

FLORA QUINGA, ETC., PETITIONER, VS. HON. COURT OF APPEALS AND FILOMENA SALAS, RESPONDENTS.

G.R. No. L-14961. September 19, 1961

Ponente: DIZON, J.

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DIZON, J.:

Appeal from the decision of the Court of Appeals of the following tenor:

"In view of all the foregoing considerations, we believe we should, as we do hereby, and as prayed for in plaintiff-appellant's brief, reverse the decision appealed from and,—

"A. Order defendant-appellee Flora Quinga, in her capacity as administratrix of the intestate estate of her deceased husband Ceferino Datoon, to execute a deed of reconveyance in favor of the plaintiff-appellant Filomena Salas upon the former's withdrawal of the sum of P100.00 which was deposited by the latter with the Clerk of the Court of First Instance of Iloilo on February 7, 1948 as evidenced by Official Receipt No. 452848 within ten days after this decision has been final and executory;

"B. Immediately after the execution of said deed, it is the duty of the appellee and/or receiver to turn over the material possession of the lot in question to the plaintiff-appellant, to whom shall also be delivered all the funds which the receiver may have in his hands less his compensation;

"C. Order the Clerk of this Court to take the necessary steps with a view to the collection of the fines which had been imposed upon Stenographer Manuel E. Enicola for non-compliance with Resolutions Nos. 12-a and 25 of the Second Division of this Court dated, respectively, June 13, 1953 and November 24, 1953; and

"D. Order defendant-appellee to pay the costs in both instances."

Filomena Salas commenced this action in the Court of First Instance of Iloilo to compel Flora Quinga, in her capacity as Administratrix of the Intestate Estate of Ceferino Datoon, to resell to her lot No. 7741 of the Cadastral Survey of Pototan, Iloilo, and to recover damages. She claimed that prior to September, 1934, she owed Ceferino Datoon the sum of P200.00; that when she could not meet the demands for payment made on her, she offered to mortgage or sell under pacto de retro to her creditor the property in question; that, instead of a deed of mortgage or a pacto de retro sale, Datoon caused the preparation of a deed of absolute sale on September 18, 1934, which plaintiff signed on condition that she would remain in possession of the land and could repurchase the same; that Datoon registered the deed of sale and secured the cancellation of Original Certificate of Title No. 40792 and issuance in his name of Transfer Certificate of Title No. 14841 on October 30, 1935; that an accounting made on or about October 10, 1940 showed that the unpaid portion of her indebtedness was only P100.00, and on the same day, complying with a previous promise, Datoon executed a private document—now in the record as Exhibit A—allowing her to repurchase the property within ten years; that upon Datoon's death in 1943, Flora Quinga was appointed judicial administratrix of his estate; that because the latter had refused to allow her to repurchase the property, she was forced to file suit and to deposit the sum of P100.00 in the Court of First Instance of Iloilo as consideration for the repurchase.

The administratrix interposed the defense that the transaction between the plaintiff and her husband was an absolute sale. By way of counterclaim she likewise sought to recover from plaintiff the physical possession of the lot in question as well as damages.

After trial the Court of First Instance of Iloilo found that the transaction between Datoon and plaintiff was an absolute sale and that the private instrument Exhibit A was a forgery. Consequently, it rendered judgment dismissing the complaint and ordering the plaintiff (and/or the receiver appointed in the case) to deliver possession of the property in question to the defendant and to pay her damages in the sum of P400.00 for each of the agricultural years 1947-1948, 1948-1949; P500.00 for the agricultural year 1949-1950 and P240.00 for the agricultural year 1950-1951, plus the costs of suit.

From the above decision the plaintiff appealed to the Court of Appeals which rendered the decision mentioned heretofore.

On the question of whether the transaction between Filomena Salas and Ceferino Datoon was one of sale or otherwise, the Court of Appeals found "that the real contract which had been entered into was an equitable mortgage" on the following grounds:

"Firstly, because of the inadequacy of the price of sale. Who is the person of sound mind who would sell riceland containing an area of two (2) hectares, twenty-seven (27) ares and eighteen (18) centares, which can produce eighty (80) bultos equivalent to one hundred sixty (160) cavanese of palay at P20.00 or P25.00 per bulto which has an assessed value of P960.00 for the sum of P200.00?

"Secondly, the supposed vendor remained in the material possession of the property allegedly as tenant until the alleged vendee and his successor asserted ownership over the property to the prejudice of the former.

"Thirdly, if Ceferino Datoon became owner of the property since October 30, 1935 as shown by Transfer Certificate of Title No. 14841 (Exh. 6), which cancelled Original Certificate of Title No. 40792 of the plaintiff, both of the Office of the Register of Deeds of Iloilo, why is it that the alleged new owner began to receive the share in the crops only from the year 1944, or during the Japanese occupation?"

On the question of whether the private document Exhibit A is a forgery, the Court of Appeals found that the pertinent evidence elevated to it was incomplete because it did not include the transcript of the testimony of "defendant's witnesses Arthur Mombar * * * Felipe P. Logan * * * and Isidoro Cordero," for the reason that the court stenographer probably lost or misplaced the stenographic notes, thus compelling the parties to submit the case for decision in the lower court upon the incomplete record; that the report of the NBI examiner Logan, admitted as Exhibit 18, was not sufficient to prove that the questioned document was a forgery because, as against his conclusion to that effect, there was in the record "the natural and straight-forward testimonies of the plaintiff Filomena Salas and of her witness Virginia Cordero" whose credibility had not been successfully assailed. For this reason the conclusion of the Court of Appeals was that there was insufficient evidence to prove that the questioned document was a forgery. In connection with the same document, however, said court further said:

"Moreover, from the view we take of the case, even if the falsity of Exhibit A is admitted, the fact would not alter the true nature of the transaction, namely, that it was and is an equitable mortgage. That the property was included in the amended and second amended inventories of the defendant as administratrix of the intestate estate of her deceased husband in Special Proceedings No. 8 of the Court of First Instance of Iloilo is of no moment. To strengthen the position taken and to be consistent that had to be done."

The first assignment of error submitted in petitioner's brief refers to the ruling of the Court of Appeals regarding the true nature of the transaction between the now deceased Ceferino Datoon and Filomena Salas—that it was not one of sale but a mere equitable mortgage. Considering the reasons supporting the findings of the Court of

Appeals in this matter, we are constrained to say that petitioner's contention is without merits. Even disregarding the inadequacy of the price of P200.00 for the more than two hectares of riceland alleged to have been sold by Salas to Datoon, there remains the important circumstance that, in spite of the alleged sale, Salas remained in possession of the property and the vendee started receiving his share in the fruits of the land only in 1944, that is, more than nine years after the alleged sale. If the real transaction was one of sale, Datoon would have asserted his right to receive from the alleged tenant his share in the fruits of the property right after the sale, specially considering the fact that he had registered the deed of sale and secured the issuance of a transfer certificate of title in his name.

With respect to the genuineness of the private document Exhibit A, we are also of the opinion that even assuming that the same is a forgery, it could only mean that respondent made use of a false document to prove her case. This would, at most, render the document of no probative value and unfavorably affect the credibility of said respondent and of the other witness who testified regarding the genuineness of the questioned document. With the other evidence of record, however, there is sufficient justification for the finding of the Court of Appeals that the transaction was not one of sale but one of loan secured by an equitable mortgage.

Lastly, petitioner contends that the Court of Appeals should have held that the cause of action of respondent Salas had long prescribed. We find this to be likewise without merit. As the property in question was merely mortgaged to Datoon, and inasmuch as there had not been any foreclosure proceedings in the proper court, it is obvious that the property remains to this date subject to the same contract. Consequently, upon petitioner's refusal to accept payment of the mortgage debt and to give a discharge of mortgage, respondent Salas' cause of action accrued and was entitled to sue, as she in fact sued immediately to enforce it.

Wherefore, the appealed judgment is affirmed, with costs.

Bengzon, C. J., Padilla, Labrador, Concepcion, Reyes, J. B. L., Barrera, Paredes, De Leon, and Natividad, JJ., concur.

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