ESTELITA AGUIRRE, PETITIONER, VS. THE HONORABLE COURT OF APPEALS AND PRIVADO TUPAS AND TEOFISTA TUPAS (DECEASED) SUBSTITUTED BY ROGELIA TUPAS-BARBERS, FRANCISCO SACAPAÑO, PATERN...

G.R. No. 131520. January 28, 2000

Ponente: YNARES-SANTIAGO, J.

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YNARES-SANTIAGO, J.:

The instant Petition for Review on Certiorari seeks a review of the July 15, 1996 Decision of the Court of Appeals in CA-G.R. CV No. 34715,[1] which affirmed the August 21, 1991 Decision of the Regional Trial Court of Kalibo, Aklan, Branch 8,[2] dismissing petitioner's Complaint for Quieting of Title. Also sought to be reviewed is respondent Court's November 20, 1997 Resolution[3] denying petitioner's Motion for Reconsideration.

The antecedent facts:

On April 30, 1972, petitioner Estelita Aguirre and private respondent Teofista S. Tupas entered into a Deed of Absolute Sale[4] covering a 3,230 square meter parcel of land located in Balabag, Malay, Aklan, in what is more popularly known as Boracay Island. Immediately thereafter, petitioner took possession and occupied the said parcel of land. On August 15, 1984, however, claiming to have been disturbed in the possession of the subject land, petitioner filed a Complaint for Quieting of Title and/or Recovery of Possession with Damages[5] against the spouses Privado Tupas and Teofista S. Tupas. The other private respondents then came in as intervenors,[6] being co-owners with their sister, Teofista S. Tupas, of the subject land.

On August 21, 1991, the Regional Trial Court of Kalibo, Aklan rendered judgment dismissing the Complaint for lack of merit. It found that the contract between the parties was one of equitable mortgage and not of sale. On appeal, the Court of Appeals affirmed the Decision. With the denial of her Motion for Reconsideration, petitioner is now before this Court with the instant Petition for Review on Certiorari anchored upon the following grounds –

> - THE COURT OF APPEALS COMMITTED GRAVE ERROR WHEN IT AFFIRMED THE FINDING OF THE TRIAL COURT THAT THE EXECUTION OF THE DEED OF SALE WAS HIGHLY IRREGULAR BECAUSE THE EVIDENCE ON RECORD DOES NOT SUPPORT SAID CONCLUSION.
>
> - THE COURT OF APPEALS ERRED IN CONCLUDING THAT AN HEIR SUCH AS IN THE CASE OF TEOFISTA SACAPAÑO TUPAS CANNOT ALIENATE HER PART OF THE INHERITANCE WITHOUT THE CONFORMITY OF HER OTHER CO-HEIRS, ONE OF WHICH IS IN THE PERSON OF GLORIA SAMAR.
>
> - THE COURT OF APPEALS ERRED IN CONCLUDING THAT THE TRANSACTION BETWEEN THE PARTIES WAS NOT A SALE BUT AN EQUITABLE MORTGAGE AS THE SAME IS NOT SUPPORTED BY THE EVIDENCE ON RECORD AS NONE OF THE CIRCUMSTANCES IN ARTICLE 1602 OF THE CIVIL CODE EXISTS IN THIS CASE.[7]

The Petition must be denied.

Although the instant Petition deals mainly with factual questions which generally are beyond the reach of the review power of this Court, nevertheless, we shall proceed to discuss the validity of the findings of fact and conclusions of the lower court and the Court of Appeals.

Petitioner argues that the terms of the contract are clear that it is one of sale. It is firmly settled in jurisprudence, however, that clarity of contract terms and the name given to it does not bar us from determining the true intent of the parties. Indeed, in Zamora vs. Court of Appeals,[8] it was reiterated that --

> "In determining the nature of a contract, courts are not bound by the title or name given by the parties. The decisive factor in evaluating such agreement is the intention of the parties, as shown not necessarily by the terminology used in the contract but by their conduct, words, actions and deeds prior to, during and immediately after executing the agreement. As such therefore, documentary and parol evidence may be submitted and admitted to prove such intention.
>
> Art. 1602 of the Civil Code enumerates the instances when a contract, regardless of its nomenclature, may be presumed to be an equitable mortgage, as follows:
>
> 'Art. 1602. The contract shall be presumed to be an equitable mortgage, in any of the following cases:
>
> (1)
>
> When the price of a sale with right to repurchase is unusually inadequate;
>
> (2)
>
> When the vendor remains in possession as lessee or otherwise;
>
> (3)
>
> When upon or after the expiration of the right to repurchase another instrument extending the period of redemption or granting a new period is executed;
>
> (4)
>
> When the purchaser retains for himself a part of the purchase price;
>
> (5)
>
> When the vendor binds himself to pay the taxes on the thing sold;
>
> (6)
>
> In any other case where it may be fairly inferred that the real intention of the parties is that the transaction shall secure the payment of a debt or the performance of any other obligation.
>
> In any of the foregoing cases, any money, fruits or other benefit to be received by the vendee as rent or otherwise shall be considered as interest which shall be subject to the usury laws.'
>
> By the terms of Art. 1604, the foregoing provisions 'shall also apply to a contract purporting to be an absolute sale.' x x x."

This leads us to the pivotal question of whether or not the transaction between the parties was indeed one of sale, as held out by petitioner, or one of mortgage, as claimed by private respondents and upheld by both courts below.

As already stated above, Article 1604 of the Civil Code provides that the provisions of Article 1602 shall also

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apply to a contract purporting to be an absolute sale. The presence of even one of the circumstances in Article 1602 is sufficient basis to declare a contract as one of equitable mortgage. The explicit provision of Article 1602 that any of those circumstances would suffice to construe a contract of sale to be one of equitable mortgage is in consonance with the rule that the law favors the least transmission of property rights.[9] To stress, the existence of any one of the conditions under Article 1602, not a concurrence, or an overwhelming number of such circumstances, suffices to give rise to the presumption that the contract is an equitable mortgage.[10]

Article 1602(6), in relation to Article 1604 provides that a contract of sale is presumed to be an equitable mortgage in any other case where it may be fairly inferred that the real intention of the parties is that the transaction shall secure the payment of a debt or the performance of any other obligation. After a careful review of the records of the case, we are convinced that it qualifies as an equitable mortgage under Article 1602(6). This may be gleaned from the following circumstances surrounding the transaction --

First, it is not disputed that private respondents spouses Tupas built two cottages on the subject land as well as operated a sari-sari store and grew banana plants on the same,[11] such that, per petitioner's own account, almost ½ half of the area had been occupied by them.[12] Despite this bold possession, petitioner admits that no demand to vacate the land was ever made upon the spouses Tupas.[13] Neither was rent ever collected from them for their occupancy of the land.[14] Their possession remained undisturbed for years, until the action below was filed in 1984.

Coming now to the temporary possession of the subject land by petitioner, we find credibility in private respondents' claim that the spouses Tupas gave petitioner a ten (10) year period to occupy the subject land as part of their mortgage agreement. That period of time may well be deemed as the time allotted to the spouses Tupas, as mortgagors, to pay their indebtedness to petitioner. That petitioner vacated the subject land after having occupied the same[15] only underscores the fact that no sale took place between the parties. Otherwise, why would she, as rightful owner, abandon the property she already was in possession of, only to leave possession of the same to her vendor?

It is also of record that private respondents had continued paying tax on the subject land even after the same had been supposedly "sold" to petitioner.[16] On the other hand, while petitioner presented tax declarations in her favor, the same would show that the taxes for the years 1974-1980 were only made by petitioner on June 4, 1985,[17] almost a year after she had already filed the suit below.

Yet another indication of their continued ownership of the subject land is Exhibit "E-6", a Sworn Statement executed by private respondent Teofista Tupas on June 21, 1973, more than a year after the transaction of April 30, 1972. This Statement was executed in compliance with Presidential Decree No. 76, issued during the Martial Law period, requiring all land owners to submit statements of their assets and their corresponding values. Included as an asset in the Statement is the subject land.

In arguing that the transaction was one of sale, petitioner points out that private respondent Teofista Tupas was not a debtor at any time prior to the sale; hence, it cannot be held that the subject land was being used as security for a debt. However, it may be that the debt was given at the very moment of the mortgage transaction.

All told, we see no reason to depart from the findings and conclusions of both the lower court and the Court of Appeals.

WHEREFORE, the Decision of the Court of Appeals in CA-G.R. CV No. 34715 is hereby AFFIRMED in toto. No pronouncement as to costs.

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SO ORDERED.

Davide, Jr., C.J., (Chairman), Puno, Kapunan, and Pardo, JJ., concur.

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[1] Records, CA-G.R. CV No. 34715, pp. 135-139.

[2] Records, Civil Case No. 3376, pp. 203-213.

[3] Records, CA-G.R. CV No. 34715, p. 172.

[4] Exhibit "B".

[5] Records, Civil Case No. 3376, pp. 1-5.

[6] See Complaint in Intervention, id., at pp. 19-21.

[7] Petition for Review, p. 6; Rollo, p. 29.

[8] G.R. No. 102557, 260 SCRA 10, 18-19 (1996)

[9] Oronce vs. Court of Appeals, G.R. No. 125766, 298 SCRA 133, 156 (1998)

[10] Lustan vs. Court of Appeals, G.R. No. 111924, 266 SCRA 663, 672 (1997)

[11] T.S.N., 27 November 1985, p. 11; 16 February 1987, p. 8.

[12] Id., at p. 13.

[13] Id., at pp. 12 and 13.

[14] Id. See also T.S.N., 9 May 1986, p. 4.

[15] T.S.N., 2 October 1989, pp. 7 and 15; 28 November 1989, p. 14; 13 December 1989, p. 3.

[16] See Exhibits "3" - tax receipt for the year 1974 in the name of Lazaro Sacapaño; "2" – Tax Declaration No. 1307 for the year 1980 in the name of Lazaro Sacapaño; "4" – Tax Declaration No. 4781 for the year 1984 in the name of the Heirs of Lazaro Sacapaño; "3-A"-"3-D" – tax receipts for the years 1985-1988 in the name of Lazaro Sacapaño; and "5-E" – tax receipt issued to Armarlda Tupas for the year 1989.

[17] See Exhibit "E".

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