JOSEPHINE P. SARABIA, PLAINTIFF-APPELLEE, VS. RICARDO PASCUA AND JEDONA U. PASCUA, DEFENDANTS-APPELLANTS.

Ponente: PERALTA, JR., E. B., J.

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PERALTA, JR., E. B., J.:

For possible reversal of the court a quo's verdict[1] which emanated from a suit for specific performance, spouses Ricardo Pascua and Jedona Pascua interposed the appeal before Us.[2]

Based on available datum, co-defendant-appellant Ricardo Pascua (Ricardo) initially borrowed P100,000.00 from plaintiff-appellee Josephine P. Sarabia (Sarabia) secured by a realty located in Barangay Bosque, Llanera, Nueva Ecija, covered by TCT No. CLOA-VOS-3695. Both parties likewise agreed that Sarabia will extend additional P50,000.00 to Pascua after the October-November, 2006 harvest as payment for the mortgaged realty. Pascua then borrowed an aggregate amount of P150,000.00. The P100,000.00 was delivered to Pascua in cash while the P50,000.00 was in check issued and encashed on June 26, 2006[3] which dealings were reflected on the "Kasunduan (Hiraman)"[4] executed by them on June 25, 2006.

The conflict brewed in October, 2007 when Pascua allegedly prohibited German Sibuma, Sarabia's farm worker, from cultivating the mortgaged property and deprived Sarabia of possession of the mortgaged agricultural land. Sarabia further asserted that she was entitled to 100 cavans harvested by defendants-appellants in October, 2007. Hence, through judicial recourse, Sarabia commenced an action for specific performance with accounting of harvest before the trial court.

Defendants-appellants' Answer was to the effect that Sarabia violated the tenor of their "Kasunduan" since Sarabia failed to deliver P150,000.00. According to defendants-appellants, what they received from Sarabia was only P140,000.00. They further claimed that they never transferred physical possession of the mortgaged agricultural land to Sarabia. Even after the mortgage, defendants-appellants were in continuous possession, tillage and cultivation of the subject landholding. In addition to their defense, defendants-appellants argued that Sarabia was not entitled to the palay harvested in October, 2007 since they already settled the amount of P140,000.00 plus interest of P10,000.00 as reflected on the receipt denominated as "Sauli ng Sanla"[5] dated July 13, 2007.

Trial proceeded and based on the arguments raised by both parties, the court a quo rendered its judgment in favor of the plaintiff-appellant in this wise:

> "WHEREFORE, premises considered, judgment is hereby rendered in favor of the Plaintiff and against the Defendants, ordering the latter:
>
> 1)
>
> Deliver to the plaintiff the physical possession of that 10,000 square-portion of that property covered by TCT No. CLOA-VOS3695 and not to molest the right of possession thereto by plaintiff;
>
> 2)
>
> To pay plaintiff the amount of P7,200.00 as her rightful share over the harvest of defendants in October 2007;

3)

To pay plaintiff attorney's fees in the amount of P20,000.00; and

4)

To pay the costs of the suit.

SO ORDERED."[6]

Following rejection of defendants-appellants' plea for reconsideration,[7] defendants-appellants aired on appeal that they have settled their obligation and paid the amount of P140,000.00 plus P10,000.00 interest to Sarabia. Thus, appellants postulated that Sarabia can hardly claim her share for the October, 2007 harvest.

Defendants-appellants also persisted that they were in continuous possession, tillage and cultivation of the mortgaged agricultural land and possession thereof was never transferred to Sarabia.

It was established that co-defendant-appellant Pascua obtained a loan from Sarabia secured by the mortgaged agricultural land covered by TCT-CLOA-VOS-3695 as reflected in the "Kasunduan":

> "...Na, kami G. RICARDO B. PASCUA at GNG. JOSEPHINE P. SARABIA, kapwa nasa hustong gulang, (unang panig) may asawa, (ikalawang panig) biyuda, sa kasalukuyan kapwa residente ng Barangay Plaridel, Llanera, Nueba Esiha matapos magkasundo ay kapwa nagsasalaysay gaya ng sumusunod:
>
> Na, ako ay nakahiram ng halagang Isandaang Libong Piso (P100,000.00) salaping umiiral dito sa Pilipinas, kay Gng. Josephine P. Sarabia. Bilang pabor sa nahiram kong halagang pera sa kanya, ay aking ipinahiram ang lupang aking sinasaka na may sukat Sampung Libong Metro Kuadrado (10,000.00 sq.mt). 1.00 ha. at ito ay sakop ng Barangay Bosque, Llanera, Nueba Esiha.
>
> Napagkasunduan namin dito ni Gng. Josephine P. Sarabia na ang nabanggit na halaga sa itaas ay dadagdagan niya ng Limampung Libong Piso (P50,000.00) sa makaani ng panag-ulan 2006 buwan Oktubre-Nobyembre 2006, bilang kabayaran ng lupang nabanggit. Lote Blg._____EP.Blg._____sang-ayon sa aming naging kasunduan. (emphasis supplied)."

It is worthy to underscore that the mortgaged land involved in the Kasunduan was covered by the Comprehensive Agrarian Reform Law or Republic Act 6657 (RA 6657) and the land was awarded to Pascua and other co-owners namely Jose P. Sarabia and Arturo J. Nano. As such, there are legal constraints to farmer beneficiaries like Pascua.[8]

Under Section 27[9] of RA 6657, farmer beneficiaries shall not sell, transfer or convey the acquired land for a period of ten years except through hereditary succession, or to the government, or to the LBP, or to other qualified beneficiaries. Furthermore, Section 73[10] (f) of RA 6657 expressly prohibits the sale, transfer or conveyance by a beneficiary of the right to use or any other usufructuary right over the land which the beneficiaries acquired under the agrarian law.

We echo what was declared on the Kasunduan that, in exchange for the P100,000.00, Pascua relinquished the right to use the mortgaged agricultural land to Sarabia and the incremental P50,000.00 from Sarabia will serve as payment for the mortgaged realty.

Evidently, such undertaking of Pascua in extending to Sarabia the right to use the agricultural land covered by TCT-CLOA-VOS-3695 and the subsequent sale of the subject lot, after the receipt of P50,000.00, was in contravention of RA 6657 and therefore null and void.[11]

Consequently, possession of the mortgaged agricultural land cannot be transferred to Sarabia despite the existence

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of an agreement therefor.

Indeed, the object of agrarian reform is to vest in the farmer-beneficiary, to the exclusion of others, the rights to possess, cultivate and enjoy landholding for himself; hence, to insure his continued possession and enjoyment thereof, he is prohibited by law to make any form of transfer except only to the government or by hereditary succession.[12]

As to the principal obligation of Pascua, it was beyond cavil that Pascua obtained a loan from Sarabia with an aggregate amount of P150,000.00 and he was bound to pay a coeval amount to Sarabia.

In a contract of loan, a person who receives a loan of money or any other fungible thing acquires the ownership thereof, and is bound to pay the creditor an equal amount of the same kind and quality.[13]

Although Pascua insisted that the subject obligation was settled, he failed to support his assertion with sufficient evidence. Verily, the receipt he adduced, which stated “Sauli ng Sanla”, did not disclose satisfaction of Pascua’s obligation with Sarabia.

With respect to the award of P7,200.00 as Sarabia's share over the harvest of Pascua in October 2007, such accounting was devoid of factual foundation.

Neither was there sufficient basis for the award of attorney’s fees. To reiterate, attorney's fees as part of damages are not meant to enrich the winning party at the expense of the losing litigant. They are not awarded every time a party prevails in a suit because of the policy that no premium should be placed on the right to litigate. The award of attorney's fees is the exception rather than the general rule.[14] As such, it is necessary for the trial court to state the factual, legal or equitable justification for the award of attorney's fees. The matter of attorney's fees cannot be stated only in the dispositive portion of the decision. The body of the court's decision must state the reasons for the award of attorney's fees.[15] On this score, the trial court failed to discuss the reasons for professional fees and litigation expenses. Consequently, the award of attorney's fees and litigation expenses should likewise be deleted.

WHEREFORE, in view of the foregoing disquisition, the APPEAL is PARTIALLY GRANTED and the Decision dated September 14, 2011 is hereby MODIFIED as follows:

1)

defendants-appellants are hereby ordered to pay plaintiff-appellee the amount of P150,000.00 and defendants-appellants will retain possession of the subject agricultural land covered by TCT-CLOA-VOS-3695 as farmer beneficiaries of RA 6657; and

2)

attorney's fees and litigation expenses are hereby deleted.

SO ORDERED.

De Leon, M.M., (Chairperson) and Cruz, S.C., JJ., concur.

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[1] Decision dated September 14, 2011, RTC, Branch 30, Cabanatuan City, Record, pages 154-157.

[2] Initially raffled to Justice Japar B. Dimaampao on July 4, 2012 and re-raffled to Justice Eduardo B. Peralta, Jr. on July 5, 2013 as initial caseload.

[3] Record, see back of page 146.

[4] Record, page 146.

[5] Record, page 98, Exhibit “5”.

[6] Record, pp. 154-157.

[7] Record, page 168.

[8] Julian S. Lebrudo and Reynaldo L. Lebrudo v. Remedios Loyola, G.R. No. 181370, March 9, 2011

[9] SEC. 27. Transferability of Awarded Lands. - Lands acquired by beneficiaries under this ACT may not be sold, transferred or conveyed except through hereditary succession, or to the government, or to the LBP, or to other qualified beneficiaries for a period of ten (10) years : Provided, however, That the children or the spouse of the transferor shall have a right to repurchase the land from the government or LBP within a period of two (2) years. Due notice of the availability of the land shall be given by the LBP to the Barangay Agrarian Reform Committee (BARC) of the barangay where the land is situated. The Provincial Agrarian Coordinating Committee (PARCCOM), as herein provided, shall, in turn, be given due notice thereof by the BARC.

The title of the land awarded under the agrarian reform must indicate that it is an emancipation patent or a certificate of land ownership award and the subsequent transfer title must also indicate that it is an emancipation patent or a certificate of land ownership award.

If the land has not yet been fully paid by the beneficiary, the rights to the land may be transferred or conveyed, with prior approval of the DAR, to any heir of the beneficiary or to any other beneficiary who, as a condition for such transfer or conveyance, shall cultivate the land himself. Failing compliance herewith, the land shall be transferred to the LBP which shall give due notice of the availability of the land in the manner specified in the immediately preceding paragraph. x x x (Emphasis supplied)

[10] Section 24. Section 73 of Republic Act No. 6657, as amended, is hereby further amended to read as follows:

"SEC. 73. Prohibited Acts and Omissions. - The following are prohibited:

"(a) The ownership or possession, for the purpose of circumventing the provisions of this Act, of agricultural lands in excess of the total retention limits or award ceilings by any person, natural or juridical, except those under collective ownership by farmer-beneficiaries;
"(b) The forcible entry or illegal detainer by persons who are not qualified beneficiaries under this Act to avail themselves of the rights and benefits of the Agrarian Reform Program:
"(c) Any conversion by , any landowner of his/her agricultural' land into any non-agricultural use with intent to avoid the application of this Act to his/her landholdings and to dispossess his/her bonafide tenant farmers:
"(d) The malicious and willful prevention or obstruction by any person, association or entity of the implementation of the CARP;
"(e) The sale, transfer, conveyance or change of the nature of lands outside of urban centers and city limits either in whole or in part after the effectivity of this Act, except after final completion of the appropriate conversion under Section 65 of Republic Act No. 6657, as amended. The date of the registration of the deed of conveyance in the Register of Deeds with respect to titled lands and the date of the issuance of the tax declaration to the transferee of the property with respect to unregistered lands, as the case may be, shall be conclusive for the purpose of this Act;
"(f) The sale, transfer or conveyance by a beneficiary of the right to use or any other usufructuary right over the land he/she acquired by virtue of being a beneficiary, in order to circumvent the provisions of this Act;

...

[11] Aurelia Gua-an and Sonia Gua-an Mamon v. Gertrudes Quirino, G.R. No. 198770, November 12, 2012. see also Article 1409 of the Civil code-The following contracts are inexistent and void from the beginning:

(1) Those whose cause, object or purpose is contrary to law, morals, good customs, public order or public policy;
...

[12] Petronila Maylem v. Carmelita Ellano and Antonia Morciento, G.R. No. 162721, July 13, 2009, citing Torres v. Ventura, G.R. No. 86044, July 2, 1990, 187 SCRA 96.

[13] Article 1953 Civil Code.

[14] Frias v. San Diego-sision, G.R. no. 155223, April 3, 2007.

[15] Anita A. Ledda v. Bank of the Philippine Islands, G.R. No. 200868, November 21, 2012.

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