SUPREME COURT
THIRD DIVISION

EMILIA MANZANO,
***Petitioner*,**

-versus-

G.R. No. 112485
August 9, 2001

MIGUEL PEREZ SR., LEONCIO PEREZ, MACARIO PEREZ, FLORENCIO PEREZ, NESTOR PEREZ, MIGUEL PEREZ JR. and GLORIA PEREZ,
***Respondents*.**
x----------x

D E C I S I O N

PANGANIBAN, *J.*:

Courts decide cases on the basis of the evidence presented by the parties. In the assessment of the facts, reason and logic are used. In civil cases, the party that presents a preponderance of convincing evidence wins.

The Case

Before us is a Petition for Review on Certiorari under Rule 45 of the Rules of Court, assailing the March 31, 1993 Decision[1] of the Court of

Appeals (CA)[2] in CA-GR CV No. 32594. The dispositive part of the Decision reads:

> "WHEREFORE, the judgment appealed from is hereby REVERSED and another one is entered dismissing plaintiffs complaint."

On the other hand, the Judgment[3] reversed by the CA ruled in this wise:

> "WHEREFORE, premises considered, judgment is hereby rendered:
>
> 1) Declaring the two 'Kasulatan ng Bilihang Tuluyan' (Exh. 'J' & 'K') over the properties in question void or simulated;
>
> 2) Declaring the two 'Kasulatan ng Bilihang Tuluyan' (Exh. 'J' & 'K') over the properties in question rescinded;
>
> 3) Ordering the defendants Miguel Perez, Sr., Macario Perez, Leoncio Perez, Florencio Perez, Miguel Perez, Jr., Nestor Perez and Gloria Perez to execute an Extra Judicial Partition with transfer over the said residential lot and house, now covered and described in Tax Declaration Nos. 1993 and 1994, respectively in the name of Nieves Manzano (Exh. 'Q' & 'P'), subject matter of this case, in favor of plaintiff Emilia Manzano; and
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> 4) Ordering the defendants to pay plaintiff:
>
> a) P25,000.00 as moral damages;
>
> b) P10,000.00 as exemplary damages;
>
> c) P15,000.00 as and for attorney's fees; and
>
> d) to pay the cost of the suit."[4]

The Motion for Reconsideration filed by petitioner before the CA was denied in a Resolution dated October 28, 1993.[5]

The Facts

The facts of the case are summarized by the Court of Appeals as follows:

> "Petitioner Emilia Manzano in her Complaint alleged that she is the owner of a residential house and lot, more particularly described hereunder:
>
> > 'A parcel of residential lot (Lots 1725 and 1726 of the Cadastral Survey of Siniloan), together with all the improvements thereon, situated at General Luna Street, Siniloan, Laguna. Bounded on the North by Callejon; on the East, by [a] town river; on the South by Constancia Adofina; and on the West by Gen. Luna Street. Containing an area of 130 square meters more or less, covered by Tax Dec. No. 9583 and assessed at P1,330.00.
> >
> > 'A residential house of strong mixed materials and G.I. iron roofing, with a floor area of 40 square meters, more or less. Also covered by Tax No. 9583.'
>
> "In 1979, Nieves Manzano, sister of the [petitioner] and predecessor-in-interest of the herein [private respondents], allegedly borrowed the aforementioned property as collateral for a projected loan. The [petitioner] acceded to the request of her sister upon the latter's promise that she [would] return the property immediately upon payment of her loan.
>
> "Pursuant to their understanding, the [petitioner] executed two deeds of conveyance for the sale of the residential lot on 22 January 1979 (Exhibit 'J') and the sale of the house erected thereon on 2 February 1979 (Exhibit 'K'), both for a consideration of P1.00 plus other valuables allegedly received by her from Nieves Manzano.

"On 2 April 1979, Nieves Manzano, together with her husband, [respondent] Miguel Perez, Sr., and her son, [respondent] Macario Perez, obtained a loan from the Rural Bank of Infanta, Inc. in the sum of P30,000.00. To secure payment of their indebtedness, they executed a Real Estate Mortgage (Exhibit 'A') over the subject property in favor of the bank.

"Nieves Manzano died on 18 December 1979 leaving her husband and children as heirs. These heirs, [respondents] herein, allegedly refused to return the subject property to the [petitioner] even after the payment of their loan with the Rural Bank (Exhibit 'B').

"The [petitioner] alleged that sincere efforts to settle the dispute amicably failed and that the unwarranted refusal of the [respondents] to return the property caused her sleepless nights, mental shock and social humiliation. She was, likewise, allegedly constrained to engage the services of a counsel to protect her proprietary rights.

"The [petitioner] sought the annulment of the deeds of sale and execution of a deed of transfer or reconveyance of the subject property in her favor, the award of moral damages of not less than P50,000.00, exemplary damages of P10,000.00, attorney's fees of P10,000.00 plus P500.00 per court appearance, and costs of suit.

"In seeking the dismissal of the complaint, the [respondents] countered that they are the owners of the property in question being the legal heirs of Nieves Manzano who purchased the same from the [petitioner] for value and in good faith, as shown by the deeds of sale which contain the true agreements between the parties therein; that except for the [petitioner's] bare allegations, she failed to show any proof that the transaction she entered into with her sister was a loan and not a sale.

"By way of special and affirmative defense, the [respondents] argued that what the parties to the [sale] agreed upon was to resell the property to the [petitioner] after the payment of the loan with the Rural Bank. But since the [respondents] felt that

the property is the only memory left by their predecessor-in-interest, they politely informed the [petitioner] of their refusal to sell the same. The [respondents] also argued that the [petitioner] is now estopped from questioning their ownership after seven (7) years from the consummation of the sale.

"As a proximate result of the filing of this alleged baseless and malicious suit, the [respondents] prayed as counterclaim the award of moral damages in the amount of P10,000.00 each, exemplary damages in an amount as may be warranted by the evidence on record, attorney's fees of P10,000.00 plus P500.00 per appearance in court and costs of suit.

"In ruling for the [petitioner], the court a quo considered the following:

> 'First, the properties in question after [they have] been transferred to Nieves Manzano, the same were mortgaged in favor of the Rural Bank of Infante, Inc. (Exh. 'A') to secure payment of the loan extended to Macario Perez.'
>
> 'Second, the documents covering said properties which were given to the bank as collateral of said loan, upon payment and [release] to the [private respondents], were returned to [petitioner] by Florencio Perez, one of the [private respondents].'
>
> '[These] uncontroverted facts [are] a clear recognition [by private respondents] that [petitioner] is the owner of the properties in question.'
>
> x x x
>
> 'Third, [respondents'] pretense of ownership of the properties in question is belied by their failure to present payment of real estate taxes [for] said properties, and it is on [record] that [petitioner] has been paying the real estate taxes [on] the same (Exh. 'T', 'V', 'V-1', 'V-2' & 'V-3')."

x x x

'Fourth, [respondents] confirmed the fact that [petitioner] went to the house in question and hacked the stairs. According to [petitioner] she did it for failure of the [respondents] to return and vacate the premises. [Respondents] did not file any action against her.'

'This is a clear indication also that they (respondents) recognized [petitioner] as owner of said properties.'

x x x

'Fifth, the Cadastral Notice of said properties were in the name of [petitioner] and the same was sent to her (Exh. 'F' & 'G').

x x x

'Sixth, upon request of the [petitioner] to return said properties to her, [respondents] did promise and prepare an Extra Judicial Partition with Sale over said properties in question, however the same did not materialize. The other heirs of Nieves Manzano did not sign."

x x x

'Seventh, uncontroverted is the fact that the consideration [for] the alleged sale of the properties in question is P1.00 and other things of value. [Petitioner] denies she has received any consideration for the transfer of said properties, and the [respondents] have not presented evidence to belie her testimony."[6]

Ruling of the Court of Appeals

The Court of Appeals was not convinced by petitioner's claim that there was a supposed oral agreement of commodatum over the disputed house and lot. Neither was it persuaded by her allegation that respondents' predecessor-in-interest had given no consideration

for the sale of the property in the latter's favor. It explained as follows:

> "To begin with, if the plaintiff-appellee remained as the rightful owner of the subject property, she would not have agreed to reacquire one-half thereof for a consideration of P10,000.00 (Exhibit 'U-1'). This is especially true if we are to accept her assertion that Nieves Manzano did not purchase the property for value. More importantly, if the agreement was to merely use plaintiffs property as collateral in a mortgage loan, it was not explained why physical possession of the house and lot had to be with the supposed vendee and her family who even built a pigpen on the lot (p. 6, TSN, June 11, 1990). A mere execution of the document transferring title in the latter's name would suffice for the purpose.
>
> "The alleged failure of the defendants-appellants to present evidence of payment of real estate taxes cannot prejudice their cause. Realty tax payment of property is not conclusive evidence of ownership (Director of Lands vs. Intermediate Appellate Court, 195 SCRA 38). Tax receipts only become strong evidence of ownership when accompanied by proof of actual possession of the property (Tabuena vs. Court of Appeals, 196 SCRA 650).
>
> "In this case, plaintiff-appellee was not in possession of the subject property. The defendant-appellants were the ones in actual occupation of the house and lot which as aforestated was unnecessary if the real agreement was merely to lend the property to be used as collateral. Moreover, the plaintiff-appellee began paying her taxes only in 1986 after the instant complaint ha[d] been instituted (Exhibits 'V', 'V-1', 'V-2', 'V-3' and 'T'), and are, therefore, self-serving.
>
> "Significantly, while plaintiff-appellee was still the owner of the subject property in 1979 (Exhibit 'I'), the Certificate of Tax Declaration issued by the Office of the Municipal Treasurer on 8 August 1990 upon the request of the plaintiff-appellee herself (Exhibit 'W') named Nieves Manzano as the owner and possessor of the property in question. Moreover, Tax Declaration No. 9589 in the name of Nieves Manzano (Exhibits

'D' and 'D-1') indicates that the transfer of the subject property was based on the Absolute Sale executed before Notary Public Alfonso Sanvictores, duly recorded in his notarial book as Document No. 3157, Page 157, Book No. II. Tax Declaration No[s]. 9633 (Exhibit 'H'), 1994 (Exhibit 'P'), 1993 (Exhibit 'Q') are all in the name of Nieves Manzano.

"There is always the presumption that a written contract [is] for a valuable consideration (Section 5 (r), Rule 131 of the Rules of Court; Gamaitan vs. Court of Appeals, 200 SCRA 37). The execution of a deed purporting to convey ownership of a realty is in itself prima facie evidence of the existence of a valuable consideration and . . . the party alleging lack of consideration has the burden of proving such allegation (Caballero, et al. vs. Caballero, et al., C.A. 45 O.G. 2536).

"The consideration [for] the questioned [sale] is not the One (P1.00) Peso alone but also the other valuable considerations. Assuming that such consideration is suspiciously insufficient, this circumstance alone, is not sufficient to invalidate the sale. The inadequacy of the monetary consideration does not render a conveyance null and void, for the vendor's liberality may be a sufficient cause for a valid contract (Ong vs. Ong, 139 SCRA 133)."[7]

Hence, this Petition.[8]

Issues

Petitioner submits the following grounds in support of her cause:[9]

"1. The Court of Appeals erred in failing to consider that:

A) The introduction of petitioner's evidence is proper under the parol evidence rule.

B) The rules on admission by silence apply in the case at bar.

C) Petitioner is entitled to the reliefs prayed for.

"2. The Court of Appeals erred in reversing the decision of the trial court whose factual findings are entitled to great respect since it was able to observe and evaluate the demeanor of the witnesses."[10]

In sum, the main issue is whether the agreement between the parties was a commodatum or an absolute sale.

The Court's Ruling

The Petition has no merit.

Main Issue: Sale or Commodatum

Obviously, the issue in this case is enveloped by a conflict in factual perception, which is ordinarily not reviewable in a petition under Rule 45. But the Court is constrained to resolve it, because the factual findings of the Court of Appeals are contrary to those of the trial court.[11]

Preliminarily, petitioner contends that the CA erred in rejecting the introduction of her parol evidence. A reading of the assailed Decision shows, however, that an elaborate discussion of the parol evidence rule and its exceptions was merely given as a preface by the appellate court. Nowhere therein did it consider petitioner's evidence as improper under the said rule. On the contrary, it considered and weighed each and every piece thereof. Nonetheless, it was not persuaded, as explained in the multitude of reasons explicitly stated in its Decision.

This Court finds no cogent reason to disturb the findings and conclusions of the Court of Appeals. Upon close examination of the records, we find that petitioner has failed to discharge her burden of proving her case by a preponderance of evidence. This concept refers to evidence that has greater weight or is more convincing than that which is offered in opposition; at bottom, it means probability of truth.[12]

In the case at bar, petitioner has presented no convincing proof of her continued ownership of the subject property. In addition to her own

oral testimony, she submitted proof of payment of real property taxes. But that payment, which was made only after her Complaint had already been lodged before the trial court, cannot be considered in her favor for being self-serving, as aptly explained by the CA. Neither can we give weight to her allegation that respondents' possession of the subject property was merely by virtue of her tolerance. Bare allegations, unsubstantiated by evidence, are not equivalent to proof under our Rules.[13]

On the other hand, respondents presented two Deeds of Sale, which petitioner executed in favor of the former's predecessor-in-interest. Both Deeds — for the residential lot and for the house erected thereon — were each in consideration of P1.00 "plus other valuables." Having been notarized, they are presumed to have been duly executed. Also, issued in favor of respondents' predecessor-in-interest the day after the sale was Tax Declaration No. 9589, which covered the property.

The facts alleged by petitioner in her favor are the following: (1) she inherited the subject house and lot from her parents, with her siblings waiving in her favor their claim over the same; (2) the property was mortgaged to secure a loan of P30,000 taken in the names of Nieves Manzano Perez and Respondent Miguel Perez; (3) upon full payment of the loan, the documents pertaining to the house and lot were returned by Respondent Florencio Perez to petitioner; (4) three of the respondents were signatories to a document transferring one half of the property to Emilia Manzano in consideration of the sum of ten thousand pesos, although the transfer did not materialize because of the refusal of the other respondents to sign the document; and (5) petitioner hacked the stairs of the subject house, yet no case was filed against her.

These matters are not, however, convincing indicators of petitioner's ownership of the house and lot. On the contrary, they even support the claim of respondents. Indeed, how could one of them have obtained a mortgage over the property, without having dominion over it? Why would they execute a reconveyance of one half of it in favor of petitioner? Why would the latter have to pay P10,000 for that portion if, as she claims, she owns the whole?

Pitted against respondents' evidence, that of petitioner awfully pales. Oral testimony cannot, as a rule, prevail over a written agreement of the parties.[14] In order to contradict the facts contained in a notarial document, such as the two "Kasulatan ng Bilihang Tuluyan" in this case, as well as the presumption of regularity in the execution thereof, there must be clear and convincing evidence that is more than merely preponderant.[15] Here, petitioner has failed to come up with even a preponderance of evidence to prove her claim.

Courts are not blessed with the ability to read what goes on in the minds of people. That is why parties to a case are given all the opportunity to present evidence to help the courts decide on who are telling the truth and who are lying, who are entitled to their claim and who are not. The Supreme Court cannot depart from these guidelines and decide on the basis of compassion alone because, aside from being contrary to the rule of law and our judicial system, this course of action would ultimately lead to anarchy.

We reiterate, the evidence offered by petitioner to prove her claim is sadly lacking. Jurisprudence on the subject matter, when applied thereto, points to the existence of a sale, not a commodatum over the subject house and lot.

WHEREFORE, the Petition is hereby **DENIED** and the assailed Decision **AFFIRMED**. Costs against petitioner.

SO ORDERED.

Melo, Vitug and Gonzaga-Reyes, *JJ.*, concur.
Sandoval-Gutierrez, *J.*, is on leave.

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[1] Rollo, pp. 74-88.
[2] Seventeenth Division; penned by Justice Oscar M. Herrera (Division chairman) and concurred in by Justices Salome A. Montoya and Eduardo G. Montenegro (members).
[3] CA rollo, pp. 78-79; written by Judge Venancio M. Tarriela, Regional Trial Court of Siniloan, Laguna, Branch 33.
[4] Ibid., pp. 98-99.
[5] Rollo, p. 91.
[6] Assailed Decision, pp. 2-5; rollo, pp. 75-78.

[7] Ibid., pp. 11-13.
[8] To eradicate its backlog of old cases, the Court on February 27, 2001 resolved to redistribute long-pending cases to justices who had no backlog, and who were thus tasked to prioritize them. Consequently, this case was raffled and assigned to the undersigned ponente for study and report.
[9] Rollo, pp. 20-71. The Petition was signed by Atty. Mario E. Ongkiko of Ongkiko & Dizon Law Offices.
[10] Ibid., pp. 30-31.
[11] Manila Electric Co. vs. CA, GR Nos. 108301 & 132539, July 11, 2001; Litonjua vs. CA, 286 SCRA 136, February 10, 1998; Gaw vs. IAC, 220 SCRA 4015 March 24, 1993.
[12] Sison vs. CA, 286 SCRA 495, February 24, 1998.
[13] Philippine National Bank vs. CA, 266 SCRA 136, January 6, 1997; Martinez vs. National Labor Relations Commission, 272 SCRA 793, May 29, 1997.
[14] Castro vs. Court of Appeals, 169 SCRA 383, January 26, 1989; Rebuldela vs. IAC, 155 SCRA 520, November 11, 1987; De Leon vs. Court of Appeals, 205 SCRA 612, January 30, 1992.
[15] Calahat vs. IAC, 241 SCRA 356, February 15, 1995; Jison vs. CA, 286 SCRA 495, February 24, 1998.