

JESSIE GASATAYA, PETITIONER, EDITHA MABASA, RESPONDENT.

G.R. NO. 148147. February 16, 2007

Ponente: CORONA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-148147/>

CORONA, J.:

Before us is an appeal by certiorari under Rule 45 of the 1997 Rules of Civil Procedure assailing the decision[1] of the Court of Appeals (CA) in CA-G.R. CV No. 55055 which, in turn, affirmed the decision of the Regional Trial Court (RTC) of Lanao del Norte, Branch 7.[2]

The facts follow.

Respondent Editha Mabasa's father, Buenaventura Mabasa, was granted a homestead patent on Lots 279, 272 and 972 located in Lala, Lanao del Norte. Buenaventura Mabasa mortgaged these lots to secure a loan from the Development Bank of the Philippines (DBP). Because of his failure to pay his indebtedness, DBP foreclosed on the lots and sold them at public auction where it emerged as the highest bidder. DBP then obtained titles to the lots: Lot 279 under TCT No. T-2247 and consolidated Lots 272 and 972 under TCT No. T-2448.

When Buenaventura Mabasa died, respondent's siblings authorized her to negotiate with DBP for the repurchase of the lots. DBP allowed respondent to reacquire the foreclosed properties through a deed of conditional sale for P25,875.[3]

Subsequently, respondent entered into an agreement with petitioner's father, Sabas Gasataya, for the latter to assume payment of her obligation to DBP. They further agreed that Sabas Gasataya would take possession of the lots for 20 years and develop them into a fishpond. As consideration thereof, respondent received P10,000 cash, in addition to the P25,000 that Sabas Gasataya had to pay DBP on her behalf.

Upon representation by Sabas Gasataya that respondent's obligation to DBP had already been settled, they entered into another agreement denominated as "Deed of Sale of Fishpond Lands with Right to Repurchase."

Eight years after the execution of the above deed of sale with right to repurchase, respondent discovered that Sabas Gasataya had stopped paying DBP. As a result, DBP revoked her right to repurchase the subject lots.

DBP later on held a public auction of the properties where petitioner participated and bid the highest price of P27,200. Eventually, he acquired titles to the lots for which he was issued TCT No. T-11720 in lieu of TCT No. T-2447 (Lot 279) and TCT No. T-11721 for TCT No. T-2448 (Lots 272 and 972).

Respondent then filed a complaint in the RTC for reconveyance of titles of lands with damages[4] against petitioner and Sabas Gasataya (Gasatayas). She claimed that the latter deliberately reneged on his commitment to pay DBP to: (1) revoke her right to repurchase the lots under the deed of conditional sale and (2) subject the properties to another public auction where petitioner could bid.

Petitioner and his father denied the allegations saying that the deed of conditional sale assumed by the latter from respondent was rendered ineffective by DBP's refusal to accept payments thereon.

The trial court ruled in favor of respondent finding that the Gasatayas failed to controvert her claim that they defrauded her just so petitioner could acquire the lots at public auction.[5] According to the trial court, the Gasatayas failed to prove that DBP indeed rejected payments from Sabas Gasataya. The trial court ruled:

WHEREFORE, judgment is hereby rendered in favor of the [respondent] and against [the Gasatayas] ordering [them] to wit:

- Ordering [petitioner] to reconvey to [respondent] TCT. No.[T-11720] and TCT No. T-11721, both of the Registry of Deeds for the Province of Lanao del Norte, upon tender to and receipt by [petitioner] of the amount of P37,200.00 Philippine money;
- Ordering the Registrar of Deeds for the Province of Lanao del Norte to procure and cause the transfer and registration of the aforesaid transfer certificates of title in favor and in the name of herein [respondent] Editha S. Mabasa;
- Ordering [the Gasatayas] to cede, transfer and reconvey to [respondent] the physical possession and occupancy of Lot 279, 272 and Lot 972...as covered by the aforesaid certificates of title;
- Ordering [the Gasatayas] to pay [respondent] the sum of P5,000.00 for attorney's fees; P5,000.00 as litigation expenses;
- Ordering [the Gasatayas] to pay costs of this proceeding[s].

SO ORDERED.[6]

Petitioner and his father appealed to the CA which affirmed the RTC's decision and dismissed their appeal for lack of merit. The CA declared:

The contention of [respondent] that [the Gasatayas] deliberately chose not to pay DBP as agreed, in order for them to acquire said properties in a fraudulent and treacherous manner, was not fully controverted by [them]. [The Gasatayas] failed to produce evidence to support their defenses.

xxx xxx xxx

Moreover, [the Gasatayas] are in possession of said land[s] by virtue of a Deed of Sale with a Right to Repurchase and not because the DBP granted it to them...[T]o facilitate their acquisition of the land in question, [they] deliberately defaulted in the payment of the assumed obligation to the damage and prejudice of [respondent]. Consequently, the lands in question were subjected to public bidding wherein [petitioner] participated and eventually won...[the Gasatayas] committed a breach of trust amounting to fraud which would warrant an action for reconveyance.[7]

Petitioner alone came to us via this appeal by certiorari seeking the reversal of the CA decision.

Before us, petitioner contests the CA decision affirming the trial court's order to reconvey his titles on the disputed lots to respondent who, according to him, is not the owner thereof.

We affirm the CA.

Reconveyance is available not only to the legal owner of a property but also to the person with a better right than the person under whose name said property was erroneously registered.[8] While respondent is not the legal owner of the disputed lots, she has a better right than petitioner to the contested lots on the following grounds: first, the deed of conditional sale executed by DBP vested on her the right to repurchase the lots and second, her right to repurchase them would have subsisted had they (the Gasatayas) not defrauded her.

The trial court's findings, as affirmed by the CA, that petitioner and his father deceived respondent to acquire the

disputed lots bind us. Well-settled is the rule that factual conclusions of the trial court deserve respect and become irrefutable especially when affirmed by the CA.[9] Absent any evidence that the CA overlooked salient matters that could justify a reversal of the outcome of this case, we decline to disturb such factual conclusions.

Petitioner, however, insists that respondent had no right to the disputed lots since the conditional sale agreement where such right was based had long been cancelled by DBP. According to petitioner, a void and inexistent deed cannot override his right as registered owner of the lots.

We disagree.

Petitioner cannot discredit the deed of conditional sale just so he can to keep his titles to the lots. Petitioner should be reminded that DBP revoked respondent's right to repurchase the lots under said deed because of the deceitful maneuverings that he and his father employed. If we were to sustain petitioner's argument, then we would, in effect, reward him for his misdeed.

Neither can this Court uphold petitioner's contention that his titles are unsullied on the mere fact that he purchased the properties at public auction. Fraud overthrows the presumption that the public sale was attended with regularity. The public sale did not vest petitioner with any valid title to the properties since it was but the consequence of his and his father's fraudulent schemes.

The registration of the properties in petitioner's name did not obliterate the fact that fraud preceded and facilitated such registration. Actual or positive fraud proceeds from an intentional deception practiced by means of misrepresentation of material facts,[10] which in this case was the conscious representation by petitioner's father (Sabas Gasataya) that respondent's obligation to DBP had already been settled. It is fraud to knowingly omit or conceal a fact, upon which benefit is obtained, to the prejudice of another.[11] Consequently, fraud is a ground for reconveyance.[12]

Moreover, the law only protects an innocent purchaser for value and not one who has knowledge of and participation in the employment of fraud. An innocent purchaser for value is one who buys the property of another without notice that some other person has a right to or interest in that same property, and who pays a full and fair price at the time of the purchase or before receiving any notice of another person's claim.[13] Obviously, petitioner was not an innocent purchaser for value.

As a final point, the Court takes significant note of the fact that respondent's father originally acquired the subject lots through homestead grant. Commonwealth Act 141 (Public Land Act) aims to confine and preserve to the homesteader and his kin the homestead lots. We, therefore, agree with the CA's disquisition that courts should "lend a stout shoulder to help keep a homestead in the homesteader's family" for the stern reality cannot be belied that "homesteaders and their families are generally in the lower stratum of life" and most likely, when they alienate the homestead, it is "out of dire necessity." [14] According to the CA, desperation does not allow much of a choice, hence homesteaders and their kin should be given every opportunity to repurchase their homestead.

WHEREFORE, the assailed decision of the Court of Appeals in CA-G.R. CV No. 55055 is hereby AFFIRMED.

Costs against petitioner.

SO ORDERED.

Puno, C.J., (Chairperson), Sandoval-Gutierrez, Azcuna, and Garcia, JJ., concur.

[1] Penned by Associate Justice Ramon Mabutas, Jr. (now retired) and concurred in by Associate Justices Roberto A. Barrios and Edgardo P. Cruz of the Fifteenth Division of the Court of Appeals; rollo, pp. 33-42.

[2] Decided by Judge Oscar E. Zerna, id., pp. 43-52.

[3] “Exhibit C,” *id.*, p. 68.

[4] Civil Case No. 07-111, *id.*, pp. 60-67.

[5] *Id.*, p. 51.

[6] *Supra* note 2.

[7] CA Decision, rollo, pp. 33-42.

[8] *De Guzman v. Court of Appeals*, G.R. No. 120004, 27 December 2002, 394 SCRA 302; *Aguila v. Court of Appeals*, No. L-48335, 15 April 1998, 160 SCRA 352.

[9] *Pleyto v. Lomboy*, G.R. No. 148737, 16 June 2004, 432 SCRA 329.

[10] *Mayor v. Belen*, G.R. No. 151035, 3 June 2004, 430 SCRA 561; *Heirs of Manuel Roxas v. Court of Appeals*, 337 Phil. 41 (1997).

[11] *Id.*

[12] *Abejaron v. Nabasa*, 411 Phil. 552 (2001).

[13] *Domingo v. Reed*, G.R. No. 157201, 9 December 2005, 477 SCRA 227.

[14] *Supra*.

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.