

PURA CARREON, ET AL., PLAINTIFFS AND APPELLANTS, VS. RUFO AGCAOILI AND LOURDES SANTIAGO, DEFENDANTS AND APPELLEES.*G.R. No. 11156. February 23, 1961*

Ponente: BAUTISTA ANGELO, J.

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During the marriage of Bonifacio Carreon and Celerina Dauag the registered land subject of this case was acquired. After, the death of Carreon, his widow Celerina executed on September 24, 1946, an affidavit adjudicating to herself alone the said land. She declared in said document that she was the only heiress of her husband. The original certificate of titles covering the land was cancelled and a transfer certificate was issued in her name. There was however annotated on her certificate a lien to the effect that her title was subject to Section 4 of Rule 74 of the Rules of Court.

On September 25, 1946, she borrowed P1,200.00 from the Philippine National Bank guaranted by a mortgage on one-half of the land. A memorandum of the mortgage was annotated on her transfer certificate. After the maturity of the loan, she requested a certain Mr. Pintang to look for a buyer of the land for P3,000.00. One by the name of Rufo Agcaoili was found. The latter made an advance payment of P1,500.00 and the balance was paid in full on October 13, 1947. The loan from the bank was paid, the mortgage was released, and the deed of absolute sale executed in his favor was registered.[1]A new transfer certificate of title was issued in the name of Agcaoili. On February 19, 1955, the children of Celerina with the deceased husband filed a complaint against the spouses Agcaoili seeking to have the deed of sale executed by their mother declared as one of mortgage and to recover one-half pro-indiviso of the land described in the complaint. Simultaneous with the finding of said complaint, Celerina filed an action for intervention which was dismissed by the trial court.

Defendants filed a motion for summary judgment upon the plea that the main averments of the complaint even if admitted do not constitute a cause of action and supported their plea with certain documentary evidence. Plaintiff's filed an opposition on the ground that there was a genuine issue which could not be determined unless a trial is had. The trial court however allowed the parties to submit evidence in support of their contentions and after a careful analysis thereof found for defendants holding that plaintiffs' claim has no legal basis.

As may be gleaned from the appellants' assignments of error, the present appeal is predicated on the arguments that appellees were buyers in bad faith; that there existed a trust relationship between them and appellants; and that such being the case, the action against appellees is imprescriptible.

There is no clear proof that when Rufo Agcaoili bought the land he knew of any flaw in the title of Celerina Dauag. The mere fact that he was a townmate of Celerina is not sufficient basis to conclude that he knew that she had children by her first husband. It has been shown that since 1920 Rufo Agcaoili has been an enlisted man in the Philippine constabulary and seldom went home to visit his relatives. A man of such a situation cannot be expected to know the relatives and children of his vendor even if they are townmates. Fraud cannot be presumed. It must be established by clear and sufficient evidence. Here every indication is that Agcaoili bought the land in

all good faith oblivious of the source of its acquisition.

If fraud had been committed such was perpetrated by Celerina, appellants' mother. By her action she induced Agcaoili to believe that she was the absolute owner of the land which bore a torrens title. In dealing with it he merely relied on such title. He was not required to do more. He is only charged with notice of the burdens which are noted on the face of said title. So after he bought the land and a new title was issued in his name, he became a purchaser thereof for value and a holder of a good and valid title.[2]

On the transfer certificate of title issued to Agcaoili there was annotated a statement that it was subject to Section 4, Rule 74 of the Rules of Court. This was an annotation carried over from Celerina's transfer certificate. Section 4, Rule 74, provides the following:

"Sec. 4. Liability of distributees and estate.—If it shall appear at any time within two years after the settlement and distribution of an estate in accordance with the provisions of either of the first two sections of this rule, that an heir or other person has been unduly deprived of his lawful participation in the estate, such heir or such other person may compel the settlement of the estate in the courts in the manner hereinafter provided for the purpose of satisfying such lawful participation. And if within the same time of two years, it shall appear that there are debts outstanding against the estate which have not been paid, or that an heir or other person has been unduly deprived of his lawful participation payable in money, the court having jurisdiction of the estate may, by order for that purpose, after hearing, settle the amount of such debts or lawful participation and order how much and in what manner each distributee shall contribute in the payment thereof, and may issue execution, if circumstances require, against the bond provided in the preceding section or against the real estate belonging to the deceased, or both. Such bond and such real estate shall remain charged with a liability to creditors, heirs or other persons for the full period of two years after such distribution, notwithstanding any transfer of the real estate that may have been made."

The above lien is effective only for a period of two years. From September 28, 1946, when a transfer certificate of title was issued to Celerina, to September 8, 1949 when the deed of sale in favor of Agcaoili was issued and registered, more than two years had elapsed. We sustain the lower court's opinion that thenceforth the right to have such lien cancelled became vested on appellee Agcaoili and that the same had become functus officio.[3] And there being no fraud in the transaction on the part of appellee, nor, proof that he knew of any legal infirmity in the title of his vendor, we find no reason to apply the proposition that he is deemed to be holding the land in trust for the children of Celerina Dauag.

Wherefore, the decision appealed from is affirmed, without pronouncement as to costs.

Bengzon, Acting C. J., Padilla, Labrador, Concepcion, Reyes, J. B. L., Barrera, Paredes, and Dizon, JJ., concur.

[1] It is also noted that the said sale was approved by the Secretary of Agriculture and Natural Resources, the land having been acquired as a homestead.

[2] Castillo vs. Valdez, 53 Phil., 120; Seva and Seva vs. Nolan and Arimas, 64 Phil., 374; Bacolod-Murcia Miling Co., Inc., vs. Concepcion de la Rama de Villaruz, 90 Phil., 154.

[3] Lapiana vs. Garchitorena Cherean, 48 Phil., 163.

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