

Elena Salenillas and Bernardino Salenillas vs. Court of Appeals et al.

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Facts:

1. **Initial Property Ownership:** The property in question was initially owned by spouses Florencia H. de Enciso and Miguel Enciso, as shown in Original Certificate of Title No. P-1248, issued due to Free Patent Application No. 192765 on December 10, 1961.
2. **Sale to Petitioners:** On February 28, 1970, the Enciso spouses sold the property to their daughter, Elena Salenillas, and her husband Bernardino Salenillas for PHP 900. A resulting Transfer Certificate of Title No. T-8104 was issued in the name of the Salenillas.
3. **Mortgage Transactions:**
 - **First Mortgage:** On June 30, 1971, the Salenillas mortgaged the property to Rural Bank of Daet, Inc., which was released on November 22, 1973 after payment of PHP 1,000.
 - **Second Mortgage:** On December 4, 1975, they mortgaged the property to the Philippine National Bank (PNB) Daet Branch for a PHP 2,500 loan.
4. **Foreclosure and Auction:** Following default by the Salenillas, the PNB initiated extrajudicial foreclosure. At the public auction held on February 27, 1981, respondent William Guerra was the highest bidder.
5. **Writ of Possession:** On August 17, 1983, PNB moved for a writ of possession, which was granted by Judge Raymundo Seva on September 22, 1983. A Sheriff's Final Deed was issued to Guerra on July 12, 1983.
6. **Offer to Repurchase:** The Salenillas resisted the writ of possession and on November 17, 1983 offered to repurchase the property under Section 119 of the Public Land Act. They formalized this offer on August 31, 1984.
7. **Trial Court Proceedings:** Despite their offer, Judge Seva issued an alias writ of possession on October 12, 1984. The Salenillas' motion for reconsideration was denied.
8. **Appeal to Court of Appeals:** The Salenillas petitioned the Court of Appeals for certiorari, alleging grave abuse of discretion by the trial court. Initially, the appellate court issued a restraining order but ultimately dismissed the petition on September 17, 1986, citing prescription of the five-year right of repurchase under Section 119.

9. **Supreme Court Petition:** The Salenillas then petitioned the Supreme Court seeking reversal of the Court of Appeals' decision.

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Issues:

1. **Eligibility to Repurchase:** Whether the Salenillas, who acquired the property by sale and not by inheritance, are considered legal heirs entitled to repurchase under Section 119 of the Public Land Act.

2. **Prescription of the Right to Repurchase:** Whether the five-year period for the Salenillas to exercise their right to repurchase had already expired.

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Court's Decision:

Issue 1: Eligibility to Repurchase

- **Ruling:** The Supreme Court held that Elena Salenillas, being the daughter of the Enciso patentees, is a "legal heir" under Section 119 of the Public Land Act, thus entitled to repurchase the property.

- **Reasoning:** The term "legal heirs" in Section 119 should be broadly interpreted to fulfill the law's intent to help homesteaders preserve their property for their families.

Issue 2: Prescription of Right to Repurchase

- **Ruling:** The Salenillas' right to repurchase had not prescribed because the relevant five-year period begins from the expiry of the redemption period and the issuance of the deed of absolute sale post-foreclosure.

- **Reasoning:** Drawing from precedent cases, **Paras v. Court of Appeals** and **Manuel v. Philippine National Bank**, the Court noted that the five-year period commenced on July 12, 1983, with the issuance of the Sheriff's Final Deed to Guerra.

Final Judgment:

- The Supreme Court reversed the decisions of the Court of Appeals and the Regional Trial Court, noting that the offers made by the Salenillas (November 17, 1983, and August 31, 1984) were within the prescribed period.

- Guerra must reconvey the property to the Salenillas upon reimbursement of the auction purchase price plus applicable interest and taxes.

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Doctrine:

- **Legal Heirs in Public Land Act:** The term “legal heirs” in Section 119 of the Public Land Act includes offspring of the patentees, thereby allowing children to repurchase the property regardless of whether it was acquired by inheritance.
- **Commencement of Repurchase Period:** The five-year repurchase period under Section 119 begins after the execution of the deed of absolute sale post-foreclosure.

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Class Notes:

- **Repurchase Rights:** Section 119 of the Public Land Act provides repurchase rights to “applicant, his widow, or legal heirs” within five years from conveyance.
- **Foreclosure Sales:** The five-year repurchase period starts from the issuance of the deed post-foreclosure.
- **Heirs Interpretation:** “Legal heirs” include children of the patentees, upholding the law’s intent to protect family ownership.

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Historical Background:

- **Public Land Act:** Commonwealth Act No. 141, the Public Land Act, was enacted to manage the disposal and management of public lands in the Philippines, encouraging cultivation and rewarding effort with land ownership.
- **Land Redistribution:** Section 119 aims to safeguard small farmers and patentees’ efforts by enabling them to reclaim land lost due to economic hardship, reflecting socio-economic policies favoring land retention by original patentees and their heirs.