety and Insurance Co., Inc.*, No. L-27365, January 30, 1970, 31 SCRA 329, as cited in *Ibaan Rural Bank Inc. v. Court of Appeals*, supra, at 713; *Sps. Landrito, Jr. v. Court of Appeals*, 503 Phil. 723, 734 (2005); *Gajudo v. Traders Royal Bank*, supra, at 808; and *Metropolitan Bank and Trust Co. v. Spouses Tan, et al.*, supra note 21, at 844.

<sup>34</sup> *State Investment House, Inc. v. Court of Appeals*, G.R. No. 99308, November 13, 1992, 215 SCRA 734, 746 and *Gajudo v. Traders Royal Bank*, supra note 32, at 808.

<sup>35</sup> *Supra* note 32.



In *Doronilla v. Vasquez*<sup>36</sup> the third-party claimant offered to redeem the property despite the expiration of the period provided by law and, at the same time, deposited with the provincial sheriff a sum covering the full amount of the purchase price at the auction sale plus the corresponding interest. It was admitted that if the time during which the civil case (to set aside the auction sale and to declare the third-party claimant as absolute owner of the property) was pending is not deducted, the exercise of the right to redeem was beyond the twelve-month period. However, equitable consideration was invoked, arguing that it would be unfair to count the period of pendency of the civil case because the third-party claimant could not be expected to assert merely the right of redemption when in said action he specifically sought to be declared as the absolute owner of the property. To promote justice and avoid injustice, the Court allowed the exercise of the right of redemption.

On the last day of the one-year redemption period, one of the judgment debtors in *Castillo, et al. v. Nagtalon, et al.*<sup>37</sup> deposited with the deputy sheriff a sum which represented 1/12 of the consideration of the execution sale plus 1% interest thereon. Said amount was found to be insufficient to effectively release the subject properties. Nonetheless, because the tender of payment was timely made and in good faith (since it was based on the honest mistake that the obligation under the judgment is merely "joint"), We gave the opportunity to complete the redemption within 15 days from the time the decision becomes final and executory.

Similarly, in *Rosario, et al. v. Tayug Rural Bank, Inc., et al.*,<sup>38</sup> the decision of the court *a quo* was affirmed, which allowed the redemption to be done within 30 days from the time the decision becomes final and executory. In this case, because the sum tendered was the amount of the purchase price paid at the auction sale and that the tender was timely made and in good faith, the Court believed that the ends of justice would be better served by affording the opportunity to redeem the property by paying the bank the auction purchase price plus 1% interest per month thereon.

In *Tolentino v. Court of Appeals*,<sup>39</sup> the certificate of sale was registered with the Register of Deeds on April 2, 1969. On March 31, 1970, the mortgagor consigned to the city sheriff a crossed check as payment for the redemption price. The following day, however, the mortgagor issued a stop-payment order against the crossed check purportedly to protect her rights and to prevent the bank from encashing the check without returning all the properties which it foreclosed and purchased. We upheld the

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<sup>36</sup> 72 Phil. 572 (1941).

<sup>37</sup> 114 Phil. 7 (1962).

<sup>38</sup> 131 Phil. 324 (1968).

<sup>39</sup> *Supra* note 32.

mortgagor's right to redeem, opining that when the action to redeem was filed, a simultaneous deposit of the redemption money was tendered to the sheriff, which was allowed under the Rules of Court; that the check, as a medium of payment in commercial transactions, is too firmly established by usage; and that it was not clearly shown that the stop-payment order was made in bad faith.

The Court also set aside in *De los Reyes v. Intermediate Appellate Court*<sup>40</sup> the decision of the trial court insofar as it denies the mortgagor's right of redemption. In said case, the mortgagees were directed to allow the mortgagor to redeem the disputed property for the amount of ₱6,107.00, which was previously deposited with the trial court. It appeared from the records that the certificate of sale was registered with the Register of Deeds on May 4, 1977 and that the mortgagor wrote a letter to the provincial sheriff sometime in April 1978 tendering the amount of ₱4,925.00, which was the purchase price in the public auction as well as one percent monthly interest up to the time of redemption.

Like the earlier cases of *Castillo, et al.* and *Rosario, et al.*, We allowed the mortgagor in *Bodiongan v. Court of Appeals*<sup>41</sup> to complete the redemption price by paying to the mortgagee the difference of ₱8,500.00 at 1% interest per month until full payment thereof within 15 days from the time the decision becomes final and executory. Records disclosed that, within the redemption period, the mortgagor offered to redeem her properties and tendered to the provincial sheriff a check in the amount of ₱337,580.00. The amount was based on a tentative computation by the sheriff. The check was received by the mortgagee and the sheriff issued a certificate of redemption. Later, however, the mortgagee claimed that the redemption price should be ₱351,080.00. We disagreed, ruling that the redemption price was only ₱346,080.00 because the attorney's fees awarded by the trial court must not be added thereto as the amount payable is no longer the judgment debt but that which is stated in Section 30 of Rule 39 of the Rules of Court.

In *Ysmael v. Court of Appeal*,<sup>42</sup> the subject properties were sold at public auction after being levied on execution. The winning bid was ₱700,000.00. Prior to the expiration of the redemption period, the co-owners asked for the computation of the redemption price. The deputy sheriff and the counsel for the highest bidder, however, did not bother to reply. Six days after the expiration of the period to redeem, the co-owners tendered cashier's checks in the total amount of ₱784,000.00, representing the purchase price at the execution sale and the interest thereon of 1% per month for 12 months.

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<sup>40</sup> *Supra* note 30.

<sup>41</sup> *Supra* note 26.

<sup>42</sup> 376 Phil. 323 (1999).

Since the counsel for the highest bidder refused to accept payment, the co-owners filed a motion for consignment in the trial court, which was granted. The Court ruled that there was an earnest intent to exercise the right of redemption. The tender of payment was considered an affirmation of the timely notice to redeem, even if it was made six days after the expiration of the redemption period.

The facts obtaining in *Cometa v. Court of Appeals*<sup>43</sup> reveal that the subject properties, which was conservatively valued at ₱500,000.00, were levied on execution and later sold *en masse* at a public auction for only ₱57,396.85, which was the amount of the judgment debt. We considered this a compelling justification to allow the redemption even beyond the prescribed period. It was noted that, albeit belated, there was an earnest and sincere desire to redeem the subject properties when the amounts of ₱38,761.05 as purchase price for the lots, ₱78,762.69 as interest, and ₱1,175.25 as realty tax, were consigned with the clerk of court.

In *Cayton, et al. v. Zeonnix Trading Corporation, et al.*,<sup>44</sup> the property was sold at public auction in the amount of ₱95,000.00. On April 25, 1984, the Certificate of Sale was annotated on the land title. A judgment creditor offered to redeem the property on April 18, 1985 by tendering to the clerk of court ₱106,400.00 through a manager's check dated April 15, 1985. The amount tendered represented the purchase price of the property and interest that had accrued thereon. It was argued, among others, that such amount was insufficient to effect a valid redemption because it failed to include the amount of real estate taxes paid amounting to ₱2,175.00. On June 4, 1985, the judgment creditor tendered to the clerk of court the additional amount. Citing *Spouses Estanislao, Jr. v. Court of Appeals*,<sup>45</sup> the Court said that the payment of the full purchase price and interest thereon by a judgment creditor, who had not been apprised of the amount of taxes paid by the purchaser, should already be considered sufficient for purposes of redemption if there was immediate payment of the additional amount upon notification of the deficiency.

The *Cayton, et al.* ruling was subsequently reiterated in *Torres, et al. v. Sps. Almag and Ngoju*,<sup>46</sup> wherein We restated the opinion in *Baluyut v. Poblete*<sup>47</sup> that the purchaser is required to furnish copies of the amounts of assessments or taxes which he may have paid to inform the mortgagor or redemptioner of the actual amount which he should pay in case he chooses to exercise his right of redemption and that if no such notice is given, the property may be redeemed without paying such assessments or taxes.

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<sup>43</sup> *Supra* note 30.

<sup>44</sup> *Supra* note.

<sup>45</sup> *Supra* note 21.

<sup>46</sup> 640 Phil. 498 (2010).

<sup>47</sup> 543 Phil. 341 (2007).

None of the foregoing compelling justifications are present in this case to exempt it from the application of the general rules on redemption. Here, the offer of the Spouses Dizon was an invalid and ineffectual exercise of their right of redemption; hence, the refusal of the offer by the Bank was completely justified.

An insufficient sum was tendered by the Spouses Dizon during the redemption period. Whether the total redemption price is ₱251,849.77 as stated in the Petition for Review,<sup>48</sup> or ₱232,904.60 as stated in the Bank's Motion for Reconsideration of the CA Decision,<sup>49</sup> or ₱428,019.16 as stated in its Appellant's Brief,<sup>50</sup> is immaterial. What cannot be denied is that the amount of ₱90,000.00 paid by the Spouses Dizon during the redemption period is less than half of ₱181,956.72 paid by the Bank at the extrajudicial foreclosure sale held on September 13, 1993. If only to prove their willingness and ability to pay, the Spouses Dizon could have tendered a redemption price that they believe as the correct amount or consigned the same. Seventeen long years passed since the filing of the complaint but they did not do either. Indeed, they manifestly failed to show good faith.

The Spouses Dizon's own evidence show that, after payment of ₱90,000.00, the earliest date they exerted a semblance of effort to re-acquire the subject property was on October 15, 1996.<sup>51</sup> Apart from being way too late, the tender was not accompanied by the remaining balance of the redemption price. The same is true with respect to their letter dated February 27, 1998,<sup>52</sup> wherein they were still making proposals to the Bank. The court's intervention was resorted to only on April 3, 1998 after the redemption period expired on October 18, 1994, making it too obvious that such recourse was merely a delayed afterthought to recover a right already lost.

The official receipts issued by the Bank cannot be relied upon by the Spouses Dizon. As pointed out by the Bank, the receipts issued categorically stated that the partial payments were without prejudice to the foreclosure proceedings already instituted and without prejudice to the consolidation of title. Thus, the Bank never really intended to waive its rights to foreclose and to consolidate its ownership over the subject property in case of the Spouses Dizon's failure to fully and effectively pay their outstanding obligation. With the disclaimer noticeably expressed on the official receipts and as

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<sup>48</sup> *Rollo*, p. 12.

<sup>49</sup> Allegedly representing ₱181,956.72 as the claim of the Bank at the time of foreclosure sale, plus interest of 28% per annum as specified in the mortgage, and all costs and expenses incurred by the Bank by reason of the execution and sale of the property (*Rollo*, pp. 90-91).

<sup>50</sup> Allegedly representing ₱181,956.72 as the claim of the Bank at the time of foreclosure sale, ₱235,953.83 as the stipulated interest of 28% per annum from October 18, 1993 to April 30, 1998, ₱10,108.61 as litigation expenses and interest therein (*Rollo*, p. 54; Exhibit "7," records, p. 430).

<sup>51</sup> Exhibit "I," records, p. 359.

<sup>52</sup> Exhibit "J," *id.* at 360-361.

admitted<sup>53</sup> during the trial by petitioner Rosalina L. Dizon, who solely testified for the plaintiffs, the Bank cannot be held guilty of estoppel. Estoppel *in pais* arises when one, by his acts, representations or admissions, or by his own silence when he ought to speak out, intentionally or through culpable negligence, induces another to believe certain facts to exist and such other rightfully relies and acts on such belief, so that he will be prejudiced if the former is permitted to deny the existence of such facts.<sup>54</sup> The principle of estoppel would step in to prevent one party from going back on his or her own acts and representations to the prejudice of the other party who relied upon them. It is a principle of equity and natural justice, expressly adopted in Article 1431<sup>55</sup> of the New Civil Code and articulated as one of the conclusive presumptions in Rule 131, Section 2 (a)<sup>56</sup> of our Rules of Court.

The Spouses Dizon claimed that they negotiated with the Bank for the extension of the period to redeem and that the latter granted the same. Aside from the Bank's vehement denial of the allegation, the Court cannot give credence to their assertions as they failed to present any documentary evidence to prove the conferment of the purported extension. Assuming, but without admitting, that an additional period was granted to them, the extension would constitute a mere offer on the part of the Bank to re-sell the subject property; it does not constitute a binding contract.<sup>57</sup> The right to redeem of the Spouses Dizon already expired on October 18, 1994. Thereafter, their offer should aptly be termed as a repurchase, not redemption. The Bank is not bound by the bid price, at the very least, and has the discretion to even set a higher price. As We explained:

The right to redeem becomes *functus officio* on the date of its expiry, and its exercise after the period is not really one of redemption but a repurchase. Distinction must be made because redemption is by force of law; the purchaser at public auction is bound to accept redemption. Repurchase, however, of foreclosed property, after redemption period, imposes no such obligation. After expiry, the purchaser may or may not re-sell the property but no law will compel him to do so. And, he is not bound by the bid price; it is entirely within his discretion to set a higher price, for after all, the property already belongs to him as owner.<sup>58</sup>

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<sup>53</sup> TSN, April 14, 2003, pp. 27-29.

<sup>54</sup> *Ibaan Rural Bank Inc. v. Court of Appeals*, *supra* note 32, at 712-713.

<sup>55</sup> Art. 1431. Through estoppel an admission or representation is rendered conclusive upon the person making it, and cannot be denied or disproved as against the person relying thereon.

<sup>56</sup> Sec. 2. *Conclusive presumptions.* – x x x

(a) Whenever a party has, by his own declaration, act, or omission, intentionally and deliberately led another to believe a particular thing true, and to act upon such belief, he cannot, in any litigation arising out of such declaration, act or omission be permitted to falsify it[.]

<sup>57</sup> *De Robles v. Court of Appeals*, G.R. No. 128053, June 10, 2004, 431 SCRA 566, 571, citing *Natino v. Intermediate Appellate Court*, G.R. No. 73573, May 23, 1991, 197 SCRA 323, 332-333.

<sup>58</sup> *Lucasan v. Phil. Deposit Insurance Corp.*, 579 Phil. 576, 588 (2008), citing *De Robles v. Court of Appeals*, *supra*, at 570.

All told, the Spouses Dizon cannot, therefore, argue that equity should prevail. "Equity has been defined as justice outside law, being ethical rather than jural and belonging to the sphere of morals than of law. It is grounded on the precepts of conscience and not on any sanction of positive law."<sup>59</sup> Yet equity applies only in the absence of, and never against, statutory law or judicial rules of procedure.<sup>60</sup>

In view of the Court's categorical finding that the Spouses Dizon failed to effect a valid redemption of the subject property, there is no more necessity to pass upon the merits of the second and third issues presented in the instant petition.


**WHEREFORE**, the foregoing considered, the instant petition for review on *certiorari* is **GRANTED**. The May 13, 2008 Decision and August 27, 2008 Resolution of the Court of Appeals in CA-G.R. CV No. 82307 are **REVERSED** and **SET ASIDE** and the complaint in Civil Case No. 98-88228 filed before the Regional Trial Court, Branch 26, Manila, is **DISMISSED**.

**SO ORDERED.**

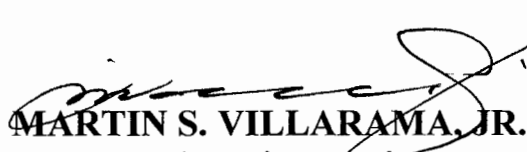


**DIOSDADO M. PERALTA**  
Associate Justice

**WE CONCUR:**



**PRESBITERO J. VELASCO, JR.**  
Associate Justice  
Chairperson



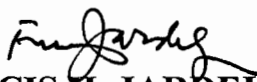
**MARTIN S. VILLARAMA, JR.**  
Associate Justice



**BIENVENIDO L. REYES**  
Associate Justice

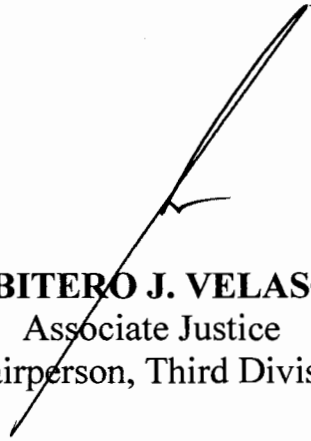
<sup>59</sup> *Hi-Yield Realty, Inc. v. Court of Appeals*, 437 Phil. 483, 496 (2002), citing *Manning International Corporation v. National Labor Relations Commission*, G.R. No. 83018, March 13, 1991, 195 SCRA 155 (1991).

<sup>60</sup> *BPI Family Savings Bank, Inc. v. Sps. Veloso*, supra note 22, at 635.

  
**FRANCIS H. JARDELEZA**  
Associate Justice


**ATTESTATION**

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

  
**PRESBITERO J. VELASCO, JR.**  
Associate Justice  
Chairperson, Third Division

**CERTIFICATION**

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

  
**MARIA LOURDES P. A. SERENO**  
Chief Justice