

**REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES,
PETITIONER, VS. HEIRS OF FELIPE ALEJAGA SR., REPRESENTED BY
ROQUETA ALEJAGA, FEL...**

G.R. No. 146030. December 03, 2002

Ponente: PANGANIBAN, J.

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PANGANIBAN, J.:

We reiterate the familiar doctrine that a free patent obtained through fraud or misrepresentation is void. Furthermore, the one-year prescriptive period provided in the Public Land Act does not bar the State from asking for the reversion of property acquired through such means.

Statement of the Case

Before us is a Petition for Review on Certiorari under Rule 45 of the Rules of Court, assailing the November 15, 2000 Decision[1] of the Court of Appeals (CA) in CA-GR CV No. 44568. The decretal portion of the challenged Decision reads as follows:

“WHEREFORE, the appealed decision is hereby REVERSED, SET ASIDE and RECALLED.”[2]

The Facts

The factual antecedents of the case are summarized by the CA thus:

“On December 28, 1978, [Respondent] Felipe Alejaga, Sr. x x x filed with the District Land Office, Roxas City, Free Patent Application No. (VI-2) 8442 covering a parcel of land identified as Lot 1, Mli-06-000020-D, with an area of .3899 hectares, more or less located at Dumolog, Roxas City (Exh. “A”; Exh “9”). It appears that on December 27, 1978, when the application was executed under oath, Efren L. Recio, Land Inspector, submitted a report of his investigation and verification of the land to the District Land Office, Bureau of Lands, City of Roxas. On March 14, 1979, the District Land Officer of Roxas City approved the application and the issuance of [a] Free Patent to the applicant. On March 16, 1979, the patent was also ordered to be issued and the patent was forwarded to defendant Register of Deeds, City of Roxas, for registration and issuance of the corresponding Certificate of Title. Thereafter, Original Certificate of Title No. P-15 Free Patent No. (VI-2) 3358 was issued to [respondent] by defendant Register of Deeds.

“On April 4, 1979, the heirs of Ignacio Arrobang, through counsel in a letter-complaint requested the Director of Lands, Manila, for an investigation of the District Land Officer, Roxas City, and the Regional Office, Region VI, Iloilo City, for irregularities in the issuance of the title of a foreshore land in favor of [respondent]. Isagani Cartagena, Supervising Special Investigator, Legal Division, Land Management Bureau (formerly Bureau of Lands) submitted his Report dated April 17, 1989. The Chief, Legal Division, Land Management Bureau, Manila, recommended to the Director of Lands appropriate civil proceeding for the cancellation of Free Patent Title No. (VI-2) 3358 and the corresponding Original Certificate of Title No. P-15 in the name of [respondent].

“In the meantime, [respondent] obtained a NACIDA loan under the Cottage Industry Guarantee and Loan Fund by the defendant Philippine National Bank (hereinafter referred to as PNB) executed in Cebu City in the amount of P100,000.00 on August 18, 1981. The loan was secured by a real estate mortgage in favor of defendant PNB. The promissory note of appellant was annotated at the back of the title.

“On April 18, 1990, the government through the Solicitor General instituted an action for Annulment/Cancellation of Patent and Title and Reversion against [respondent], the PNB of Roxas City and defendant Register of Deeds of Roxas City covering Free Patent Application (VI-2) 8442 of the parcel of land with an area of .3899 hectares more or less located at Dumolog, Roxas City.

“On November 17, 1990, while the case is pending hearing, [respondent] died. He was substituted by his wife Roqueta Alejaga and his children, namely: Everette Alejaga, Lynnette Alejaga, Felipe Alejaga, Jr., Maria Dulla Alejaga. Roqueta Alejaga, Jennifer Alejaga and Felipe Alejaga III.

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“After hearing, the [trial] court in its dispositive portion decreed as follows:

‘WHEREFORE, judgment is rendered declaring that the approval of Free Patent Application No. 3358 and issuance of Original Certificate of Title No. P-15 in the name of Felipe Alejaga is by means of fraud hence, null and void ab initio and the court orders:

‘a) the cancellation of the approval of the application No. (VI-2) 8442 covering Lot No. 1, Mli-06-000020-D with an area of .3899 hectares, more or less, located at Dumulog, Roxas City;

‘b) the cancellation of Original Certificate of Title No. P-15, Free Patent No. (VI-2) 3358 in the name of Felipe Alejaga;

‘c) the land covered thereby as above described is reverted to the mass of the public domain;

‘d) the defendants, Heirs of Felipe Alejaga Sr. or defendant, Philippine National Bank, Roxas City Branch, to surrender the owner’s duplicate copy of above described Original Certificate of Title No. P-15 to the Register of Deeds (now Registries of Land Titles and Deeds), Roxas City;

‘e) the defendant, Register of Deeds, Roxas City, to cancel Original Certificate of Title No. P-15 and the owner’s duplicate copy of said title surrendered by above stated defendants;

‘f) defendant’s, Philippine National Bank, cross-claim is dismissed.

“Costs against the defendants Heirs of Felipe, Alejaga, Sr.”[3]

Ruling of the Court of Appeals

In reversing the RTC, the CA ruled that petitioner failed to prove its allegation that respondents had obtained the free patent and the Certificate of Title through fraud and misrepresentation.[4] The appellate court likewise held that, assuming there was misrepresentation or fraud as claimed by petitioner, the action for reversion should have been brought within one (1) year from the registration of the patent with the Registry of Deeds.[5]

Further, the CA brushed aside as hearsay Isagani Cartagena’s testimony that Land Inspector Efren L. Recio had not conducted an investigation on the free patent application of Felipe Alejaga Sr.[6] The CA added that petitioner had failed to support its claim that the lot covered by respondent’s free patent and title was foreshore land.[7]

Hence, this Petition.[8]

Issues

Petitioner raises the following issues for this Court's consideration:

“I

The Honorable Court of Appeals erred in not finding that the case is already final and executory as against respondent PNB.

“II

The Court of Appeals erred in not considering that petitioner has proven the allegations to the Complaint.

“III

The Honorable Court of Appeals erred in declaring that the action for reversion is unavailing.”[9]

Simply stated, the issues can be summed up into two: (1) the efficacy of the grant of the free patent and (2) the indefeasibility of the Certificate of Title issued in consequence thereof.

This Court's Ruling

The Petition is meritorious.

First Issue:

Efficacy of the Grant

Petitioner argues that it has proven fraud in the issuance of Respondent Alejagas' free patent and Certificate of Title.[10] It also avers that Respondent PNB has failed to file a timely Notice of Appeal.

On the other hand, the Alejagas contend that they have acquired a vested right over the parcel of land covered by OCT No. P-15 by virtue of their proven open, actual, exclusive and undisputed possession of the land for more than 30 years.[11]

At the outset, we must immediately clarify that the records show receipt by Respondent PNB of a copy of the Decision on October 27, not on October 3, 1993 as alleged by petitioner.[12] Further, the bank filed its Notice of Appeal on November 9, 1993, within the 15-day reglementary period.

In addition, we must point out that the essential issue raised in this Petition -- the presence of fraud -- is factual. As a general rule, this Court does not review factual matters.[13] However, the instant case falls under one of the exceptions, because the findings of the CA conflict with those of the RTC and with the evidence on record.[14]

We begin our resolution of this issue with the well-settled rule that the party alleging fraud or mistake in a transaction bears the burden of proof.[15] The circumstances evidencing fraud are as varied as the people who perpetrate it in each case.[16] It may assume different shapes and forms; it may be committed in as many different ways.[17] Thus, the law requires that it be established by clear and convincing evidence.[18]

In the case before us, we find that petitioner has adduced a preponderance of evidence before the trial court, showing manifest fraud in procuring the patent.[19] This Court agrees with the RTC that in obtaining a free patent over the lot under scrutiny, petitioner had resorted to misrepresentation or fraud, signs of which were[20] ignored by the Court of Appeals.[21]

First, the issuance of the free patent was not made in accordance with the procedure laid down by Commonwealth Act No. 141, otherwise known as the Public Land Act.[22] Under Section 91 thereof, an investigation should be conducted for the purpose of ascertaining whether the material facts set out in the application are true.[23]

Further, after the filing of the application, the law requires sufficient notice to the municipality and the barrio where the land is located, in order to give adverse claimants the opportunity to present their claims.[24] Note that this notice and the verification and investigation of the parcel of land are to be conducted after an application for free patent has been filed with the Bureau of Lands.

In this case, however, Felipe Alejaga Sr.'s Application for Free Patent[25] was dated and filed on December 28, 1978. On the other hand, the Investigation & Verification Report[26] prepared by Land Inspector Elfren L. Recio of the District Land Office of the Bureau of Lands of Roxas City was dated December 27, 1978. In that Report, he stated that he had conducted the "necessary investigation and verification in the presence of the applicant." Even if we accept this statement as gospel truth, the violation of the rule cannot be condoned because, obviously, the required notice to adverse claimants was not served.

Evidently, the filing of the application and the verification and investigation allegedly conducted by Recio were precipitate and beyond the pale of the Public Land Act.[27] As correctly pointed out by the trial court, investigation and verification should have been done only after the filing of the application. Hence, it would have been highly anomalous for Recio to conduct his own investigation and verification on December 27, 1998, a day before Felipe Alejaga Sr. filed the Application for Free Patent.[28] It must also be noted that while the Alejagas insist that an investigation was conducted, they do not dispute the fact that it preceded the filing of the application.[29]

Second, the claim of the Alejagas that an actual investigation was conducted is not sustained by the Verification & Investigation Report itself, which bears no signature.[30] Their reliance on the presumption of regularity in the performance of official duty[31] is thus misplaced. Since Recio's signature does not appear on the December 27, 1978 Report, there can be no presumption that an investigation and verification of the parcel of land was actually conducted. Strangely, respondents do not proffer any explanation why the Verification & Investigation Report was not signed by Recio. Even more important and as will later on be explained, this alleged presumption of regularity -- assuming it ever existed -- is overcome by the evidence presented by petitioner.

Third, the report of Special Investigator Isagani P. Cartagena has not been successfully rebutted. In that report, Recio supposedly admitted that he had not actually conducted an investigation and ocular inspection of the parcel of land. Cartagena's statement on Recio's alleged admission may be considered as "independently relevant." A witness may testify as to the state of mind of another person -- the latter's knowledge, belief, or good or bad faith -- and the former's statements may then be regarded as independently relevant without violating the hearsay rule.[32]

Thus, because Cartagena took the witness stand and opened himself to cross-examination, the Investigation Report[33] he had submitted to the director of the Bureau of Lands constitutes part of his testimony. Those portions of the report that consisted of his personal knowledge, perceptions and conclusions are not hearsay.[34] On the other hand, the part referring to the statement made by Recio may be considered as independently relevant.[35]

The doctrine on independently relevant statements holds that conversations communicated to a witness by a third person may be admitted as proof that, regardless of their truth or falsity, they were actually made. Evidence as to the making of such statements is not secondary but primary, for in itself it (a) constitutes a fact in issue[36] or (b) is circumstantially relevant to the existence of such fact.[37]

Since Cartagena's testimony was based on the report of the investigation he had conducted, his testimony was not hearsay and was, hence, properly admitted by the trial court.[38]

Based on the foregoing badges of fraud, we sustain petitioner's contention that the free patent granted to Felipe Alejaga Sr. is void.[39] Such fraud is a ground for impugning the validity of the Certificate of Title.[40] The invalidity of the patent is sufficient basis for nullifying the Certificate of Title issued in consequence thereof, since the latter is merely evidence of the former.[41] Verily, we must uphold petitioner's claim that the issuance of the Alejagas' patent and title was tainted with fraud.[42]

Second Issue:

Indefeasibility of Title

Petitioner contends that the State has an imprescriptible right to cause the reversion of a piece of property belonging to the public domain.[43] On the other hand, the Alejagas claim that, pursuant to Section 32 of PD 1529[44] -- otherwise known as the Property Registration Decree -- the one-year period for reversion has already lapsed.[45] Thus, the State's Complaint for reversion should be dismissed.

We agree with petitioner.

True, once a patent is registered and the corresponding certificate of title issued, the land covered by them ceases to be part of the public domain and becomes private property. Further, the Torrens Title issued pursuant to the patent becomes indefeasible a year after the issuance of the latter.[46] However, this indefeasibility of a title does not attach to titles secured by fraud and misrepresentation.[47] Well-settled is the doctrine that the registration of a patent under the Torrens System does not by itself vest title; it merely confirms the registrant's already existing one. Verily, registration under the Torrens System is not a mode of acquiring ownership.[48]

Therefore, under Section 101 of Commonwealth Act No. 141,[49] the State -- even after the lapse of one year -- may still bring an action for the reversion to the public domain of land that has been fraudulently granted to private individuals.[50] Further, this indefeasibility cannot be a bar to an investigation by the State as to how the title has been acquired, if the purpose of the investigation is to determine whether fraud has in fact been committed in securing the title.[51]

In the case before us, the indefeasibility of a certificate of title cannot be invoked by the Alejagas, whose forebear obtained the title by means of fraud.[52] Public policy demands that those who have done so should not be allowed to benefit from their misdeed.[53] Thus, prescription and laches will not bar actions filed by the State to recover its own property acquired through fraud by private individuals.[54] This is settled law.[55]

Prohibition Against Alienation

or Encumbrance

Assuming arguendo that the Alejagas' title was validly issued, there is another basis for the cancellation of the grant and the reversion of the land to the public domain. Section 118 of Commonwealth Act No. 141[56] proscribes the encumbrance of a parcel of land acquired under a free patent or homestead within five years from its grant.[57] The prohibition against any alienation or encumbrance of the land grant is a proviso attached to the approval of every application.[58]

Further, corporations are expressly forbidden by law to have any right or title to, or interest in, lands that are granted under free or homestead patents; or any improvements thereon. They are forbidden from enjoying such right, title or interest, if they have not secured the consent of the grantee and the approval of the secretary of the Department of Agriculture and Natural Resources; and if such lands are to be devoted to purposes other than education, charity, or easement of way.[59]

In the case at bar, Free Patent No. (VI-2) 3358[60] was approved and issued on March 14, 1979. Corresponding

Original Certificate of Title No. P-15[61] was issued on the same date. On August 18, 1981, or two (2) years after the grant of the free patent, Felipe Alejaga Sr. obtained from Respondent PNB a loan[62] in the amount of P100,000. Despite the statement on the title certificate itself that the land granted under the free patent shall be inalienable for five (5) years from the grant, a real estate mortgage was nonetheless constituted on the parcel of land covered by OCT No. P-15.[63] In his testimony, Gabriel D. Aranas Jr., then Cashier III of respondent bank, even admitted that the PNB was aware of such restriction.

“COURT You testified Mr. Aranas that you inspected the title also when you credit investigated the loan applicant Felipe Alejaga and you have personally examined this?

A Yes, your Honor.

COURT Do you conclude that this Original Certificate of Title is a [free] patent?

A Yes, your Honor.

COURT And this [free] patent was granted on March 19, 1979.

A Yes, your honor.

COURT And as such [free] patent it cannot be alienated except [to] the government or within five years from its issuance?

A Yes, your honor.

COURT Why did you recommend the loan?

A Because it is just a mortgage.”[64]

Thus, the mortgage executed by Respondent Felipe Alejaga Sr. falls squarely within the term encumbrance proscribed by Section 118 of the Public Land Act.[65] A mortgage constitutes a legal limitation on the estate, and the foreclosure of the mortgage would necessarily result in the auction of the property.[66]

As early as *Pascua v. Talens*,[67] we have explained the rationale for the prohibition against the encumbrance of a homestead -- its lease and mortgage included -- an encumbrance which, by analogy, applies to a free patent. We ruled as follows:

“It is well-known that the homestead laws were designed to distribute disposable agricultural lots of the State to land-destitute citizens for their home and cultivation. Pursuant to such benevolent intention the State prohibits the sale or encumbrance of the homestead (Section 116) within five years after the grant of the patent.”

Further, an encumbrance on a parcel of land acquired through free patent constitutes sufficient ground for the nullification of such grant, as provided under Commonwealth Act No. 141, which we quote:

“SEC. 124. Any acquisition, conveyance, alienation, transfer, or other contract made or executed in violation of any of the provisions of sections one hundred and eighteen, one hundred and twenty, one hundred and twenty-one, one hundred and twenty-two, and one hundred and twenty-three of this Act shall be unlawful and null and void from its execution and shall produce the effect of annulling and canceling the grant, title, patent, or permit originally issued, recognized or confirmed, actually or presumptively, and cause the reversion of the property and its improvements to the State.”

Mortgage over a parcel of land acquired through a free patent grant nullifies the award and constitutes a cause for the reversion of the property to the state, as we held in *Republic v. Court of Appeals*: [68]

“The foregoing legal provisions clearly proscribe the encumbrance of a parcel of land acquired under a free patent or homestead within five years from the grant of such patent. Furthermore, such encumbrance results in the cancellation of the grant and the reversion of the land to the public domain.”[69]

To comply with the condition for the grant of the free patent, within five years from its issuance, Felipe Alejaga Sr. should not have encumbered the parcel land granted to him. The mortgage he made over the land violated that condition.[70] Hence, the property must necessarily revert to the public domain, pursuant to Section 124 of the Public Land Act.

WHEREFORE, the Petition is GRANTED and the assailed Decision SET ASIDE. The Decision of the RTC of Roxas City (Branch 15) dated October 27, 1993 is REINSTATED. No costs.

SO ORDERED.

Sandoval-Gutierrez, Corona, and Carpio-Morales, JJ., concur.
Puno, (Chairman), J., abroad on official business.

[1] Rollo, pp. 28-38. Penned by Justice Mariano M. Umali and concurred in by Justices Ruben T. Reyes (Division chairman) and Rebecca de Guia-Salvador (member).

[2] Assailed CA Decision, p. 12; rollo, p. 38. Emphasis in the original.

[3] Id., pp. 1-5.

[4] Id., p. 6; rollo, p. 32.

[5] Id., p. 12; id., p. 38.

[6] Id., p. 7; id., p. 33.

[7] Id., p. 11; id., p. 37.

[8] The case was deemed submitted for decision on April 15, 2002, upon the Court’s receipt of Respondent Alejagas’ Memorandum signed by Atty. Benjamin B. Distura. Respondent PNB’s Memorandum, filed on July 20, 2001, was signed by Atty. Edwin M. Alaestante. Petitioner’s Manifestation, adopting its Petition as its Memorandum was filed on July 20, 2001 and signed by Assistant Solicitor General Fernanda Lampas Peralta and Solicitor Brigido Artemon M. Luna II.

[9] Petition for Review, p. 10; rollo, p. 15. Original in upper case.

[10] Id., p. 13; id., p. 18.

[11] Respondent Alejagas’ Memorandum, p. 29; rollo, p. 321.

[12] See records, p. 349.

[13] Tando v. Court of Appeals, GR No. 127984, December 14, 2001.

[14] Lercana v. Jalandoni, GR No. 132286, February 1, 2002.

[15] Mangahas v. Court of Appeals, 304 SCRA 375, March 10, 1999; citing Cayabyab v. Intermediate Appellate Court, 232 SCRA 1, April 28, 1994.

[16] Siguan v. Lim, 318 SCRA 725, November 19, 1999.

[17] *Destura v. Court of Appeals*, 325 SCRA 341, February 10, 2000.

[18] *Cuizon v. Court of Appeals*, 260 SCRA 645, August 22, 1996.

[19] *Mangahas v. Court of Appeals*, *supra*.

[20] *Bordalba v. Court of Appeals*, GR No. 112443, January 25, 2002.

[21] *Alonso v. Cebu Country Club, Inc.*, GR No. 130876, January 31, 2002.

[22] An act to amend and compile the laws relative to land of the public domain, effective December 1, 1936.

[23] Section 91 of the Public Land Act provides:

“SEC. 91. The statements made in the application shall be considered as essential conditions and parts of any concession, title, or permit issued on the basis of such application, and any false statement therein or omission of facts altering, changing, or modifying the consideration of the facts set forth in such statements, and any subsequent modification, alteration, or change of the material facts set forth in the application shall ipso facto produce the cancellation of the concession, title, or permit granted. It shall be the duty of the Director of Lands, from time to time and whenever he may deem it advisable, to make the necessary investigations for the purpose of ascertaining whether the material facts set out in the application are true, or whether they continue to exist and are maintained and preserved in good faith, and for the purposes of such investigation, the Director of Lands is hereby empowered to issue subpoenas and subpoenas duces tecum and, if necessary, to obtain compulsory process from the courts. In every investigation made in accordance with this section, the existence of bad faith, fraud, concealment, or fraudulent and illegal modification of essential facts shall be presumed if the grantee or possessor of the land shall refuse or fail to obey a subpoena or subpoena duces tecum lawfully issued by the Director of Lands or his authorized delegates or agents, or shall refuse or fail to give direct and specific answers to pertinent questions, and on the basis of such presumption, an order of cancellation may issue without further proceedings.”

[24] Section 46 of the Public Land Act provides:

“SEC. 46. If, after the filing of the application and the investigation, the Director of Lands shall be satisfied with the truth of the allegations contained in the application and the applicant comes within the provisions of this chapter, he shall cause a patent to issue to the applicant or his legal successor for the tract so occupied and cultivated, provided its area does not exceed twenty-four hectares: Provided, That no application shall be finally acted upon until notice thereof has been published in the municipality and barrio in which the land is located and adverse claimants have had an opportunity to present their claims.”

[25] Exhibit “A”; exhibits folder, p. 1.

[26] Exhibit “B”; *id.*, p. 2.

[27] *Espino v. Salubre*, 352 SCRA 668, February 26, 2001.

[28] RTC Decision, p. 6; rollo, p. 76.

[29] *Robles v. Court of Appeals*, 328 SCRA 97, March 14, 2000.

[30] See Exhibit “B”; exhibits folder, p. 2.

[31] Revised Rules of Court, Rule 131, Sec. 3 (m) provides:

“(m) That official duty has been regularly performed. – When the law imposes certain duties and obligations, it will be presumed that such duties and obligations have been performed unless it is expressly made to appear to the

contrary. All things are presumed to have been rightly and duly performed until there is proof to the contrary.”

[32] Francisco, Basic Evidence, 2[nd] ed., (1999), pp. 214-215.

[33] Exhibit “G”; exhibits folder, pp. 8-10.

[34] Rodriguez v. Court of Appeals, 273 SCRA 607, June 17, 1997.

[35] Country Bankers Insurance Corporation v. Lianga Bay and Community Multi-Purpose Cooperative, Inc., GR No. 136914, January 25, 2002.

[36] Francisco, The Revised Rules of Court in the Philippines Part I (1997), p. 518; citing 31 CJS 988.

[37] There are five kinds of independently relevant statements that are circumstantial evidence of the facts in issue:

1. Statements of a person showing his state of mind; that is, his mental condition, knowledge, belief, intention, ill will and other emotions
2. Statements that may identify the date, place and condition as illness and the like
3. Statements of a person from which an inference may be drawn as to the state of mind of another person; i.e., the knowledge, belief, good or bad faith noticed of the latter
4. Statements that may identify the date, place and person in question
5. Statements showing the lack of credibility of a witness

[38] Bordalba v. Court of Appeals, supra.

[39] Robles v. Court of Appeals, 328 SCRA 97, March 14, 2000.

[40] Meneses v. Court of Appeals, 246 SCRA 162, July 14, 1995.

[41] Daez v. Court of Appeals, 325 SCRA 856, February 17, 2000.

[42] Barrera v. Court of Appeals, GR No. 123935, December 14, 2001.

[43] Petition for Review, p. 18; rollo, p. 23.

[44] Section 32 of PD No. 1529 provides:

“SEC. 32. Review of decree of registration; Innocent purchaser for value.- The decree of registration shall not be reopened or revised by reason of absence, minority, or other disability of any person adversely affected thereby, nor by any proceeding in any court for reversing judgment, subject, however, to the right of any person, including the government and the branches thereof, deprived of land or interest therein by such adjudication or confirmation of title obtained by actual fraud, to file in the proper Court of First Instance a petition for reopening and review of the decree of registration not later than one year from and after the date of the entry of such decree of registration, but in no case shall such petition be entertained by the court where an innocent purchaser for value has acquired the land or an interest therein, whose rights may be prejudiced. Whenever the phrase ‘innocent purchaser of value’ or an equivalent phrase occurs in this Decree, it shall be deemed to include an innocent lessee, mortgagee, or other encumbrancer for value.

“Upon the expiration of said period of one year, the decree of registration and the certificate of title issued shall become incontrovertible. Any person aggrieved by such decree of registration in any case may pursue his remedy by action for damages against the applicant or any other persons responsible for the fraud.”

[45] Respondent Alejagas' Memorandum, p. 43; rollo, p. 336.

[46] *Baguio v. Republic*, 301 SCRA 450, January 21, 1999.

[47] *Ibid.*

[48] *J.M. Tuazon & Co., Inc. v. Macalindong*, 6 SCRA 938, December 29, 1962.

[49] This section provides:

“SEC. 101. All actions for the reversion to the Government of lands of the public domain or improvements thereon shall be instituted by the Solicitor-General or the officer acting in his stead, in the proper courts, in the name of the Commonwealth of the Philippines.”

[50] *Republic v. Court of Appeals*, 255 SCRA 335, March 29, 1996.

[51] *Republic v. Court of Appeals*, 171 SCRA 721, April 10, 1989.

[52] *Republic v. Register of Deeds of Quezon*, 244 SCRA 537, May 31, 1995.

[53] *Republic v. Court of Appeals*, *supra*, p. 343.

[54] *Republic v. Heirs of Agustin L. Angeles*, GR No. 141296, October 7, 2002.

[55] *Baguio v. Republic*, *supra*; *Republic v. Court of Appeals*, *supra* at note 51; *Republic v. Court of Appeals*, 183 SCRA 620, March 23, 1990; *Republic v. Mina*, 114 SCRA 945, June 29, 1982; *Director of Lands v. Abanilla*, 124 SCRA 358, August 31, 1983.

[56] This section provides:

“SEC. 118. Except in favor of the Government or any of its branches, units, or institutions, lands acquired under free patent or homestead provisions shall not be subject to encumbrance or alienation from the date of the approval of the application and for a term of five years from and after the date of issuance of the patent or grant, nor shall they become liable to the satisfaction of any debt contracted prior to the expiration of said period, but the improvements or crops on the land may be mortgaged or pledged to qualified persons, associations, or corporations.

“No alienation, transfer, or conveyance of any homestead after five years and before twenty-five years after issuance of title shall be valid without the approval of the Secretary of Agriculture and Commerce, which approval shall not be denied except on constitutional and legal grounds.” (As amended by Com. Act No. 456, approved June 8, 1939.)

[57] *Republic v. Court of Appeals*, 281 SCRA 639, November 14, 1997.

[58] *Republic v. Ruiz*, 23 SCRA 348, April 29, 1968.

[59] The following are the pertinent provisions of the Public Land Act, as amended by Com. Act No. 615, approved on May 5, 1941:

“SEC. 121. Except with the consent of the grantee and the approval of the Secretary of Agriculture and Commerce, and solely for educational, religious, or charitable purposes or for a right of way, no corporation, association, or partnership may acquire or have any right, title, interest, or property right whatsoever to any land granted under the free patent, homestead, or individual sale provisions of this Act or to any permanent improvement on such land.

“SEC. 122. No land originally acquired in any manner under the provisions of this Act, nor any permanent improvement on such land, shall be encumbered, alienated, or transferred, except to persons, corporations, associations, or partnerships who may acquire lands of the public domain under this Act or to corporations organized in the Philippines authorized therefor by their charters.

“Except in cases of hereditary succession, no land or any portion thereof originally acquired under the free patent, homestead, or individual sale provisions of this Act, or any permanent improvement on such land, shall be transferred or assigned to any individual, nor shall such land or any permanent improvement thereon be leased to such individual, when the area of said land, added to that of his own, shall exceed one hundred and forty-four hectares. Any transfer, assignment, or lease made in violation hereof shall be null and void.”

[60] Exhibit “C”; exhibits folder, p. 3.

[61] Exhibit “E”; *id.*, p. 5.

[62] See Promissory Note; records, p. 24.

[63] See Credit Agreement; *id.*, p. 25.

[64] TSN, July 24, 1991, p. 9.

[65] *Siy v. Tan Gun GA*, 119 Phil. 676, February 29, 1964.

[66] *Prudential Bank v. Panis*, 153 SCRA 390, August 31, 1987.

[67] 80 Phil. 792, April 30, 1948, per Bengzon, J. (later CJ).

[68] 281 SCRA 639, November 14, 1997.

[69] *Republic v. Court of Appeals*, *supra*, p. 648, per Panganiban, J.

[70] *Republic of the Philippines v. Garcia et al.*, 105 Phil. 826, May 27, 1959.

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