

EUFEMIA ELPA DE BAYQUEN AND ESTEFANIA BAY-ON VDA. DE ELPA, PLAINTIFFS-APPELLANTS, VS. EULALIO BALAORO, DEFENDANT-APPELLEE.

G.R. No. L-28161. August 13, 1986

Ponente: PARAS, J.

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PARAS, J.:

This is an appeal from the decision of the then Court of First Instance of Abra in Civil Case No. 444 dismissing the complaint of plaintiffs-appellants against defendant-appellee.

The records show that on January 16, 1954, appellants sold the land under question to the appellee, reserving their right to repurchase the said land within four (4) years. The plaintiffs-appellants failed to repurchase the land within the four-year period. They now assert their right to repurchase the subject property after more than thirteen (13) years. (p. 40, Record.)

At the trial court, the parties agreed on the following stipulation of facts:

"At this pre-trial parties are all present assisted by their respective counsel and after a short conference, as the plaintiffs cannot agree on the settle-ment proposed by the defendant, they now come to stipulate:

"1. That the land described in paragraph 2 of the complaint was the subject of a Deed of Sale with right to repurchase dated January 16, 1954, duplicate copy of which is marked as Exh. A, and that the same property described in the Tax Declaration No. 1150 in the name of Eulalio Balaoro also marked as Exh. B;

"2 That plaintiffs failed to repurchase the property within the stipulated period in the contract Exh. A up to this day;

"3. That the defendant failed to file in court consolidation proceedings of the property in accordance with the provisions of the Civil Code;

"4. That parties renounce their respective claims for damages and submit to the court the question of law whether the plaintiffs still have the right to redeem the said property described in Exh. A; and

"5. That parties submit the case for decision on the basis of these stipulations upon the filing of their respective memoranda within 10 days from today." (p. 2, Rec.)

On the basis of the aforequoted stipulation of facts and other pleadings submitted by both parties, the trial court ruled that the vendors-appellants have lost their right to repurchase the land under controversy and that by operation of law, ownership of such land had become consolidated in the vendee-appellee.

The plaintiffs-appellants appealed the decision of the trial court, alleging several errors, which defendant-appellee disputed together with the corresponding evaluation thereof.

Appellants contend that the trial court erred in holding that there is no dispute between the parties regarding the

nature of the purported "deed of sale with right to repurchase" and that actually the transaction is a mortgage. Defendant-appellee refutes this by putting up the claim that the fact that the contract is in truth a deed of sale with right to repurchase has been admitted by appellants and the same has been stipulated upon by the parties.

We agree with the trial court's finding that the contract is not an equitable mortgage but a deed of sale with right to repurchase. Said court thus elucidated:

"The deed of conveyance states the purchase price as P2,000.00 for a parcel of land, partly riceland and partly pastureland, with an assessed value of P440.00. Based on the size, productivity and accessibility, the price of P2,000.00 for said parcel is adequate.

"The vendee admittedly took immediate possession after the execution of the contract; no extension of the period of redemption, at or after its expiration, was made. The vendee did not retain any part of the purchase price. The sum of Two Hundred Fifty Pesos (P250.00) claimed by vendors-plaintiffs to be delivered to them is not part of the purchase price retained by the vendee, but merely the excess of the value of the yearly crops over the purchase price resulting from the computation of the plaintiffs. The vendee has declared the property under his name and paid the corresponding real estate taxes, and there is no circumstance by which the Court could fairly infer that the transaction was intended by the parties to secure the payment of a debt or loan. There is no doubt as to the true nature of the transaction and it was, the Court finds, a contract of sale with right to purchase."

Besides, not one of the instances enumerated in Article 1602 of the Civil Code (re presumption that the contract is one of equitable mortgage) exists in this case.

Appellants also insist that the trial court erred in holding that the ownership over the property in question consolidated by operation of law in the defendant-appellee immediately after plaintiffs-appellants failed to repurchase the property within four years.

Significantly, We long ago resolved this matter in the early case of *Rosario vs. Rosario*, L-13018, Dec. 29, 1960 (110 Phil. 394) where we thus enunciated:

"Where the contract between the parties is admitted and which has been stipulated by the parties to be a deed of sale with right to repurchase, there should be no issue or dispute about the effects thereof - that once there is failure to redeem within the stipulated period, ownership thereof becomes vested or consolidated by operation of law on the vendee. Any other interpretation would be violative of the sanctity of the contract between the parties."

Besides, the needed judicial hearing contemplated by Art. 1607 of the Civil Code refers not to the consolidation itself, but to the registration of the consolidation. (See *Rosario vs. Rosario*, L-13018, Dec. 29, 1960; see also *Dakandan vs. Julio*, L-19101, Feb, 29, 1964.)

We find no necessity to discuss the other assigned errors because they are mere corollaries of the rest.

WHEREFORE, the decision of the court a quo is hereby **AFFIRMED**, with costs against appellants.

SO ORDERED.

Feria, (Chairman), Fernan, Alampay, and Gutierrez, Jr., JJ., concur.

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