



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

LANI NAYVE-PUA,
Petitioner,

G.R. No. 253450

Present:

-versus-

UNION BANK OF THE
PHILIPPINES,
Respondent.

LEONEN, S.A.J., Chairperson,
LAZARO-JAVIER,
LOPEZ, M.,
LOPEZ, J., and
KHO, JR., JJ.

Promulgated:

JAN 22 2024

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DECISION

LOPEZ, M., J.:

If a couple's property regime is conjugal partnership of gains and, before getting married, they cohabited as husband and wife without any legal impediment to marry, a property bought with the exclusive money of one party before the marriage and brought into the marriage will belong only to that party, as long as there is no proof that the other party contributed in any manner to the property's acquisition.

We resolve this Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court assailing the Decision² dated December 20, 2019 and the Resolution³ dated September 2, 2020 of the Court of Appeals (CA) in CA-G.R. CV No. 108917.

¹ *Rollo*, pp. 9-55.

² *Id.* at 61-72. Penned by Associate Justice Nina G. Antonio-Valenzuela, with the concurrence of Associate Justices Ramon M. Bato, Jr. and Louis P. Acosta of the Court of Appeals, Manila, Sixth Division.

³ *Id.* at 73-74. Penned by Associate Justice Nina G. Antonio-Valenzuela, with the concurrence of Associate Justices Ramon M. Bato, Jr. and Louis P. Acosta of the Court of Appeals, Manila, Former Sixth Division.

The assailed issuances affirmed the findings of the Decision⁴ dated August 30, 2016 of the Regional Trial Court of Quezon City, Branch 216 (RTC) in Civil Case No. Q-04-51749, which dismissed Lani Nayve-Pua's (Lani) complaint and upheld the validity of the real estate mortgage⁵ (REM) in favor of Union Bank of the Philippines (Union Bank).

ANTECEDENTS

Lani filed a Complaint for annulment of the REM, foreclosure mortgage, and certificate of sale before the RTC against International Exchange Bank (now Union Bank) and Spouses Cromwell and Catherine Uy (Spouses Uy).⁶

Lani alleged that she and Stephen Pua (Stephen) began living together as husband and wife in December 1975. During their cohabitation, all four of their children were born: (1) Steven Pua born in November 1976; (2) Brian Pua born in November 1978; (3) Mark Pua born in January 1981; and (4) Kristine Pua born in April 1982. In March 1978, Lani and Stephen bought a property inside a subdivision in Diliman, Quezon City covered by Transfer Certificate of Title No. RT-117283 (275199).⁷ Lani claimed that they acquired the property through their joint efforts. However, the title was registered under the name of Stephen Pua, "*of legal age, Filipino, single[.]*"⁸ In July 1983, Lani and Stephen got married. The house constructed on the property allegedly became their family home.⁹

In January 2004, Lani learned that the property was mortgaged to and foreclosed by Union Bank, which notified them that the period to redeem the property was set to expire by February 2004. Upon verification, Lani discovered that Spouses Uy mortgaged their family home in favor of Union Bank. Spouses Uy used it as collateral for their loan by way of credit accommodation.¹⁰ This arrangement happened because Cromwell Uy is the son of Stephen's brother, George Pua.¹¹

When Spouses Uy failed to pay their loan, Union Bank foreclosed the mortgage. The property was sold at a public auction. Later, Lani learned that in executing the loan agreement and mortgage, Spouses Uy submitted a Special Power of Attorney¹² (SPA) indicating that Lani and Stephen granted them the authority to mortgage the property. However, Lani denied affixing

⁴ *Id.* at 114–120. Penned by Presiding Judge Alfonso C. Ruiz II.

⁵ *Id.* at 108–109.

⁶ *Id.* at 62 and 114.

⁷ *Id.* at 103–106.

⁸ *Id.* at 103.

⁹ *Id.* at 12, 62–63, and 114–115.

¹⁰ *Id.* at 62 and 115.

¹¹ *Id.* at 179–180.

¹² *Id.* at 110–111.

her name and signature on the SPA, claiming forgery. She maintained that she did not consent to the mortgage.¹³

On the other hand, Union Bank averred that since Lani and Stephen were married on July 20, 1983, their property regime under the Civil Code was conjugal partnership of gains. The property was Stephen's exclusive property because it was acquired before their marriage, and the title covering the property indicates that the registered owner is "*STEPHEN PUA, of legal age, Filipino, single[.]*" Consequently, Lani has no cause of action against it.¹⁴

Union Bank also stressed that the duly notarized SPA, which Spouses Uy presented, bore both signatures of Lani and Stephen. The REM and the SPA were annotated at the back of the title of the property, including Spouses Uy's outstanding loan of PHP 9,259,277.96. Since Spouses Uy reneged on their payments, Union Bank foreclosed the REM. Thereafter, the property was sold in a public auction. On February 10, 2003, a certificate of sale was issued to Union Bank as the highest bidder. Union Bank informed Stephen that he had until February 10, 2004 to redeem the property. But a day before the redemption period expired, Lani filed a complaint against Union Bank and Spouses Uy, seeking to annul the mortgage and the foreclosure proceedings.¹⁵

On August 30, 2016, the RTC dismissed the complaint. It ruled that Lani failed to prove that she was a co-owner.¹⁶ The RTC reasoned that since Lani and Stephen were married in 1983 (or before the effectivity of the Family Code), their property regime, as governed by the Civil Code, is conjugal partnership of gains. Under this type of property relation, all properties acquired during the marriage shall be part of the conjugal fund and will be enjoyed by both spouses. They will, however, continue to enjoy their respective ownership rights over their separate properties. Since the property involved was acquired before their marriage, and the certificate of title indicates that it is owned by "*STEPHEN PUA, of legal age, Filipino, single,*" there is a strong presumption that Stephen is its exclusive owner. Thus, Lani's signature in the SPA is unnecessary for the validity of the mortgage contract.¹⁷

Lani disagreed and appealed to the CA. She invoked Article 147¹⁸ of the Family Code. She insisted that she and Stephen are co-owners of the

¹³ *Id.* at 62 and 115.

¹⁴ *Id.* at 63 and 117.

¹⁵ *Id.* at 65-66 and 116-118.

¹⁶ *Id.* at 120.

¹⁷ *Id.* at 118-120.

¹⁸ Article 147. When a man and a woman who are capacitated to marry each other, live exclusively with each other as husband and wife without the benefit of marriage or under a void marriage, their wages and salaries shall be owned by them in equal shares and the property acquired by both of them through their work or industry shall be governed by the rules on co-ownership.

In the absence of proof to the contrary, properties acquired while they lived together shall be presumed to have been obtained by their joint efforts, work or industry, and shall be owned by them in equal shares. For purposes of this Article, a party who did not participate in the acquisition by the other party of any

property because it was acquired during their cohabitation as husband and wife and through their joint efforts.¹⁹ To support her claim, Lani presented their marriage contract²⁰ to prove that she and Stephen cohabited and were exempted from securing a marriage license. Lani further presented the birth certificates²¹ of her children, who were all born before their marriage in 1983.

On December 20, 2019, the CA affirmed the findings of the RTC. It ruled that the presumption under Article 147 of the Family Code is only *prima facie* and cannot prevail over a valid title registered under the Torrens system. The CA also ruled that Lani failed to establish that she and Stephen lived exclusively as husband and wife, without the benefit of marriage. The CA found that Stephen's address in the Deed of Sale, and his children's birth certificates, all indicate that Stephen is a resident of Cauayan, Isabela, where he runs his business of operating a movie house. Lani did not show that she "actually" contributed to purchase the property,²² thus:

Aside from the bare allegations of the appellant Lani, the appellant Lani did not present any evidence that: she (the appellant Lani) and Stephen lived exclusively as husband and wife, without the benefit of marriage, and that each one of them was not incapacitated to marry; and that the appellant Lani had made an **actual contribution** to purchase the Subject Property. Further, the appellant Lani's claim of having administered the Subject Property was unsubstantiated.

Clearly, the appellant Lani did not prove that she (the appellant Lani) was a co-owner of the Subject Property. Thus, the appellant Lani had no cause of action against the appellees.

We DISMISS the appeal.

IT IS SO ORDERED.²³ (Emphasis supplied)

Lani sought reconsideration²⁴ but was denied.²⁵ Hence, Lani elevated²⁶ the case to this Court. She argues that the CA erred in applying Article 147 of

property shall be deemed to have contributed jointly in the acquisition thereof if the formers efforts consisted in the care and maintenance of the family and of the household.

Neither party can encumber or dispose by acts *inter vivos* of his or her share in the property acquired during cohabitation and owned in common, without the consent of the other, until after the termination of their cohabitation.

When only one of the parties to a void marriage is in good faith, the share of the party in bad faith in the co-ownership shall be forfeited in favor of their common children. In case of default of or waiver by any or all of the common children or their descendants, each vacant share shall belong to the respective surviving descendants. In the absence of descendants, such share shall belong to the innocent party. In all cases, the forfeiture shall take place upon termination of the cohabitation.

¹⁹ *Rollo*, pp. 115-116.

²⁰ *Id.* at 107.

²¹ *Id.* at 92-95.

²² *Id.* at 68-72.

²³ *Id.* at 71-72.

²⁴ See Motion for Reconsideration dated February 3, 2020; *id.* at 75-89.

²⁵ *Id.* at 73-74.

²⁶ *Id.* at 9-55.

the Family Code, in relation to Articles 76²⁷ and 144²⁸ of the Civil Code. Considering that the property was acquired during their cohabitation as husband and wife, she and Stephen are considered co-owners, although the title only named Stephen as the sole owner. Thus, applying Article 124²⁹ of the Family Code, the absence of the written consent of both spouses rendered the mortgage agreement void.³⁰ Too, Lani maintains that Union Bank failed to exercise the required diligence of a bank in accepting a third-party mortgage. Had Union Bank inspected the mortgaged property, they would have known that the property was being occupied as their family home.³¹

In its Comment,³² Union Bank argued that the CA correctly ruled that Lani failed to establish that the mortgaged property was a family home. Lani did not provide convincing evidence aside from the birth certificates of her children.³³

Union Bank also asserted that Article 124 of the Family Code is irrelevant because the property is not conjugal. Lastly, Union Bank insisted that it was a “mortgagee in good faith.” It inspected the property to appraise the fair market value as part of Spouses Uy’s application for a loan.³⁴

ISSUE

Whether the mortgage and foreclosure in favor of Union Bank should be annulled. Intertwined is whether Lani’s consent to the mortgage is necessary for the mortgage’s validity.

²⁷ Article 76. No marriage license shall be necessary when a man and a woman who have attained the age of majority and who, being unmarried, have lived together as husband and wife for at least five years, desire to marry each other. The contracting parties shall state the foregoing facts in an affidavit before any person authorized by law to administer oaths. The official, priest or minister who solemnized the marriage shall also state in an affidavit that he took steps to ascertain the ages and other qualifications of the contracting parties and that he found no legal impediment to the marriage.

²⁸ Article 144. When a man and a woman live together as husband and wife, but they are not married, or their marriage is void from the beginning, the property acquired by either or both of them through their work or industry or their wages and salaries shall be governed by the rules on co-ownership.

²⁹ Article 124. The administration and enjoyment of the conjugal partnership shall belong to both spouses jointly. In case of disagreement, the husband’s decision shall prevail, subject to recourse to the court by the wife for a proper remedy, which must be availed of within five years from the date of the contract implementing such decision.

In the event that one spouse is incapacitated or otherwise unable to participate in the administration of the conjugal properties, the other spouse may assume sole powers of administration. These powers do not include the powers of disposition or encumbrance which must have the authority of the court or the written consent of the other spouse. In the absence of such authority or consent the disposition or encumbrance shall be void. However, the transaction shall be construed as a continuing offer on the part of the consenting spouse and the third person, and may be perfected as a binding contract upon the acceptance by the other spouse or authorization by the court before the offer is withdrawn by either or both offerors.

³⁰ *Rollo*, pp. 19–34.

³¹ *Id.* at 34–48.

³² *Id.* at 145–167.

³³ *Id.* at 158.

³⁴ *Id.* at 157–165.

RULING

We deny the Petition.

At the outset, we have consistently declared that factual findings of the trial court, when adopted and confirmed by the CA, are binding and conclusive upon this Court. We are not triers of facts. It is not this Court's function to analyze or weigh evidence all over again.³⁵ While these rules do admit exceptions, Lani failed to prove any of the established exceptions that would compel us to go over and rule on the factual evidence. As such, this Court will refrain from probing the factual conclusions, especially that the questioned findings are supported by sufficient evidence.³⁶

Lani failed to prove that the mortgaged property is conjugal. Significantly, Stephen acquired the property before he married Lani

The mortgaged property was acquired in 1978, under the name of "STEPHEN PUA, of legal age, Filipino, single," when Lani and Stephen were cohabiting without the benefit of marriage. When Lani and Stephen *married on July 1983*, the Civil Code³⁷ provides that their property relations shall be governed by the rules on conjugal partnership of gains, absent any proof showing that the spouses entered into a marriage settlement. Under this property arrangement, all property of the conjugal partnership of gains is owned in common by the husband and wife.³⁸

In *Malabanan v. Malabanan, Jr.*,³⁹ we explained that property acquired *during* the marriage is presumed to be conjugal,⁴⁰ and it is unnecessary to prove that the money used to purchase a property came from the conjugal fund. What must be established is that the property was *acquired during the*

³⁵ See *Heirs of Malaggay v. Heirs of Eway*, G.R. No. 228033, September 14, 2021 [Notice, First Division].

³⁶ *Republic v. Sadca*, G.R. No. 218640, November 29, 2021 [Per J. Leonen, Third Division].

³⁷ See CIVIL CODE, art. 119 which provides:

Article 119. The future spouses may in the marriage settlements agree upon absolute or relative community of property, or upon complete separation of property, or upon any other regime. In the absence of marriage settlements, or when the same are void, the system of relative community or conjugal partnership of gains as established in this Code, shall govern the property relations between husband and wife.

See also *Alexander v. Escalona*, G.R. No. 256141, July 19, 2022 [Per J. M. Lopez, *En Banc*]; and *Cueno v. Bautista*, G.R. No. 246445, March 2, 2021 [Per J. Caguioa, *En Banc*].

³⁸ See CIVIL CODE, art. 143.

³⁹ 848 Phil. 438 (2019) [Per J. Leonen, Third Division].

⁴⁰ See CIVIL CODE, art. 160 which provides:

Article 160. All property of the marriage is presumed to belong to the conjugal partnership, unless it be proved that it pertains exclusively to the husband or to the wife.

See also FAMILY CODE, art. 116 which states:

Article 116. All property acquired during the marriage, whether the acquisition appears to have been made, contracted or registered in the name of one or both spouses, is presumed to be conjugal unless the contrary is proved.

marriage.⁴¹ This presumption was reiterated in *Alexander v. Escalona*,⁴² wherein we held that this presumption may only be rebutted by clear and convincing evidence. Notably, the presumption will still apply even if the property is under the name of only one spouse.⁴³ Hence, when the property is acquired *during* the marriage, the burden of proof is upon the spouse claiming the property's exclusivity to establish it.⁴⁴

Here, however, Lani admitted that the property was acquired *before* her marriage to Stephen in 1983. Consequently, the presumption that the property is conjugal shall not apply, especially since the property is under Stephen's name alone. Lani bears a heavier onus to prove that the property is indeed conjugal.

Under the Civil Code, the following are considered as paraphernal or exclusive property of each spouse in a conjugal partnership of gains:

Article 148. The following shall be the **exclusive property of each spouse**:

- (1) **That which is brought to the marriage as his or her own;**
- (2) That which each acquires, during the marriage, by lucrative title;
- (3) That which is acquired by right of redemption or by exchange with other property belonging to only one of the spouses;
- (4) **That which is purchased with exclusive money of the wife or of the husband.** (Emphasis supplied)

This was echoed by the Family Code, which applies suppletorily to the provisions of the Civil Code concerning the conjugal partnership of gains, *viz.*:

Article 109. The following shall be the exclusive property of each spouse:

- (1) That which is brought to the marriage as his or her own;
- (2) That which each acquires during the marriage by gratuitous title;
- (3) That which is acquired by right of redemption, by barter or by exchange with property belonging to only one of the spouses; and
- (4) That which is purchased with exclusive money of the wife or of the husband.

⁴¹ *Malabanan v. Malabanan, Jr.*, 848 Phil. 438, 453–454 (2019) [Per J. Leonen, Third Division].

⁴² G.R. No. 256141, July 19, 2022 [Per J. M. Lopez, *En Banc*].

⁴³ *Ende v. Roman Catholic Prelate of the Prelature Nullius of Cotabato, Inc.*, G.R. No. 191867, December 6, 2021 [Per J. Hernando, Second Division].

⁴⁴ See *Alexander v. Escalona*, G.R. No. 256141, July 19, 2022 [Per J. M. Lopez, *En Banc*].

Under the conjugal partnership of gains, the mortgaged property is Stephen's exclusive property, which was brought into their marriage as his own. Yet under Article 158 of the Civil Code, a paraphernal or separate property could turn into conjugal when it was brought into the marriage without awaiting reimbursement before or at the liquidation of the partnership, upon the construction of the building on it *at the expense of the partnership, viz.:*

Article 158. Improvements, whether for utility or adornment, made on the separate property of the spouses through advancements from the partnership or through the industry of either the husband or the wife, belong to the conjugal partnership.

Buildings constructed, at the expense of the partnership, during the marriage on land belonging to one of the spouses, also pertain to the partnership, but the value of the land shall be reimbursed to the spouse who owns the same. (Emphasis and underscoring supplied)

This conversion of a paraphernal property into a conjugal property by operation of law was elaborated in *Heirs of Palomares v. Vinzon*,⁴⁵ which cited *Embrado v. CA*,⁴⁶ to wit:

Here, the evidence shows that Pilar inherited the land from her grandmother. Consequently, she brought it into the marriage as her paraphernal property. Admittedly, however, **the spouses constructed a building on the land out of funds belonging to both of them. As the Court held in *Embrado v. Court of Appeals*, the paraphernal land becomes conjugal, without awaiting reimbursement before or at the liquidation of the partnership, upon the construction of the building on it at the expense of the partnership.** Thus, the subject property and the building constructed on it by spouses Demetrio and Pilar became conjugal by operation of law.

Since the property became conjugal, Article 172 of the Civil Code applied. It states that the wife cannot bind the conjugal partnership without the husband's consent. Since Pilar sold the property to Angel without Demetrio's consent, that sale was invalid and did not bind Demetrio or his heirs.⁴⁷ (Emphasis and underscoring supplied)

The situation is different here. *The property in question was acquired by Stephen using his personal funds, not from the conjugal wealth.* A scrutiny of the relevant sale contracts reveals this fact. The March 1978 Conditional Contract of Sale⁴⁸ and the July 1979 Deed of Absolute Sale⁴⁹ executed by Enrico Aberion (seller of the subject property) and Stephen indicate that the property consisted of a parcel of land with a two-story residential home.⁵⁰

⁴⁵ G.R. No. 194599, September 18, 2013 [Notice, Third Division].

⁴⁶ 303 Phil. 344, 351 (1994) [Per J. Bellosillo, First Division].

⁴⁷ *Heirs of Palomares v. Vinzon*, G.R. No. 194599, September 18, 2013 [Notice, Third Division]; citations omitted.

⁴⁸ *Rollo*, pp. 96–98.

⁴⁹ *Id.* at 99–102.

⁵⁰ *Id.* at 101.

Therefore, when Stephen purchased the property in 1978, *the residential building was already existing and included in his sole acquisition*. There is no showing that the property was constructed at the expense of the conjugal partnership. Consequently, its character as Stephen's separate property under the conjugal partnership of gains remains unchanged; the conversion principle under Article 158 of the Civil Code will not apply.

By all accounts, Lani cannot claim that the mortgaged property became conjugal only by reason of their marriage in 1983. She must prove either: one, the mortgaged property was acquired *during* the marriage and there is no clear **and** convincing evidence to rebut the presumption that the property is conjugal; or two, the mortgaged property was constructed at the expense of the partnership wealth *during* the marriage, even if the land on which it was built is exclusively owned by Stephen.

Moreover, even if we apply Article 147 of the Family Code, as Lani insisted, the presumption of co-ownership is only *prima facie*, and shall only apply *if there is no proof to the contrary*. As here, the CA aptly observed that Lani cannot anchor her claim of co-ownership solely on Article 147's *prima facie* presumption because: (1) the title to the subject property, which was registered under Torrens system, is under Stephen's name alone; and (2) the Conditional Contract of Sale and Deed of Absolute Sale were executed between the seller and "*STEPHEN PUA, of legal age, single, resident of Cauayan, Isabela.*"⁵¹ These are eloquent, self-speaking documentary evidence that the mortgaged property is Stephen's exclusive, separate property. As emphasized by the RTC and the CA, these documents remained uncontroverted. Lani did not prove that she contributed in any form to the mortgaged property's acquisition.

Lani failed to sufficiently prove that the property was used as their family home at the time it was mortgaged

Under the Civil Code, a family home is defined as "*the dwelling house where a person and [their] family reside[s], and the land on which it is situated.*"⁵² It may be established by a married or unmarried person who is the head of a family or household.⁵³ If the one who constituted the family home is married, the family home may be selected from the conjugal partnership or community property, from the separate property of the husband, or, with the consent of the wife, from her paraphernal property.⁵⁴

⁵¹ *Id.* at 99.

⁵² See CIVIL CODE, art. 223.

⁵³ See CIVIL CODE, art. 227.

⁵⁴ See CIVIL CODE, art. 228.

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This definition was reiterated in the Family Code,⁵⁵ with the deletion of the requirement to constitute the family home judicially or extrajudicially as provided in the Civil Code. Notably, both the Civil Code and Family Code provide that the family home must be used and occupied as a family residence to be considered as such.

In this case, to prove that the mortgaged property was their family's residence, Lani presented the birth certificates of their four children. Out of the four birth certificates, three indicated that Stephen and Lani's address or residence was the mortgaged property located in Quezon City. However, these birth certificates⁵⁶ only prove that the property was used by Lani and her family from 1978 to 1982. No other evidence was submitted to prove that Lani and her family were still residing in the property at the time it was mortgaged in *January 1998*, the date of the mortgage, or even after. Lani could have secured a certification from their barangay or a residency certificate, which could attest that she and her family were residing in the subject property but she did not. She could have also presented billing statements for utilities reflecting their residence address or secure testimonies from her neighbors or other people who knew that they reside in the subject property. Lamentably, she only presented her children's birth certificates. Additionally, the SPA executed by Stephen in 1997 shows that his residence and postal address is at "*Cauayan, Isabela*."⁵⁷ More, as proof of identity, he presented his Community Tax Certificate also issued in Isabela.⁵⁸ The RTC even noted that Stephen's side was not presented nor was he able to corroborate that his family resided in the property. Thus, we cannot fault the RTC and the CA for concluding that Lani failed to establish that the property was their family home.

At any rate, we stress that *a family home may still be mortgaged and foreclosed following Articles 232 and 235 of the Civil Code, which provide:*

Article 232. The family home, after its creation by virtue of judicial approval, shall be exempt from execution, forced sale, or attachment, except:

- (1) For nonpayment of taxes; or
- (2) **In satisfaction of a judgment on a debt secured by a mortgage constituted on the immovable before or after the establishment of the family home.**

⁵⁵ See FAMILY CODE, art. 153 which provides:

Article 153. The family home is deemed constituted on a house and lot from the time it is occupied as a family residence. From the time of its constitution and so long as any of its beneficiaries actually resides therein, the family home continues to be such and is exempt from execution, forced sale or attachment except as hereinafter provided and to the extent of the value allowed by law.

⁵⁶ *Rollo*, pp. 93–95. These include the birth certificate of Stephen and Lani's second son whose birthdate was November 1978; the birth certificate of the third son whose birth date was January 1981; and the birth certificate of their youngest daughter whose birth date indicated in was April 1982.

⁵⁷ *Id.* at 110.

⁵⁸ *Id.*

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In case of insolvency of the person constituting the family home, the property shall not be considered one of the assets to be taken possession of by the assignee for the benefit of creditors.

....

Article 235. The family home may be sold, alienated, or encumbered by the person who has constituted the same, with the consent of his or her spouse, and with the approval of the court. However, the family home shall under no circumstances be donated as long as there are beneficiaries. In case of sale, the price or such portion thereof as may be determined by the court shall be used in acquiring property which shall be formed into a new family home. Any sum of money obtained through an encumbrance on the family home shall be used in the interest of the beneficiaries. The court shall take measures to implement the last two provisions. (Emphasis supplied)

These provisions were reiterated in Articles 155,⁵⁹ 158,⁶⁰ and 160⁶¹ of the Family Code, which apply in this case because the mortgage transpired in 1998, during the effectivity of the Family Code. As we emphasized in *Alexander v. Escalona*,⁶² more than the date of the marriage of the spouses, the applicable law must be reckoned on the date of the alienation or encumbrance of the property.⁶³ In this case, the property was used by Stephen and Spouses Uy as a security for Spouses Uy's loan with Union Bank. Irrefutably, whether under Article 232 of the Civil Code or Article 155 of the Family Code, Lani cannot successfully argue that because the property is a family home, it is absolutely exempt from foreclosure due to non-payment of the outstanding loan. Importantly, what militates against Lani's contention is her failure to prove, in the first place, that the mortgaged property was indeed their family home. Accordingly, she cannot claim that as a "beneficiary of the family home," her consent should be first secured for the mortgage or encumbrance to be valid.⁶⁴

⁵⁹ Article 155. The family home shall be exempt from execution, forced sale or attachment **except:**

(1) For nonpayment of taxes;

(2) For debts incurred prior to the constitution of the family home;

(3) **For debts secured by mortgages on the premises before or after such constitution;** and

(4) For debts due to laborers, mechanics, architects, builders, materialmen and others who have rendered service or furnished material for the construction of the building. (Emphasis supplied)

⁶⁰ Article 158. The family home may be sold, alienated, donated, assigned or encumbered by the owner or owners thereof with the written consent of the person constituting the same, the latter's spouse, and a majority of the beneficiaries of legal age. In case of conflict, the court shall decide.

⁶¹ Article 160. When a creditor whose claims is not among those mentioned in Article 155 obtains a judgment in his favor, and he has reasonable grounds to believe that the family home is actually worth more than the maximum amount fixed in Article 157, he may apply to the court which rendered the judgment for an order directing the sale of the property under execution. The court shall so order if it finds that the actual value of the family home exceeds the maximum amount allowed by law as of the time of its constitution. If the increased actual value exceeds the maximum allowed in Article 157 and results from subsequent voluntary improvements introduced by the person or persons constituting the family home, by the owner or owners of the property, or by any of the beneficiaries, the same rule and procedure shall apply.

At the execution sale, no bid below the value allowed for a family home shall be considered. The proceeds shall be applied first to the amount mentioned in Article 157, and then to the liabilities under the judgment and the costs. The excess, if any, shall be delivered to the judgment debtor.

⁶² G.R. No. 256141, July 19, 2022 [Per J. M. Lopez, *En Banc*].

⁶³ *Id.*

⁶⁴ See FAMILY CODE, art. 158 which provides:

Article 158. The family home may be sold, alienated, donated, assigned or encumbered by the owner or owners thereof with the written consent of the person constituting the

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Union Bank exercised the diligence required when it approved and extended the loan and mortgage agreement with Spouses Uy

Contrary to Lani's claim, records show that Union Bank (then International Exchange Bank) appraised the subject property before approving Spouses Uy's loan. Union Bank surveyed the property to properly and completely assess its market value in relation to the credit line of Spouses Uy.

Union Bank's Vice President Ma. Christina Macaren and Credit Appraisal Team Manager Andres B. Alcantara, Jr. corroborated that based on their records, there was a complete appraisal of the collateral property. This means that the entirety of the collateral, i.e., the lot, as well as the building constructed thereon, including the foundation, roofing, walls, flooring finishes, ceilings, windows, doors, and number of rooms, were reported and noted. They accounted for this in the following manner:

Q16: In these instances when you were refused entry, what does the appraisal procedure tell you to do?

A16: I conduct appraisal of the lot only and note in my report that a partial appraisal was made and the fact that I was refused entry into the premises by the owner and/or occupant and the reason for the refusal.

Q17: In the instances when you [were] allowed entry to do the appraisal, what kind of report would you submit?

A17: **It would be a complete appraisal report of both the land and improvement and noting thereon the fair market value of the lot and improvement less applicable depreciation and it would be based on the materials used for the foundation, columns and beams, roofing, walls, flooring finishes, partitions, ceiling, windows, doors, number of rooms, and number of toilets and baths.**

Q18: Would you be able to make this kind of a report if the owner/occupant [did] not allow you to enter the premises?

A18: No, sir, and if I do make that kind of a report it would not be an accurate representation of the property's fair market value, which would affect the evaluation and approval of the applicant's loan.

Q19: In your present capacity as Manager of the Credit Appraisal Team, did you examine the records pertinent to this case prior to coming here to prepare your judicial affidavit?

A19: Yes, sir.

same, the latter's spouse, and a majority of the beneficiaries of legal age. In case of conflict, the court shall decide.

Q20: In your examination of the records, did you come across any reference to an objection or refusal by the owner and/or occupant of the subject property of the plaintiff herself to conduct an appraisal of the subject property?

A20: None, sir.

Q21: Why do you say that?

A21: The records show that the subject property was offered as collateral for the renewal of the omnibus line of the defendant spouses Uy in November 1998 and a fair market value was recorded on the lot and improvement.

Q22: What is the significance of the recorded fair market value of the lot and improvement?

A22: It means that there was no objection by the owner and/or occupant to the appraisal made on the property for that transaction and a complete appraisal was made on the subject property offered as collateral.

....

Q25: What else did you find out from the records regarding the appraisal of the subject property?

A25: The omnibus line of the spouses Uy was **renewed in July 2000** and the subject property was offered as collateral and, notably, **the fair market value of the land and improvement recorded an increase.**

Q26: What is the significance of this record?

A26: **This means that another appraisal was conducted on the property without any objection by the owner and/or occupant or the plaintiff herself.**⁶⁵ (Emphasis and underscoring supplied)

Lani faults Union Bank for noting that the title over the mortgaged property was “good” even though the SPA indicated, at that time, that Stephen was already married. Lani maintains that her signature in the SPA was forged.

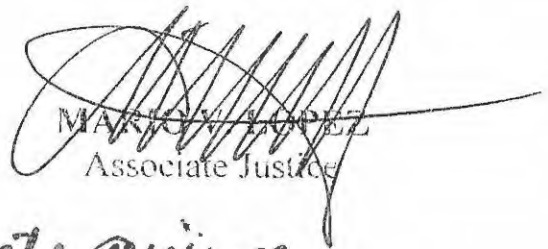
This Court is not persuaded.

Indeed, since Stephen is the sole owner of the property, the bank was not required to verify Lani’s signature in the SPA. The RTC and the CA correctly concluded that Lani’s signature and consent in the SPA are not crucial to the validity of the mortgage and foreclosure proceedings, as the subject property belongs solely to Stephen.

ACCORDINGLY, the Petition is **DENIED**. The Decision dated December 20, 2019 and the Resolution dated September 2, 2020 of the Court of Appeals in CA-G.R. CV No. 108917 are **AFFIRMED**.

⁶⁵ See Judicial Affidavit of Andres B. Alcantara, Jr.; *rollo*, pp. 173--175.

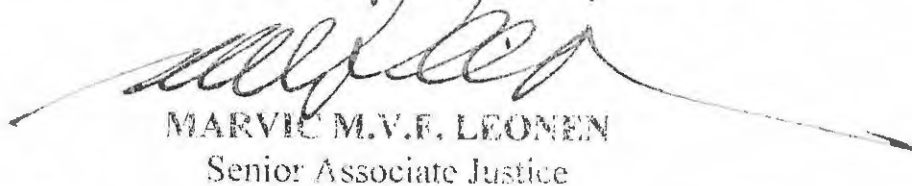
SO ORDERED.



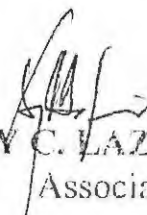
MARICOR LOPEZ
Associate Justice

WE CONCUR:

separate opinion



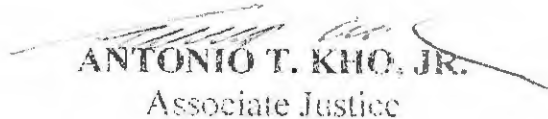
MARVIC M.V.F. LEONEN
Senior Associate Justice



AMY C. LAZARO-JAVIER
Associate Justice



JOSEPH LOPEZ
Associate Justice



ANTONIO T. KHO, JR.
Associate Justice

ATTESTATION

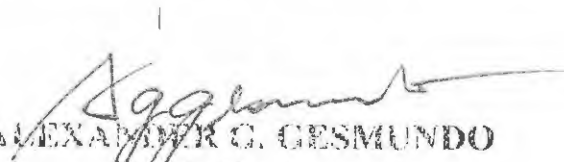
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARVIC M.V.F. LEONEN
Senior Associate Justice
Chairperson, Second 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