

34 Phil. 325

[G.R. No. 10978. March 22, 1916]

SIXTO MANLAGNIT, PLAINTIFF AND APPELLEE, VS. ALFONSO SANCHEZ DY PUICO, DEFENDANT AND APPELLANT.

D E C I S I O N

MORELAND, J.:

This is an appeal from a judgment of the Court of First Instance of Albay, rendered in an action to obtain a declaration that the plaintiff has a right to redeem the lands described in the complaint on the payment to the defendant of ₱200 with damages and costs.

On the 19th of September, 1913, plaintiff and defendant executed a document in the following words:

“I, Sixto Manlagnit, married, of full age and a resident of Oas, Albay, P. I., by these presents declare that on this day I have received from the Chinaman Alfonso Sanchez the sum of ₱200, Philippine currency, and in consideration of said sum I sell and transfer with a right to repurchase to the said Chinaman Alfonso Sanchez, widower, of full age and a resident of Oas, Albay, P. I., a parcel of hemp land situated in Caluiton, Balugo, Oas, Albay, P. I., with an area of about one thousand *topones* which is equal to about 4 hectares, 47 ares and 00 centares, bounded on the north by the Caluiton creek, on the east by Silvino Quintano, on the south by Juan Ma reel la and on the west by Juan Marcella.

“I further declare that if I, the debtor, fully pay the said sum of ₱200 to my creditor within six months from this date this writing shall be null and void, but in contrary case, it shall remain in full force and vigor, my creditor Alfonso Sanchez being thereby authorized to take possession of the land without hindrance.

“I further declare that my creditor Alfonso Sanchez shall have the right to cultivate said land during the existence of said mortgage and I agree with my said creditor that he is the owner of the property free and clear, * * *.”

The only point raised or discussed in this case is whether or not the document above set out is a sale with a right to repurchase or was intended to be a simple security for the payment of the debt therein referred to. The debtor permitted the six months specified in the contract to expire without having paid the P200; and, as a necessary legal result, defendant became the absolute owner thereof if the document was a sale with a right to repurchase. The learned trial court found that the document was not a sale with a right to repurchase, but was an instrument in the nature of security for the payment of a debt and he accordingly found that, although the time for the payment had expired, the defendant did not become thereupon the owner of the land but that plaintiff was entitled to pay the debt and to have the instrument in question canceled.

We agree with the conclusion of the trial court. While the instrument contains words usually found in a sale with a right to repurchase, it contains also other words and expressions not usually found in sales with a right to repurchase but in instruments executed as , security for the payment of a debt. The word “mortgage” appears in the instrument and the word “debtor” is used several times therein. Furthermore, the acts of the parties themselves show that they considered the instrument one of security rather than a sale with a right to repurchase. In sales with right to repurchase the title to the property passes immediately and the possession thereof is changed from the vendor to the vendee. If, at the time of the sale with a right to repurchase, the relation of debtor and creditor exists between the vendor and the vendee, that relation instantly ceases on the execution and delivery of the conveyance. Then the creditor ceases to be creditor and becomes the owner of the land, while the debtor ceases to be a debtor and becomes simply a person who has the right to defeat the conveyance on or before a given day. While in certain respects a sale with a right to repurchase may be considered a security and may have been executed for the purpose of obtaining a loan of money, the legal effect thereof is to destroy the relation of debtor and creditor and to create that of vendor and vendee, giving to the debtor the right to defeat the conveyance, that is, repurchase, within a specified time. In the case before us it is clear that the parties maintained the relation of debtor and creditor. The instrument itself indicates that that was their intention; and their acts subsequent to the execution of the instrument show clearly the same intention. The plaintiff remained in possession of the land. The defendant was given the right, which he duly exercised, of going upon the land

and harvesting the crops; but the crops so harvested were to be used by the defendant in reducing plaintiff's debt to him. These facts show an intention to maintain the relation of debtor and creditor and not to create that of vendor and vendee.

We are of the opinion, therefore, that the plaintiff had the right to tender to defendant his debt with interest to the date of the tender and to have a cancellation of the instrument in question.

The judgment appealed from is hereby affirmed, but no costs shall be taxed either in the court below or in this court. So ordered.

Torres, Trent, and Araullo, JJ., concur.

Johnson, J., concurs in the result.