

REPUBLIC OF THE PHILIPPINES, PETITIONER, VS. THE HONORABLE COURT OF APPEALS, RICARDO RAMOS, PHILIPPINE NATIONAL BANK AND THE REGISTER OF DEEDS OF ISABELA, RESPONDENTS.

G.R. No. L-42856. January 27, 1981

Ponente: CONCEPCION JR., J.

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CONCEPCION JR., J.:

Petition for certiorari, to review the decision of the Court of Appeals in CA-G.R. No. 40806-R, entitled: "Republic of the Philippines, plaintiff-appellee, versus Ricardo Ramos, et al., defendants-appellants," dismissing the complaint which prays for the annulment of Homestead Patent No. V-62617, the cancellation of Original Certificate of Title No. P-5619, issued in the name of Ricardo Ramos by the Register of Deeds of Isabela, and the reversion to the State of the homestead, together with the improvements made thereon.

The facts of the case, as found by the Court of Appeals, are as follows:

"Sometime in 1928 or 1929, appellant[1] Ricardo Ramos filed Homestead Application No. 229645 for a 3-hectare land, covering a portion of Cadastral Lot No. 2222 within the Municipality of Rizal, Nueva Ecija (Exh. G, p. 10, Folder). The application was approved and Homestead Entry No. 137238 was recorded in his name only on June 22, 1940 (Exh. H, p. 11, folder).

"Upon receipt of the approval of his application, appellant immediately filed his final proof papers in 1941. However, due to the chaotic conditions during the last global war, all the papers relative to his application were lost and/or destroyed, necessitating their reconstitution. As a result, the defendant had to file anew his final proof papers.

"Pending approval of his homestead application in Rizal, Nueva Ecija, appellant Ramos migrated to Isabela for additional lands to acquire and till. Fortunately for him, he found a 14-hectare land covered by a subsisting Homestead Application of one Simeon Lopez, which, however, was clearly abandoned by the said applicant. With the assistance of the then District Land Officer, Atty. Agustin Navarro, the appellant Ramos initiated a protest against Simeon Lopez in accordance with the Public Land Law, simultaneously filing his own homestead application therefor on September 20, 1947 (Ext. A). After due investigation, his protest was given due course, and his homestead application (Homestead Application No. 4-617), accepted and approved by the District Land Officer on November 22, 1947 (Exh. 7).

"Meanwhile, in the same year (December 27, 1947), the Bureau of Lands approved the final proof and ordered the issuance of appellant's homestead patent in Rizal, Nueva Ecija. On January 26, 1949, the corresponding

Homestead Patent No. V-1833 was finally issued (Exh. L, p. 15, Folder of Exh.), and became the basis of Original Certificate of Title No. P-3619 that was later registered in Ramos' name. Having thus obtained an indefeasible title over his 3-hectare land in Rizal, Nueva Ecija, appellant now wanted to do likewise with his second homestead application in San Mateo, Isabela. Hence, after the approval of his second homestead application on November 22, 1947, he took possession of the 14-hectare land in Isabela and by 1949, had fully complied with the cultivation and residence requirement of the homestead law.

"Finally, on December 3, 1954, after a protracted litigation with the former applicant, Simeon Lopez, the Assistant Director of Lands approved appellant's final proof and subsequently issued an order for the issuance of his patent on December 13, 1955. Then, on December 15, 1955, Homestead Patent No. V-62617 was ultimately issued in the name of Ricardo Ramos, which also became the basis of Original Certificate of Title No. P-5619 that was correspondingly issued by the Register of Deeds of Isabela. Said Original Certificate of Title No. P-5619 was later used by the appellant as security for the payment of the loan which he secured from his co-defendant, the Philippine National Bank.

"After the issuance of his second homestead patent. Appellant Ramos discovered the presence of several people in his land. Hence, he filed a complaint for the recovery of possession against them (Civil Case No. Br. II-162 of the Court of First Instance of Isabela, entitled "Ricardo Ramos v. Eleuterio Viernes et al.") wherein a decision ordering the ejectment of the defendants were rendered. Believing that they had a right to stay put in the land and acquire their respective sublots, defendants, led by Jose Ganadin, sent a petition to the Secretary of Agriculture and Natural Resources. They alleged that Patent No. V-62617 and Original Certificate No. P-5619 are null and void as they were obtained in violation of Section 19 of the Public Land Law, as amended by Act No. 456. They, therefore, demanded the cancellation of said patent and title and the reversion of the property through the Solicitor General. In an order dated July 22, 1968, the Director of Lands acted favorably on their petition and accordingly issued the following directive to wit:

'IN THE LIGHT OF THE FOREGOING, it is ordered that the Homestead Application No. 4-617 (E-4-610) of Ricardo Ramos be, as it is hereby, cancelled and Patent No. V-62617 issued to him thereunder, declared inoperative over the land in question. Accordingly, steps shall forthwith be taken for the filing in the proper court, an action for the cancellation of said patent and the corresponding certificate of title issued therefor. For the purpose of the final disposition of the land, the District Land Officer of Ilagan, Isabela shall conduct an immediate investigation in accordance with Sections 6 and 7 of Lands Administrative Order No. 6 and thereafter, submit the corresponding report to the office within thirty (30) days from receipt hereof.'

Hence, the institution of the present proceedings before the lower court.

"After the filing of the original complaint on August 2, 1958, the plaintiff filed an amended complaint adding another paragraph, alleging another supposed disqualification of the appellant to own a second homestead. Paragraph 8-a states:

"That at the time (a) Homestead Application No. 4-167 E-4-610 (Exh. A) was approved on December 3, 1954; (b) defendant Ricardo Ramos filed his Final Proof (Exh. "D") on January 31, 1954; (c) Homestead Patent No. V-62617 (Exh. "F") was issued on December 15, 1955; and (d) Original Certificate of Title No. P-5619 (Exh. "9") was issued on December 24, 1955 in the name of defendant Ricardo Ramos, all covering the lot involved in this case located in San Mateo, Isabela, defendant Ricardo Ramos was already as of August 4, 1952 the absolute owner of more than eighty-eight (88) hectares of Friar Lands by virtue of Transfer Certificate of Title No. T-3767 (Exhs. "O", "O-1" to "O-7") and as such, defendant Ricardo Ramos was disqualified under Sec. 12 of CA 141, for a homestead entry under the provisions of said Act, and which disqualification, defendant concealed when he made his final proof (Exh. "D"), as he stated therein that he was not the owner of more than twenty four hectares of land in the Philippines, when in truth and in fact as he very well knew, he was already the owner (of more than twenty four hectares of land in the Philippines) in fee simple of more than 88 hectares of agricultural lands, making defendant Ricardo Ramos liable to the consequences of his concealment and/or false statement under Sec. 91, Commonwealth Act 141."[2]

After due trial, the lower court rendered judgment, the dispositive portion of which reads:

"WHEREFORE, ALL PREMISES CONSIDERED, the court hereby renders judgment (A) declaring defendant Ricardo Ramos' homestead patent and title, Exhibits F and F-1, null and void ab initio; (B) ordering the reversion of the five lots described in the said patent and title in favor of the Republic of the Philippines; (C) ordering Ricardo Ramos to reconvey the title over the said five subdivisional lots, free of the mortgages recorded in favor of the Republic of the Philippines; (D) declaring the two mortgages executed by Ricardo Ramos as to said five lots, OCT No. P-5619, in favor of the Philippine National Bank, Exhibits 4 and 8-Bank, not valid as against the Republic of the Philippines; (E) declaring the theater, stores and other improvements introduced by defendant Ricardo Ramos, or their agents forfeited in favor of the Republic; and (F) ordering the five lots described in the said patent and title be disposed of by the government in public bidding under Title V, Chapter XI, Re: Town Site Reservations, giving the seventeen defendants in Civil Case No. Br. II-162, Ramos vs. Manuela Lachica, et al., who are among the fifty petitioners in the letter Exhibit N and petition Exhibit O, praying for the filing by the government of an action for the annulment of the homestead patent and title of Ricardo Ramos and the reversion of the land to the Government, the privilege and preference to equal the highest bid."[3]

Upon appeal to the Court of Appeals, the decision was reversed and a new one was entered dismissing the complaint.[4]

Hence, the instant recourse.

The Solicitor General claims that the Court of Appeals erred:

(1) In declaring homestead patent No. V-62617 and OCT No. P-5619 validly issued to respondent Ricardo Ramos despite the fact that at the time of the issuance thereof, there was already entered in the name of said respondent Homestead Patent No. V-1833 covering a parcel of land situated in Rizal, Nueva Ecija with an area of 3 hectares, in violation of Sec. 19, Com. Act No. 141, as amended;

(2) In not considering respondent Ricardo Ramos to have made false statements in that he did not divulge in

his application and in the final proof for the Homestead Application covering a parcel of land in San Mateo, Isabela, with an area of 14 hectares, that he has already secured an entry for a parcel of land in Rizal, Nueva Ecija, and another 88 hectares or more of private agricultural lands in Aurora, Isabela, in violation of Section 91 of Commonwealth Act No. 141, as amended; and

(3) In not declaring the respondent Philippine National Bank in bad faith when it accepted the land covered by OCT No. P-5619, issued pursuant to Homestead Patent No. V-62617, as collateral to a loan secured from it by respondent Ricardo Ramos, thus making such transactions null and void.

1. The principal controversy is on the interpretation and application of the law governing the acquisition of homesteads, more particularly Section 19 of the Public Land Law, Commonwealth Act No. 141, as amended, which reads as follows:

"SEC. 19. Not more than one homestead entry shall be allowed to any one person, and no person to whom a homestead patent has been issued by virtue of the provisions of this Act regardless of the area of his original homestead, may again acquire a homestead; Provided, however, That any previous homesteader who has been otherwise qualified to make a homestead entry, may be issued a patent for less than twenty-four hectares and allowed another homestead, which, together with his previous homestead shall not exceed an area of twenty-four hectares."

The Solicitor General contends that said section forbids the acquisition by a person of another homestead regardless of the area of his original homestead so that the respondent Ricardo Ramos is disqualified from acquiring a second homestead in San Mateo, Isabela because of his original homestead in Rizal, Nueva Ecija; and that while the law allows a homesteader to acquire an additional homestead, the respondent Ricardo Ramos is not qualified to a second homestead because he obtained the patent on his original homestead after the effectivity of Commonwealth Act No. 456 on June 8, 1939 which amended Section 19 of Commonwealth Act No. 141, not prior thereto, and the homesteads acquired by him are located in different provinces, namely, Nueva Ecija and Isabela, which are far apart from each other and separated by the province of Nueva Vizcaya. The Solicitor General argues that a homesteader may acquire an additional homestead provided that he acquired his patent for an original homestead before June 8, 1939; that the total area of both the original and additional homesteads does not exceed 24 hectares; and that the land desired to be acquired as an additional homestead should be in the same municipality where the original homestead is located or in an adjacent municipality. To reinforce his argument, he cites the opinions of the late Sen. Vicente J. Francisco, former Director of Lands Zoilo Castrillo, and ex-Land Registration Commissioner Antonio Noblejas.

The contention is without merit. The language of the statute is very simple and clear. Section 19 of the Public Land Law, as amended, enunciates the rule that a homesteader is entitled to only one homestead and he may not file another application for an additional homestead if he has already been issued a homestead patent even if its total area is less than the maximum allowed by law. However, a previous homesteader who is qualified to make a homestead entry, i.e., "Any citizen of the Philippines over the age of eighteen years, or head of a family, who does not own more than twenty-four hectares of land in the Philippines or who has not had the benefits of any gratuitous allotment of more than twenty-four hectares of land in the Philippines since the occupation of the Philippines by the United States,"[5] but has not yet been issued a patent for his homestead, may be issued a patent for his previous homestead and allowed another homestead which, together with the previous homestead does not exceed twenty-four hectares.

It is essential, in order to be allowed another homestead, that the homesteader has not yet been issued a homestead patent for his previous homestead at the time he filed his second application for an additional homestead; and that the total area of both homesteads does not exceed the maximum allowed by law. If the homesteader has already been issued a patent for his previous homestead, he is disqualified from acquiring an additional homestead regardless of the area of his previous homestead.

In this particular case, it is not disputed that the respondent Ricardo Ramos had not yet been issued a patent for his homestead in Rizal, Nueva Ecija when he filed a homestead application for that parcel of land in San Mateo, Isabela; and that the total area of both homesteads does not exceed the maximum allowed by law. Accordingly, said respondents is not disqualified from acquiring the additional homestead in San Mateo, Isabela.

With respect to the claim that the original and subsequent homestead should be located in the same municipality or in an adjacent municipality, it is well to note that the original provisions of Section 19 of the Public Land Law did, indeed, require that the land applied for as an additional homestead should be in the same municipality where the original homestead is located or in an adjacent municipality. Said section then provided, as follows:

"SEC. 19. Not more than one homestead shall be allowed to any person; but if a homesteader has made final proof as provided in this chapter and is occupying and cultivating at least one-fifth of the land applied for and the area thereof is less than twenty-four hectares, he may apply successively for additional homesteads which must lie in the same municipality or municipal district or in an adjacent municipality or municipal district, until the total area of said homesteads shall reach twenty-four hectares, but not more, with the understanding that he shall, with regard to the new tracts or additional homesteads, comply with the same conditions as prescribed by this Act for an Original homestead entry." (Italics for emphasis)

Similar conditions were imposed for the purchase and lease of public agricultural lands. Thus, Section 32 of the Public Land Law reads, as follows:

"SEC. 32. This chapter shall be held to authorize only one purchase of the maximum amount of land hereunder by the same person, corporation, association, or partnership; and no corporation, association, or partnership, any member of which shall have received the benefits of this chapter or of the next following chapter, either as an individual or as a member of any other corporation, association, or partnership, shall purchase any other lands of the public domain under this chapter.

"But any purchaser of public land, after having made the last payment upon and cultivated at least one-fifth of the land purchased, if the same shall be less than the maximum allowed by this Act, may purchase successively additional agricultural public land adjacent to or not distant from the land first purchased, until the total area of such purchases shall reach the maximum established in this chapter: Provided, That in making such additional purchase or purchases, the same conditions shall be complied with as prescribed by this Act for the first purchase."

For leases of additional public agricultural lands, Section 42 of the Public Land Law provides, as follows:

"SEC. 42. After having paid rent for at least the first two years of the lease, and having complied with the requirements prescribed in section thirty-nine, the lessee of agricultural public land with an area less than the maximum allowed by law, may lease successively additional agricultural public land adjacent to or near the

land originally leased until the total area of such leases shall reach the maximum established in this chapter: Provided, That in making such lease, the same conditions shall be complied with as prescribed by this Act for the first lease."

But, while the provisions of Sections 32 and 42 were retained, Section 19 was radically changed by Commonwealth Act No. 456. As amended, this section no longer requires that the additional homestead should be in the same municipality where the original homestead is located or in an adjacent municipality. It is very obvious that the legislature purposely removed such requirement. To give this section a limited connotation as to retain its previous meaning would render the amendatory act of no value. Homestead laws, which are founded on considerations of public policy, their purpose being to promote the stability and welfare of the State by encouraging property ownership, should be construed liberally with a view to accomplishing their beneficent object.

2. The petitioner also contends that the homestead patent covering the homestead in San Mateo, Isabela is void because the respondent Ricardo Ramos made false statements in his homestead application, as well as in the final proof, when he denied having filed a previous homestead application although he had in fact filed a homestead application for the land in Rizal, Nueva Ecija; and stated that he is not the owner of more than twenty-four hectares of land in the Philippines although said "respondent Ramos was already issued TCT No. T-3767, covering the 88 hectare lot in Aurora, Isabela on August 2, 1952, when (a) Homestead Application No. 4-617 (Exh. 'H') was approved on December 3, 1954; when (b) Homestead Patent No. 61617 (Exh. 'F') was issued on December 15, 1955; and when (c) Original Certificate of Title No. P-5619, covering the 14-hectare lot in San Mateo, Isabela, was issued by the Register of Deeds of Isabela on December 24, 1955, all in the name of respondent Ramos (see par. 8-a, Amended Complaint in Civil Case No. Br. II-391, pp. 223-224, Annex 'D', Printed Record on Appeal),[6] contrary to Section 91 of the Public Land Law which reads, as follows:

"SEC. 91. The statements made in the application shall be considered as essential conditions and parts of any concession, title, or permit issued on the basis of such application, and any false statement therein or omission of facts altering, changing, or modifying the consideration of the facts set forth in such statements, and any subsequent modification, alteration or change of the material facts set forth in the application shall ipso facto produce the cancellation of the concession, title, or permit granted. It shall be the duty of the Director of Lands, from time to time and whenever he may deem it advisable, to make the necessary investigations for the purpose of ascertaining whether the material facts set out in the application are true, or whether they continue to exist and are maintained and preserved in good faith, and for the purposes of such investigation, the Director of Lands is hereby empowered to issue subpoenas and subpoena duces tecum and, if necessary, to obtain compulsory process from the courts. In every investigation made in accordance with this section, the existence of bad faith, fraud, concealment, or fraudulent and illegal modification of essential facts shall be presumed if the grantee or possessor of the land shall refuse or fail to obey a subpoena or subpoena duces tecum lawfully issued by the Director of Lands or his authorized delegates or agents, or shall refuse or fail to give direct and specific answers to pertinent questions, and on the basis of such presumption, an order of cancellation may issue without further proceedings."

The contention is likewise without merit. What section 91 of the Public Land Law considers as fatal are false statements of material and essential facts knowingly made by the homesteader in the application and not in the final proof. In the instant case, it appears that the respondent Ricardo Ramos had only a primary education. He is not conversant with the law because he is not a lawyer. When he filed his homestead application for that parcel of land situated in San Mateo, Isabela, he was assisted by District Land Officer Agustin Navarro, whom he informed of all the material facts, and his final proof was prepared by Public Lands Inspector Jose Abaya, who had also

knowledge of the facts necessary for its accomplishment, and he merely affixed his signature to the documents. Since the erroneous information contained in the application are the acts of persons who prepared the documents, rather than the wilfull and deliberate intent on the part of the said respondent to conceal material facts and mislead the land officers, whatever error may be found in the application are excused.

Anyhow, the total area of the original and the subsequent homesteads did not exceed the maximum allowed by law and no damage resulted therefrom.

The respondent Ricardo Ramos could not have also made a false statement in his application when he stated that he is not the owner of more than 24 hectares of land in the Philippines because he was not yet the owner of the parcel of land situated in Aurora, Isabela when he filed his homestead application for the land in San Mateo, Isabela, on November 22, 1947 since the final deed of sale for the said land in Aurora, Isabela was issued to him only on May 22, 1950.

3. Finally, it is claimed that the respondent Philippine National Bank is a mortgagee in bad faith because it deliberately closed its eyes to the constructions and occupants of the land offered as a security for a loan.

The Philippine National Bank, upon the other hand, contends that there is nothing in the certificate of title of the mortgagor Ricardo Ramos which would excite suspicion so that the bank need not look beyond the certificate and investigate the title of the mortgagor.

In the case of *Conspecto vs. Fruto*,^[7] the Court ruled: "One who purchases real property which is in the actual possession of others should, at least, make some inquiry concerning the rights of those in possession. The actual possession by others than the vendor should, at least, put the purchaser upon inquiry. He can scarcely, in the absence of such inquiry, be regarded as a bona fide purchaser as against such possessors." There can be no doubt, therefore, that the Philippine National Bank is in bad faith. But, since the title of the respondent Ricardo Ramos over the land mortgage is valid, the mortgage constituted upon said land should be upheld between the parties.

WHEREFORE, the petition should be, as it is hereby, DENIED for lack of merit. Without costs.

SO ORDERED.

Barredo, (Chairman), Fernandez[*], Guerrero[**], and De Castro, JJ., concur.

Aquino and Abad Santos, JJ., did not take part.

[1] now respondent

[2] Rollo, pp. 95, 100.

[3] Id., p. 95.

[4] Id., pp. 93, 107.

[5] Sec. 12, Commonwealth Act No. 141.

[6] Rollo, p. 81.

[7] 31 Phil. 144, 149.

[*] Mr. Justice Ramon C. Fernandez, a member of the First Division, was designated to sit in the Second Division in lieu of Mr. Justice Ramon C. Aquino.

[**] Mr. Justic Juvenal K. Guerrero, a member of the First Division, was designated to sit in the Second Division in lieu of Mr. Justice Vicente Abad Santos.

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