

ELIAS L. PENACO, PLAINTIFF-APPELLEE, VS. ZOILO H. RUAYA AND FELICITAS E. RUAYA, DEFENDANTS-APPELLANTS.

G.R. No. L-28102. December 14, 1981

Ponente: CONCEPCION JR., J.

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CONCEPCION JR., J.:

Appeal from the decision of the Court of First Instance of Misamis Occidental in Civil Case No. OZ-110, entitled: "Elias L. Penaco, plaintiff, versus Zoilo H. Ruaya and Felicitas E. Ruaya, defendants," the dispositive portion of which reads, as follows:

"WHEREFORE, judgement is hereby rendered in favor of the plaintiff and against the defendants, ordering the latter to convey, relinquish and transfer all their rights, interests and participation over a portion of Lot No. 373, Misamis Cadastre, on which the building mentioned in the pacto de retro sale dated January 14, 1957 (Doc. No. 4, Page 75, Book VI, series of 1957, Notary Public Valeriano S. Kaamino) is constructed in favor of the plaintiff. If thirty days after the finality of this decision, the defendants fail or neglect to convey and relinquish said rights, they shall be considered as having so relinquished, conveyed and transferred said rights to the plaintiff. The defendants are further-more ordered to pay to the plaintiff the sum of P200.00 as attorney's fees, and to pay the costs."[1]

There is no question as to the facts. On January 14, 1957, the defendants, spouses Zoilo H. Ruaya and Felicitas E. Ruaya, executed a document donominated: "PACTO DE RETRO SALE OF RESIDENTIAL BUILDING WITH GUARANTY TO RELINQUISH RIGHTS AS PUBLIC LAND APPLICANT ON THE LOT ON WHICH CONSTRUCTED," the terms and conditions of which are as follows:

"That we, ZOILO H. RUAYA and FELICITAS E. RUAYA, husband and wife, both 41 years old, Filipinos and re-sidents of the City of Ozamis for and in consideration of the sum of One Thousand Pesos (P1,000.00), Philip-pine Currency, receipt whereof in full is hereby acknowledge and to us paid by PERSHING TAN QUETO, 44 years old, married to Cristina Yap Siok Tin, Filipino citi-zen and resident of the City of Ozamis, do by these presents hereby sell, cede and convey by way of PACTO DE RETRO unto the said Pershing Tan Queto, his heirs, successors and assigns, one (1) two-story residential building of 88 square meters floor area declared for taxation purposes under Tax Dec. No. 36964 in the name of Zoilo H. Ruaya and therein assessed at P1,500.00 and erected on a public land along the road to the wharf, City of Ozamis, claimed by herein vendors with a right as actual claimant-applicant given standing and recognition by the Bureau of Lands in B.L. Claim No. 181 (N), Portion of Lot 373 of the Misamis Cadastre, as per the decision of the Director of Lands dated June 8, 1954, certified true copy of which is hereto attached as Annex 'A' and made an integral part of the document; and which residential building we are the absolute owners with a perfect right to convey the same and that it is free of all liens, charges and encumbrances and we hereby warrant to defend the rights of the herein vendee against the lawful claims of any persons whomsoever on the same.

"IT IS A CONDITION OF THIS SALE that we hereby reserve unto ourselves, our heirs, successors and assigns the right to repurchase the herein conveyed building by paying back and returning to the vendee, Pershing Tan Queto, his heirs, successors and assigns the agreed purchase price of P1,000.00 within the period

of one (1) year after the lapse of one (1) year from the date of the execution hereof; and that upon our failure to exercise the right of repurchase within the period herein stipulated, title to the building shall pass to and become vested unto the vendee, his heirs, successors and assigns, as in the law made and provided; and in the event of consolidation of title to the building unto the vendee, we hereby promise, covenant and guarantee to relinquish and effect complete legal transfer of all our rights, interests and participation in and to the lot on which the building is constructed, as public land claimants thereof by virtue of the decision of the Bureau of Lands hereto attached as Annex 'A'."[2]

The vendors a retro failed to exercise their right to repurchase within the stipulated period so that the vendee a retro filed an action with the Court of First Instance of Misamis Occidental, docketed therein as Civil Case No. 2263, for consolidation of title. On September 30, 1960, the trial court rendered judgment declaring that the title of the building sold a retro is consolidated in the vendee a retro, Pershing Tan Queto. On April 18, 1961, Pershing Tan Queto assigned his rights and interests over the property in favor of the herein plaintiff Elias L. Penaco, in consideration of the amount of P2,800.00.[3] Thereafter, Elias L. Penaco demanded that the defendants relinquish and effect complete legal transfer of all their rights, interests and participation over the land on which the residential land sold a retro is constructed, and when the defendants refused, this action for specific performance was filed with the Court of First Instance of Misamis Occidental on November 3, 1965. The defendants answered that the condition in the contract of sale with pacto de retro whereby they promised, covenanted and guaranteed to relinquish and transfer all their rights, interests and participation in the lot on which the building sold a retro is constructed upon the consolidation of title in the vendee a retro is void and unenforceable for want of consideration, there being no price mentioned therein.[4] On June 20, 1967, the Court of First Instance of Misamis Occidental rendered the decision adverted to. Hence, the present recourse wherein the defendants maintain that the promise to relinquish rights and interests over the land on which the building sold a retro is constructed is null and void for want of consideration; and that the parcel of land which is sought to be transferred has not been identified.

The first contention is clearly without merit. It is based upon the premise that there were two (2) contracts entered into by and between the appellants and Pershing Tan Queto, viz: (1) a pacto de retro sale of a residential building; and (2) a promise, covenant and guarantee to relinquish and transfer to the vendee a retro, all the rights and interests the appellants have on the lot on which the building sold a retro is constructed, which is false because there was only one (1) contract entered into by and between the appellants and Pershing Tan Queto and which is a sale of a residential building for P1,000.00 with the conditions that: (1) the vendors may repurchase the same within the period of one (1) year after the lapse of one (1) year from the execution of sale, by paying back and returning to the vendee the amount of P1,000.00; (2) upon the failure of the vendors to exercise their right to repurchase within the stipulated period, title to the building shall pass and become vested in the vendee; and (3) in the event of consolidation of title in the vendee, the vendors shall transfer, relinquish and effect legal transfer of all their rights over the lot on which the building is constructed to the vendee or his assigns. In reciprocal contracts, like the one in question, the obligation or promise of each party is the consideration for that of the other. In the language of Article 1350 of the Civil Code, "in onerous contracts the cause is understood to be, for each contracting party, the prestation or promise of a thing or service by the other." Besides, under Article 1354 of the Civil Code, it is presumed that consideration exists and is lawful, unless the debtor proves the contrary. In the instant case, the appellants failed to present evidence to disprove the presumption.

The appellants, nevertheless, contend that the consideration is for the house only since the lot on which it is constructed is public land which they cannot sell, and in view of the inadequacy of the price, the building alone having an assessed value of P1,500.00, and the land is too cheap for P5,000.00

Indeed, the lot on which the building sold a retro is constructed is public land and the appellants have no right to

sell it. What is sought to be transferred and ceded, however, is not the ownership of the land, but the rights, interests and participation of the appellants "as public land claimants thereof by virtue of the decision of the Bureau of Lands," which rights could be waived, transferred or alienated. By their contract, the appellants have undertaken to effect legal transfer of all their rights over the lot to the vendee a retro and his assigns upon the consolidation of the title over the building in the vendee, and whether or not the herein appellee is qualified to acquire that land of the public domain claimed by the appellants depends upon the Director of Lands who has executive control over the concession and disposition of the lands of the public domain. For this reason, the question of the qualification of the appellee to acquire the land should be raised in the administrative proceedings.

The inadequacy of the price is not sufficient proof that the consideration of P1,000.00 was for the house alone. The vendee a retro could not have possibly bought the house alone without securing from the vendors a retro a specific and fixed arrangement regard-ing the lot on which the house is built, otherwise, he could be ejected therefrom at the will of the vendors a retro. Besides, "a valuable consideration, however small or nominal, if given or stipulated in good faith is, in the absence of fraud, sufficient. A stipulation in consideration of one dollar is just as effectual and valuable a consideration as a larger sum stipulated for or paid." [5]

The second contention that the parcel of land on which the building sold a retro is constructed has not been identified is likewise without merit. The terms and language of the contract are clear and explicit and leave no doubt as to the intention of the parties that the vendors a retro are obligated to transfer to the vendee a retro and his assigns all their rights, interests and participation, as public land claimants, in and to the lot on which the building sold a retro is constructed, after the vendee a retro, has consolidated his title over the building sold a retro. In the contract of pacto de retro sale, the appellants described the land on which the building is constructed as "a public land along the road to the wharf, City of Ozamis, claimed by herein vendors with a right as actual claimant-applicant given standing and recognition by the Bureau of Lands to B.L. Claim No. 181(N), Portion of Lot 373 of the Misamis Cadastre, as per the decision of the Director of Lands dated June 8, 1954, certified true copy of which is hereto attached as Annex 'A' and made an integral part of the document." Such description is sufficient, as reference to the decision of the Director of Lands of June 8, 1954, adverted to, which in all probability had delineated the parcel of land applied for by the appellants in metes and bounds would pinpoint the lot in question.

WHEREFORE, there being no error committed in the judgment appealed from, the said judgment should be, as it is hereby, **AFFIRMED**. With costs against the appellants.

SO ORDERED.

Barredo, (Chairman), Aquino, Abad Santos, De Castro, Ericta, and Escolin, JJ., concur.

[1] Record on Appeal, p. 40.

[2] Id., pp. 5-7

[3] Id., pp. 8-11.

[4] Id., pp. 11-15.

[5] Lawrence vs. McCalmont, 2 How 126, 11 P2d 326.

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