

SILVERIO GODOY, ET AL., PETITIONERS, VS. NIÑO T. RAMIREZ, ET AL. AND THE HONORABLE COURT OF APPEALS, RESPONDENTS.

G.R. No. L-46612. November 29, 1988

Ponente: REGALADO, J.

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REGALADO, J.:

Petition for review on certiorari of the decision of the Court of Appeals[1] in CA-G.R. No. 51254-R, affirming the decision of the former Court of First Instance of Rizal in Civil Case No. Q-12679 thereof, and its resolution denying herein petitioners' motion for reconsideration.

Petitioners brought an action in the court a quo for the annulment or rescission of a Conditional Contract to Sell executed between the People's Homesite and Housing Corporation (hereinafter, PHHC for short), now the National Housing Corporation, and herein private respondent Niño T. Ramirez involving a parcel of land known as Lot 14, Block S-8, at Diliman, Quezon City, with an area of 1,419 square meters, more or less.

On March 15, 1958, said private respondent filed an application[2] for the purchase of said lot from the PHHC. After due processing, the lot was awarded to private respondent on March 28, 1958 and, pursuant thereto, private respondent made a down payment of P2,532.17, equivalent to 10% of the purchase price, and thereafter paid other additional amounts and amortizations. Said award was confirmed by the PHHC Board in its Resolution No. 981, dated January 25, 1967[3] in conjunction with a memorandum issued in connection therewith.[4] On January 12, 1968, the aforesaid Conditional Contract to Sell was executed whereby PHHC sold, transferred and conveyed to private respondent the aforesaid lot at the purchase price of P25,321.66 payable in ten years on monthly amortizations with 6% interest per annum. Private respondent, however, was unable to immediately occupy the lot due to a then existing lease agreement between the PHHC and the Armed Forces of the Philippines over an area including said lot.[5]

On this particular score, the respondent court adopted and quotes with approval the findings of the trial court, as follows:

"From the evidence, it appears clearly established that the lot in question was leased by AFP personnel from the People's Homesite and Housing Corporation, the contract having been executed on October 4, 1956, for a term of one year, ending September 30, 1957 (Exh. 4). The contract was signed by Bernardino O. Lozada as Acting General Manager of the People's Homesite and Housing Corporation for the lessor and by Capt. Segundo S. Torres, the Commander of Detachment, Armed Forces of the Philippines on security details with the JUSMAG for himself and members of his detachment, as lessee. One of the terms of the lease agreement is that 'the Lessee undertakes, at his own expense, the ejectment of all trespassers within the property; and upon termination of this lease, to remove all fixtures and improvements introduced into the premises during the effectivity of this lease (Exh. 4-A).

"It likewise appears beyond dispute that a request for the extension of the lease up to June 30, 1960 contained in a letter dated November 6, 1959, of Col. Eliezar C. Pinto covering Lots Nos. 4, 5, 6, 7, 11, 12, 13 and 14, Block S-8 was approved by the People's Homesite and Housing Corporation with the express condition that

after said period, any further renewal will be subject to the consent of the awardee of said lots (See Exhs. 5-PHHC). As contained in the Resolution of the People's Homesite and Housing Corporation Board, Resolution No. 427 for Fiscal Year 1959-60, January 12, 1960, which reads as follows:

'RESOLVED, That the request for the extension of lease up to June 30, 1960, contained in the letter dated Nov. 6, 1959, of Col. Eliezar C. Pinto covering Lots. Nos. 4, 5, 6, 7, 11, 12, 13 and 14, Block S-8, Diliman Estate Subdivision, be as it is hereby approved, provided however, that after said period, any further renewal will be subject to the consent of the awardee of said lots. Hence in the Deed of Renewal of Lease Agreement, executed on February 9, 1960 (Exh. 7-PHHC), there is a provision which reads as follows:

'x x x It is understood by the parties herein, however, that upon the expiration of this renewed lease agreement on June 30, 1960, further renewal of the same may be made only with the consent of the purchase awardees of the parcels of land subject hereof'.

x x x

"While the plaintiffs allege in their complaint that they started to occupy the land in 1949, counsel in his memorandum stated that it was in 1953 or thereafter that the herein plaintiffs were transferred to their present site (Lot 5, Block S-8) from Timog Avenue, Diliman, Quezon City by the PHHC personnel upon request of their commanding officers. Whatever may be the true date when the plaintiffs commenced occupation of the lot in question, it is undeniable that they were allowed to occupy the land only as lessees. The evident reason for this seems to be that the area where the lot is located has been previously subdivided into relatively big lots for sale or disposition to a much higher income group than the plaintiffs, and so it was provided in the lease renewal contract that the consent of the awardees was required. Also the PHHC could have consented to the lease because as military men on special detail at the JUSMAG, their (plaintiffs') stay there could be only temporary, subject to transfer anytime.

x x x

"Considering that the PHHC had already awarded these lots and in the absence of any substantial showing that the said awards should be set aside for having been made in violation of laws, policies and rules and regulations, it is the stand of this Committee that the same should be sustained and that the herein petition should be denied." [6]

Not only are these factual findings binding on Us, the exceptions to such rule being absent, but the same are borne out by a careful review of the records.

The inevitable conclusion, therefore, is that the possession by petitioners of the lot involved in this case was upon mere tolerance by the Armed Forces of the Philippines during their temporary detail with the JUSMAG and, concurrently, during the existence of the lease agreement. After said lease expired, they were unlawfully withholding the land and were consequently under the obligation to vacate and surrender the premises to herein private respondent as the lawful awardee thereof. Petitioners' continued actual physical possession of the premises thereafter did not detract a whit from the fact that they were already unlawful deforciants, and not bona fide occupants, hence they did not have any preferential right to acquire said lot.

Yet, despite the cessation of their detail with the JUSMAG and the termination of the lease agreement on which their erstwhile right of occupation was premised, petitioners not only refused to vacate the premises but they even protested the award of the lot to private respondent. As already stated, the award was sustained by the PHHC after proper investigation and hearing since private respondent had all the requisite qualifications and had complied with all the terms and conditions of the contract.

Ineluctably, the trial court rendered the following judgment which was affirmed in full by the respondent court:

"WHEREFORE, judgment is hereby rendered in favor of the defendant, dismissing the complaint. However,

defendant Ramirez' counterclaim for the payment of rentals by plaintiffs is hereby dismissed, the Court being of the opinion that plaintiffs believe in good faith they (sic) they are entitled to a priority right in the acquisition of the lot in question induced by the recommendation of special investigators who looked into the merits of their petition for the subdivision of the lot and sale of the resulting smaller lots to each of the plaintiffs, which was in their favor and against the awardees. They are, however, directed to vacate the premises within 6 months from the date the decision becomes final, and should they fail to do so, they are directed to pay rental at the rate of P100.00 a month. Within said period of 6 months they may apply to the PHHC for such lots as may be available and the PHHC is hereby directed to give them preferential right over other applicants, conditions being equal."[7]

From the established circumstances of this case, the fact that petitioners have their houses on the property in question and that they have no lots of their own is no reason why they should be better preferred than the private respondent.

Firstly, they have never been considered by the PHHC as, because in law and in fact they are not, bona fide occupants. As held in *Bernardo, et al. vs. Bernardo, et al.*,[8] a bona fide tenant or occupant, as contemplated in Commonwealth Act No. 539, is "one who supposes he has a good title and knows of no adverse claim (*Philips vs. Stroup*, 17 Atl. 220, 221); one who not only honestly supposes himself to be vested with true title but is ignorant of a superior right to it (*Gresham vs. Ware*, 79 Ala. 192, 199; definitions that correspond closely to that of a possessor in good faith in our Civil Law (Civil Code of 1889, art. 433; new Civil Code, art. 526). The essence of the bona fides or good faith, therefore, lies in the validity of one's right, ignorance of a superior claim and absence of intention to overreach another."

In the case at bar, petitioners were very much aware that the lot they occupied had already been duly awarded and sold to the private respondent at the time petitioners' lease contract was renewed. Also, there can be no debate that petitioners were bound by the terms of the lease contract entered into by the Armed Forces of the Philippines, as lessee, since as mere sublessees they cannot have more or superior rights than the lessee. They cannot, therefore, seek sanctuary in Commonwealth Act No. 539 which, as construed by this Court,[9] lays down the order of preference in the award of lots to bona fide tenants or occupants and private individuals.

Secondly, their assault on the qualifications of herein private respondent to purchase the lot in question is off-tangent. Petitioners' submission is that private respondent's purchase of another lot from a certain Ilagan who had acquired the same from the PHHC was violative of PHHC Board Resolution No. 82, approved on May 23, 1961, which provided that effective on said date "the sale of more than one lot per person shall not be permitted." [10] This argument loses sight of the fact that private respondent's wife purchased the lot from Ilagan only in 1961, hence when private respondent was awarded the lot involved in this case in 1958 he had no other lot at that time and, consequently, he was fully qualified to apply for and purchase the aforesaid lot from the PHHC.

WHEREFORE, the judgment appealed from is hereby AFFIRMED.

SO ORDERED.

Melencio-Herrera, (Chairperson), Paras, Padilla, and Sarmiento, JJ., concur.

[1] Lorenzo Relova, J., ponente, with the concurrence of Rafael C. Climaco and Guardian R. Lood, JJ.

[2] Exhibit 12.

[3] Exhibit 10.

- [4] Exhibit 9.
- [5] Appellee's Brief, Rollo, 127-128.
- [6] Rollo, 24-26.
- [7] Ibid., 23.
- [8] 50 O.G., No. 12, 5789; G.R. No. L-5872, November 29, 1954.
- [9] Santiago, et al. vs. Cruz, et al., 98 Phil. 168 (1955).
- [10] Brief for Petitioners, 8; Rollo, 108.

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