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dated September 26, 1977 of Labor Arbiter Modesto Rosales is ordered reinstated.

No pronouncement as to costs.

SO ORDERED.

Feria (Chairman), Fernan, Alampay, and *Gutierrez, Jr., JJ.*, concur.

SECOND DIVISION

[G.R. No. 66597. August 29, 1986]

LEONARDO TIOSECO, *petitioner, vs.* **HONORABLE COURT OF APPEALS JOSE P. VILLANUEVA and TIMOTEA P. VILLANUEVA,** *respondents.*

SYLLABUS

1. **CIVIL LAW; MORTGAGE; RIGHT OF MORTGAGOR TO REDEEM PROPERTY MORTGAGED; RULE.**— There is no question that the respondents have the right to redeem the subject property in view of the provision of Section 25, P.D. No. 694 (Revised Charter of PNB): "SEC. 25. *Right of redemption of property — Right of possession during redemption period.* — Within one year from the registration of the foreclosure sale of real estate, the mortgagor shall have the right to redeem the property by paying all claims of the Bank against him on the date of the sale including all the costs and other expenses incurred by reason of the foreclosure sale and custody of the property, as well as charges and accrued interests. x x x"

2. **ID.; ID.; ID.; MAY BE EXERCISED THROUGH FILING OF JUDICIAL ACTION; CASE AT BAR.**— When the respondents chose to enforce their right of redemption thru a court action on March 7, 1978 they were well within their right

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as the action was filed within one year from the registration of the foreclosure sale of the real estate on March 9, 1977. P.D. No. 694 is silent as to any formal tender of repurchase price as a pre-condition to a valid exercise of the right of redemption. It does not even require any previous notice to the vendee, nor a meeting between him and the redemptioner, much less a previous formal tender before any action is begun in court to enforce the right of redemption. In any case, the lack of funds which may render the right inefficacious cannot affect the existence of the right. In fact, the filing of the action itself, within the period of redemption, is equivalent to a formal offer to redeem (see *Reoveros v. Abel and Sandoval*, 48 O.G. 5318). And in this connection, a formal offer to redeem, accompanied by a *bona fide* tender of the redemption price, altho proper, is not even essential where, as in the instant case, the right to redeem is exercised thru the filing of judicial action.

APPEARANCES OF COUNSEL

Jose T. Samal for petitioner.
Amado F. Nera for respondents.

DECISION

PARAS, *J.*:

A petition for review by *certiorari* of the decision of the respondent Intermediate Appellate Court in AC-G.R. CV No. 68888 promulgated on December 27, 1983, as well as of the Resolution of said appellate court promulgated on February 13, 1984 denying the Motion for Reconsideration of the aforesaid decision.

The facts of this case are as follows: The respondent spouses Jose P. Villanueva and Timotea P. Villanueva mortgaged to the Tarlac Branch of the Philippine National Bank three lots described in OCT No. C-542 issued by the Register of Deeds of Tarlac to secure payment of a loan of EIGHT THOUSAND SIX HUNDRED (P8,600.00) PESOS. When they failed to comply with the mortgage contract, the Philippine National Bank petitioned the Provincial Sheriff of Tarlac to foreclose

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upon the properties extrajudicially. The Provincial Sheriff in the public auction he conducted on March 7, 1977 sold the lots to Leonardo Tioseco, herein petitioner, as the highest bidder for the amount of EIGHTEEN THOUSAND NINE HUNDRED AND SEVENTY FIVE (P18,975.00) PESOS.

The certificate of sale dated March 7, 1977 issued by the Provincial Sheriff to Tioseco was registered in the Office of the Register of Deeds of Tarlac on March 8, 1977. Tioseco's ownership over the properties was consolidated, the title of the spouses Villanueva was cancelled and TCT No. 141194 was issued to Tioseco by the Register of Deeds on March 7, 1978.

It is claimed by Tioseco that sometime before March 9, 1978 respondents Villanueva visited him in his house and offered to pay the amount he had paid for the three lots auctioned off on March 7, 1977. Tioseco told them that they could redeem the three lots by paying to him the amount he paid at the auction sale plus interest. The respondents promised to return, but never did.

Upon the other hand, it is claimed by the respondents that they offered to redeem the three lots within the period of redemption but Tioseco allegedly demanded TWENTY TWO THOUSAND SIX HUNDRED FORTY ONE PESOS AND EIGHT CENTAVOS (P22,641.08) as redemption price. Finding the amount demanded excessive, the respondents Villanueva filed a suit on March 7, 1978 to annul the sale in favor of Tioseco on the ground that it was irregular and to require both the Philippine National Bank and Tioseco to determine the amount they should pay to be able to redeem the three lots.

The Philippine National Bank stated in its answer that at the time of the auction sale of the three lots on March 7, 1977 the amount of EIGHTEEN THOUSAND NINE HUNDRED SEVENTY FIVE (18,975.00) PESOS was due from the respondents. The amount included the principal of the loan, accrued interest, service charges, expenses of foreclosure, and attorney's fees. The answer also stated that the auction sale

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conducted by the Provincial Sheriff was in accordance with the formalities and other requirements prescribed by law.

In his answer, Tioseco denied having demanded the sum of TWENTY TWO THOUSAND SIX HUNDRED FORTY ONE PESOS AND EIGHT CENTAVOS (P22,641.08) from the respondents.

After trial, the lower court rendered its decision, the dispositive portion of which reads —

"WHEREFORE, the plaintiffs are allowed to redeem the properties covered by TCT No. 141194 of the Register of Deeds of Tarlac by the payment to the defendant Tioseco of the amount of EIGHTEEN THOUSAND NINE HUNDRED SEVENTY FIVE (P18,975.00) PESOS plus 1% per month interest thereon in addition from the time of the sale on March 7, 1977 to the time of redemption, plus any assessment for taxation which defendant Tioseco may have paid thereon and the interest on such amount at the same rate and all other expenses specified in Sec. 30, Rule 39 of the Rules of Court within 30 days from the finality of this judgment, without pronouncement as to costs."

On appeal by petitioner, the Intermediate Appellate Court affirmed *in toto* the decision of the lower court. With the denial of his motion for reconsideration, the petitioner filed this petition for review of the decision of the appellate court.

Petitioner made the following assignment of errors:

I

THE TRIAL COURT ERRED IN HOLDING THAT DEFENDANT LEONARDO TIOSECO PUT UP AN AMOUNT BIGGER THAN WHAT WAS PROPER TO PREVENT THE PLAINTIFFS FROM EXERCISING THEIR RIGHTS OF REDEMPTION.

II

THE TRIAL COURT ERRED IN HOLDING THAT THE FAILURE OF THE PLAINTIFFS TO MAKE A VALID TENDER AND TO CONSIGN THE AMOUNT IN COURT ASSUMES SUBORDINATE IMPORTANCE AND THE PLAINTIFFS DESPITE SUCH FAILURE TO COMPLY BY THE STATUTORY REQUIREMENTS FOR LEGAL REDEMPTION, ARE STILL ENTITLED TO MAKE THE REDEMPTION.

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III

THE TRIAL COURT ERRED IN ALLOWING THE PLAINTIFFS TO REDEEM THE PROPERTIES COVERED BY TCT NO. 141194 OF THE REGISTER OF DEEDS OF TARLAC AFTER TIOSECO'S OWNERSHIP TO THE PROPERTIES WAS CONSOLIDATED. (pp. 9-10, *Rollo*).

We prescind from the assignment of errors raised and proceed directly to the question presented before this Court: Have the respondents exercised their right of redemption effectively? We answer in the affirmative.

There is no question that the respondents have the right to redeem the subject property in view of the provision of Section 25, P.D. No. 694 (Revised Charter of PNB):

"SEC. 25. *Right of redemption of property — Right of possession during redemption period.* — Within one year from the registration of the foreclosure sale of real estate, the mortgagor shall have the right to redeem the property by paying all claims of the Bank against him on the date of the sale including all the costs and other expenses incurred by reason of the foreclosure sale and custody of the property, as well as charges and accrued interests.

x x x x x x x x x."

When the respondents chose to enforce their right of redemption thru a court action on March 7, 1978 they were well within their right as the action was filed within one year from the registration of the foreclosure sale of the real estate on March 9, 1977. P.D. No. 694 is silent as to any formal tender of repurchase price as a pre-condition to a valid exercise of the right of redemption. It does not even require any previous notice to the vendee, nor a meeting between him and the redemptioner, much less a previous formal tender before any action is begun in court to enforce the right of redemption. In any case, the lack of funds which may render the right inefficacious cannot affect the existence of the right. In fact, the filing of the action itself, within the period of redemption, is equivalent to a formal offer to redeem (see *Reoveros v. Abel and Sandoval,* 48 O.G. 5318). And in this connection, a formal offer to redeem, accompanied by a *bona fide* tender of the

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redemption price, altho proper, is not even essential where, as in the instant case, the right to redeem is exercised thru the filing of judicial action.

In the instant case, the ends of justice would be better served by affording the respondents the opportunity to redeem the subject property. This ruling is in obedience to the policy of the law to aid rather than to defeat the right of redemption. (*Javellana v. Mirasol and Nuñez*, 40 Phil. 761).

WHEREFORE, the petition for *certiorari* is DENIED and the judgment appealed from is AFFIRMED. Costs against the petitioner.

SO ORDERED.

Feria (Chairman), Fernan, Alampay, and *Gutierrez, Jr., JJ.*, concur.