

CONRADO P. NAVARRO, PLAINTIFF AND APPELLEE, VS. RUFINO G. PINEDA, RAMONA REYES, ET AL., DEFENDANTS AND APPELLANTS.*G.R. No. L-18456. November 30, 1963*

Ponente: PAREDES, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/d9103e66d590/>**PAREDES, J.:**

On December 14, 1959, defendants Rufino G. Pineda and his mother Juana Gonzales (married to Gregorio Pineda), borrowed from plaintiff Conrado P. Navarro, the sum of P2,550.00, payable 6 months after said date or on June 14, 1959. To secure the indebtedness, Rufino executed a document captioned "DEED OF REAL ESTATE and CHATTEL MORTGAGES", whereby Juana Gonzales, by way of Real Estate Mortgage hypothecated a parcel of land, belonging to her, registered with the Register of Deeds of Tarlac, under Transfer Certificate of Title No. 25776, and Rufino G. Pineda, by way of Chattel Mortgage, mortgaged his two-story residential house, having a floor area of 912 square meters, erected on a lot belonging to Atty. Vicente Castro, located at Bo. San Roque, Tarlac, Tarlac; and one motor truck, registered in his name, under Motor Vehicle Registration Certificate No A-171806. Both mortgages were contained in one instrument, which was registered in both the Office of the Register of Deeds and the Motor Vehicles Office of Tarlac.

When the mortgage debt became due and payable, the defendants, after demands made on them, failed to pay. They, however, asked and were granted an extension up to June 30, 1960, within which to pay. Came June 30, defendants again failed to pay and, for the second time, asked for another extension, which was given, up to July 30, 1960. In the second extension, defendant Pineda in a document entitled "Promise", categorically stated that in the remote event he should fail to make good the obligation on such date (July 30, 1960), the defendant would no longer ask for further extension and there would be no need for any formal demand, and plaintiff could proceed to take whatever action he might desire to enforce his rights, under the said mortgage contract. In spite of said premise, defendants failed and refused to pay the obligation.

On August 10, 1960, plaintiff filed a complaint for foreclosure of the mortgage and for damages, which consisted of liquidated damages in the sum of P500.00 and 12% per annum interest on the principal, effective on the date of maturity, until fully paid.

Defendants, answering the complaint, among others, stated—

"Defendants admit that the loan is overdue but deny that portion of paragraph 4 of the First Cause of Action which states that the defendants unreasonably failed and refuse to pay their obligation to the plaintiff the truth being the defendants are hard up these days and pleaded to the plaintiff to grant them more time within which to pay their obligation and the plaintiff refused; * * *

"WHEREFORE, in view of the foregoing it is most respectfully prayed that this Honorable Court render judgment granting the defendants until January 31, 1961, within which to pay their obligation to the plaintiff."

On September 30, 1960, plaintiff presented a Motion for Summary Judgment, claiming that the Answer failed to tender any genuine and material issue. The motion was set for hearing, but the record is net clear what ruling the

lower court made on the said motion. On November 11, 1960, however, the parties submitted a Stipulation of Facts, wherein the defendants admitted the indebtedness, the authenticity and due execution of the Real Estate and Chattel Mortgages; that the indebtedness has been due and unpaid since June 14, 1960; that a liability of 12% per annum as interest was agreed, upon failure to pay the principal when due and P500.00 as liquidated damages; that the instrument had been registered in the Registry of Property and Motor Vehicles Office, both of the province of Tarlac; that the only issue in the case is whether or not the deed of Real Estate and Chattel Mortgages is valid, particularly on the questions of whether or not the residential house, subject of the mortgage therein, can be considered a chattel and the propriety of the attorney's fees.

On February 24, 1961, the lower court held-

"* * WHEREFORE, this Court renders decision in this Case:

(a) Dismissing the complaint with regards to defendant Gregorio Pineda;

(b) Ordering defendants Juana Gonzales and the spouses Rufino Pineda and Ramona Reyes, to pay jointly and severally and within ninety (90) days from the receipt of the copy of this decision to the plaintiff Conrado P. Navarro the principal sum of P2,550.00 with 12% compounded interest per annum from June 14, 1960, until said principal sum and interests are fully paid, plus P500.00 as liquidated damages and the costs of this suit, with the warning that in default of said payment the properties mentioned in the deed of real estate mortgage and chattel mortgage (Annex 'A' to the complaint) be sold to realize said mortgage debt, interests, liquidated damages and costs, in accordance with the pertinent provisions of Act 3135, as amended by Act 4118, and Art. 14 of the Chattel Mortgage Law, Act 1508; and

(c) Ordering the defendants Rufino Pineda and Ramona Reyes, to deliver immediately to the Provincial Sheriff of Tarlac the personal properties mentioned in said Annex 'A', immediately after the lapse of the ninety (90) days above-mentioned, in default of such payment."

The above judgment was directly appealed to this Court, the defendants therein assigning only a single error, allegedly committed by the lower court, to wit—

"In holding that the deed of real estate and chattel mortgages appended to the complaint is valid, notwithstanding the fact that the house of the defendant Rufino G. Pineda was made the subject of the chattel mortgage, for the reason that it is erected on a land that belongs to a third person."

Appellants contend that Article 415 of the New Civil Code, in classifying a house as immovable property, makes no distinctions whether the owner of the land is or is not the owner of the building; the fact that the land belongs to another is immaterial, it is enough that the house adheres to the land; that in case of immovables by incorporation, such as houses, trees, plants, etc; the Code does not require that the attachment or incorporation be made by the owner of the land, the only criterion being the union or incorporation with the soil. In other words, it is claimed that "a building is an immovable property, irrespective of whether or not said structure and the land on which it is adhered to, belong to the same owner" (Lopez vs. Orosa, 103 Phil., 98). (See also the case of Leung Yee vs. Strong Machinery Co., 37 Phil. 644). Appellants argue that since only movables can be the subject of a chattel mortgage (Sec. 1, Act No. 3952), then the mortgage in question which is the basis of the present action, cannot give rise to an action for foreclosure because it is a nullity. (Citing Associated Ins. Co., et al. vs. Isabel Iya, Isabel Iya vs. Adriano Valino, et al 103 Phil., 972;).

The trial court did not predicate its decision declaring the deed of chattel mortgage valid solely on the ground that the house mortgaged was erected on the land which belonged to a third person, but also and principally on the doctrine of estoppel, in that "the parties have so expressly agreed" in the mortgage to consider the house as a chattel "for its smallness and mixed materials of sawali and wood". In construing Arts. 334 and 335 of the

Spanish Civil Code (corresponding to Arts. 415 and 416, N.C.C.), for purposes of the application of the Chattel Mortgage Law, it was held that under certain conditions, "a property may have a character different from that imputed to it in said articles. It is undeniable that the parties to a contract may by agreement, treat as personal property that which by nature would be real property" (Standard Oil Co. of N.Y. vs. Jaranillo, 44 Phil., 632-633). "There can not be any question that a building of mixed materials may be the subject of a chattel mortgage, in which case, it is considered as between the parties as personal property. * *. The matter depends on the circumstances and the intention of the parties". "Personal property may retain its character as such where it is so agreed by the parties interested even though annexed to the realty * *". (42 Am. Jur. 209-210, cited in Manarang, et al. vs. Ofilada, et al., 99 Phil., 108; 52 Off. Gaz., No. 8, p. 3954). The view that parties to a deed of chattel mortgage may agree to consider a house as personal property for the purposes of said contract, "is good only insofar as the contracting parties are concerned. It is based, partly, upon the principles of estoppel * *" (Evangelista vs. Alto Surety 103 Phil., 401). In a case, a mortgaged house built on a rented land, was held to be a personal property not only because the deed of mortgage considered it as such, but also because it did not form an integral part of the land (Evangelista vs. Abad, [CA]; 36 Off. Gaz., 2913), for it is now well settled that an object placed on land by one who has only a temporary right to the same, such as a lessee or usufructuary, does not become immobilized by attachment (Valdez vs. Central Altagracia, 222 U.S. 58, cited in Davao Sawmill Co. Inc. vs. Castillo, et al., 61 Phil. 709). Hence, if a house belonging to a person stands on a rented land belonging to another person, it may be mortgaged as a personal property if so stipulated in the document of mortgage. (Evangelista vs. Abad, supra). It should be noted, however, that the principle is predicated on statements by the owner declaring his house to be a chattel, a conduct that may conceivably estop him from subsequent claiming otherwise (Ladera, et al. vs. C.W. Hodges, et al., [CA]; 48 Off. Gaz., 5374). The doctrine, therefore, gathered from these cases is that although in some instances, a house of mixed materials has been considered as a chattel between the parties and that the validity of the contract between them, has been recognized, it has been a constant criterion nevertheless that, with respect to third persons, who are not parties to the contract, and specially in execution proceedings, the house is considered as an immovable property (Art. 1431, New Civil Code).

In the case at bar, the house in question was treated as personal or movable property, by the parties to the contract themselves. In the deed of chattel mortgage, appellant Rufino G. Pineda conveyed by way of "Chattel Mortgage" "my personal properties", a residential house and a truck. The mortgagor himself grouped the house with the truck, which is, inherently a movable property. The house which was not even declared for taxation purposes was small and made of light construction materials: G.I. sheets roofing, sawali and wooden walls and wooden posts; built on land belonging to another.

The cases cited by appellants are not applicable to the present case. The Iya cases, 103 Phil., 972 supra), refer to a building or a house of strong materials, permanently adhered to the land, belonging to the owner of the house himself. In the case of Lopez vs. Orosa, (103 Phil., 98), the subject building was a theatre, built of materials worth more than P62 000.00 attached permanently to the soil. In these two cases and in the Leung Yee Case, supra, third persons assailed the validity of the deed of chattel mortgages; in the present case, it was one of the parties to the contract of mortgages who assailed its validity.

Conformably with all the foregoing, the decision appealed from, should be, as it is hereby affirmed, with costs against appellants.

Bengzon, C.J., Padilla, Bautista Angelo, Labrador, Barrera, Dizon, Regala, and Makalintal, JJ., concur.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.