

HEIRS OF PATRICIO ASUNCION, NAMELY, EMILIANA, CONRADO, ROSALINA AND HERMINIA, ALL SURNAMED ASUNCION, REPRESENTED BY EMILIANA FLORO ASUNCION, PHIL-VILLE DEVELOPMENT HOUSING CORPO...

G.R. No. 177903. August 22, 2012

Ponente: MENDOZA, J.

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MENDOZA, J.:

This petition for review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure assails the December 19, 2006 Decision[1] and the May 16, 2007 Resolution[2] of the Court of Appeals (CA) which affirmed in toto the November 10, 2003 Decision[3] of the Department of Agrarian Reform Adjudication Board (DARAB) in DARAB Case No. 5282,[4] an Action for Annulment of Deeds of Sale, Cancellation of Certificates of Title, Recovery of Possession with Prayer for the Issuance of a Writ of Preliminary Injunction.

The Facts:

On October 3, 1994, respondent Emiliano De Guzman Raymundo (respondent) filed a Complaint[5] before the Regional Office of the Department of Agrarian Reform Adjudication Board (DARAB), Region III, Malolos, Bulacan, for Annulment of Deeds of Sale, Cancellation of Titles, Recovery of Possession with Prayer for the Issuance of a Writ of Preliminary Injunction against the petitioners where he alleged that he was a tenant in an agricultural land situated in Pandayan, Malcahan, Meycauayan, Bulacan, and primarily devoted to palay. It had an area of 1.473 hectares and was covered by Original Certificate of Title (OCT) No. 01726 (0-665M) registered under the name of Patricio Asuncion and Emiliana Floro. Respondent further alleged that the landholding was placed under the coverage of Presidential Decree (P.D.) No. 27 through the Operation Land Transfer (OLT) Program. The then Ministry of Agrarian Reform (now Department of Agrarian Reform) included respondent in the master list of agricultural tenants covering the province of Bulacan. On July 22, 1981, a Certificate of Land Transfer (CLT) was issued in his name as reflected in CLT No. 0-042717.[6] Sometime in 1989, his mother, Remedios Raymundo (Remedios - now deceased), forced him to sign a document, which turned out to be an affidavit of waiver giving up his tenancy right over the subject land. Respondent insisted that he never surrendered possession of the land and continued to till it.

Later, respondent, through the explanation of his counsel, discovered that the heirs of Asuncion executed an Extrajudicial Settlement of Estate of their parents' properties on October 8, 1981, and immediately sold the subject land to Philippine Ville Development Housing Corporation (Phil-Ville). Accordingly, the original title was cancelled and new titles were issued under Phil-Ville's name, specifically, Transfer Certificate of Title (TCT) Nos. T-39.627(M) and 39.629 (M). Respondent complained that the sale was illegal as the landholding was already covered by the OLT program in clear violation of the provisions of P.D. No. 27 and Executive Order (E.O.) No. 228. Furthermore, the landholding was sold without prior DAR clearance. Thereafter, Phil-Ville sold the same land to Moldex Products Incorporated (Moldex) despite the defective titles. A new set of titles was

issued to Moldex identified as TCT Nos. 93586 and 93.587. Moldex, then, sold portions of the land to Speed Mix, Incorporated (Speed Mix), which proceeded to fence and cement the area preventing respondent from entering the property. Speed Mix later constructed a building on that portion of the land.

On February 22, 1996, the PARAD rendered its decision^[7] dismissing the complaint for lack of merit. It ruled that because respondent's mother, Remedios Raymundo (Remedios), voluntarily surrendered her tenancy rights over the landholding in question, all her rights and interests therein were extinguished binding even her successors-in-interest. According to the PARAD, the voluntary surrender of their tenancy right was even corroborated by the respondent himself when he executed his Sinumpaang Salaysay,^[8] dated June 19, 1989, confirming the supposed relinquishment of their tenancy. Thus, the PARAD held that respondent was already estopped in raising the issue because he already slept on his right.

Aggrieved, respondent appealed the said decision to the DARAB.

On November 10, 2003, the DARAB reversed the PARAD's decision. The decretal portion of the DARAB decision reads:

WHEREFORE, premises considered, the decision appealed from is hereby REVERSED and SET ASIDE. A new judgment is hereby rendered:

1. Declaring the Deed of Conveyance and Voluntary Surrender in November 1979 executed by Remedios Raymundo in favor of Patricio Asuncion and the 'Sinumpaang Salaysay' dated June 19, 1989 executed by Plaintiff-Appellant as null and void;
2. Directing Defendants-Appellees, their agents and representatives, to peacefully restore Plaintiff-Appellant on the subject landholding;
3. Directing the Municipal Agrarian Reform Officer (MARO) of Meycauyan, Bulacan and/or Provincial Agrarian Reform Officer (PARO) of the Province of Bulacan not to cancel the CLT issued in favor of Plaintiff-Appellant; and
4. Directing the same MARO and/or PARO to generate an Emancipation Patent covering the landholding in favor of Plaintiff-Appellant.

SO ORDERED.^[9]

The DARAB ruled that the Deed of Conveyance and Voluntary Surrender,^[10] purportedly executed by Remedios as well as respondent's own Sinumpaang Salaysay that supposedly confirmed the voluntary surrender of their tenancy right, were null and void for it transgressed the provisions of P.D. No. 27.

The petitioners moved for the reconsideration of its decision, but the DARAB denied it in a Resolution,^[11] dated December 29, 2004.

The petitioners elevated the case to the CA via a Petition for Review under Rule 43 of the 1997 Rules of Civil Procedure.

On December 19, 2006, the CA affirmed the DARAB decision.' The CA explained that the land in question was subject to the coverage of P.D. No. 27, and upon the death of respondent's father, the original tenant on the land, actual cultivation was transferred to respondent qualifying him to be the farmer-beneficiary on the land. As a holder of a CLT, respondent earned the right to possess the land he was tilling. The CA wrote that "the deed of conveyance and voluntary surrender executed by Remedios Raymundo in favor of petitioner Patricio Asuncion is null and void, for having been executed in violation of P.D. No. 27. In addition, the Sinumpaang Salaysay executed by respondent is likewise null and void from the very beginning because the said respondent cannot

confirm a contract or deed of conveyance and voluntary surrender executed by her mother that is void from the very beginning.[12] Thus, the subsequent sale of the landholding to the petitioners are likewise null and void. The CA decreed that Moldex could not be considered a purchaser in good faith because P.D. No. 27 mandated that lands covered by it could not be transferred except by hereditary succession or to the government.

The petitioners' Motion for Reconsideration was denied by the CA in its May 16, 2007 Resolution.

Hence, this petition.

In advocacy of their position, the petitioners ascribe to the CA the commission of this sole error:

THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN ITS CONCLUSION OF LAW BY SUSTAINING THE DECISION OF THE DARAB DECLARING AS NULL AND VOID THE VOLUNTARY SURRENDER EXECUTED BY RESPONDENT AND ORDERING HIS "REINSTATEMENT" ON THE LANDHOLDING IN QUESTION[13]

The petitioners argue that respondent's right to the landholding was severed the moment his predecessor-in-interest (his mother, Remedios) executed a document voluntarily surrendering her tenancy right to the land in question. They likewise posit that respondent himself even executed another affidavit, dated June 19, 1989, echoing the voluntary surrender of her mother and the supposed erroneous inclusion of his name to the DAR survey identifying him as the cultivator of the landholding.[14] They lament that respondent has not even presented any evidence to prove his tenancy such as presenting lease receipts or any proof that he was recognized as a tenant by the landowners.

The Court is not persuaded.

Republic Act (R.A.) No. 3844 (1963), otherwise known as the Agricultural Land Reform Code, declares it to be the policy of the State to make small farmers more independent, self-reliant and responsible citizens, and a source of genuine strength in our democratic society.[15]

As such, Section 7 of R.A. No. 3844 assures that tenant-farmers enjoy security of tenure over the land they till, to wit:

Section 7, Tenure of Agricultural Leasehold Relation - The agricultural leasehold relation once established shall confer upon the agricultural lessee the right to continue working on the landholding until such leasehold relation is extinguished, x x x

As an exception to this security of tenure, however, Section 8 of R.A. No. 3844 specifically enumerates the grounds for the extinguishment of agricultural leasehold relations, viz:

Section 8. Extinguishment of Agricultural Leasehold Relation. — The agricultural leasehold relation established under this Code shall be extinguished by:

- (1) Abandonment of the landholding without the knowledge of the agricultural lessor;
- (2) Voluntary surrender of the landholding by the agricultural lessee, written notice of which shall be served three months in advance; or
- (3) Absence of the persons under Section nine to succeed to the lessee, in the event of death or permanent incapacity of the lessee. (Emphasis supplied)

Voluntary surrender, as a mode of extinguishment of tenancy relations, does not require any court authorization considering that it involves the tenant's own volition.[16] To protect the tenant's right to security of tenure, voluntary surrender, as contemplated by law, must be convincingly and sufficiently proved by competent,

evidence. As held in *Nisnisan v. Court of Appeals*,^[17] the tenant's intention to surrender the landholding cannot be presumed, much less determined by mere implication. If not, the right of a tenant farmer to security of tenure becomes an illusory one.^[18]

Thus, for surrender of tenancy rights to be considered as voluntary, it is paramount that the intention to relinquish the right must be clear, and the same must be coupled by the physical act of surrender of one's possession of the farmland. R.A. No. 3844 further requires that the voluntary surrender of the landholding by an agricultural lessee must be due to circumstances more advantageous to him and his family.^[19]

After a careful perusal of the records of this case, the Court holds that the Deed of Conveyance and Voluntary Surrender denominated as *Kasulatan ng Pagsasalin At Kusang Loob na Pagsusuko* allegedly executed by Remedios in 1979 could not have produced any legal effect because she was not the recognized tenant on the land. Records reveal that respondent was the identified tenant of the subject landholding and his name was the one reflected in the master list of tenants, not his mother's. Hence, Remedios could not surrender possession of the land on which she did not have a recognized right.

Likewise, the Court does not find the *Sinumpaang Salaysay*, dated June 19, 1989, executed by respondent convincing enough to sustain the petitioners' allegation that he had voluntarily surrendered his tenancy right over the land in dispute. Respondent, in his position paper,^[20] disclosed that he was "an illiterate,"^[21] who was merely coaxed into signing a document that he did not understand. In addition, the said affidavit merely echoed that his mother was the tenant and had already given up her tenancy right upon receiving disturbance compensation from the heirs of Asuncion. Succeeding events, however, would depict a different scenario.

Respondent claims that he never left the premises. In fact, he stayed on the land, cultivated it until he was qualified, and was issued a CLT in 1981. If respondent voluntarily surrendered his tenancy right over the land, he would have long surrendered its actual possession and would not have qualified as a farmer-beneficiary of the OLT program under P.D. No. 27. Respondent further points out that he was only prevented from entering the subject land in 1991 when Speed Mix fenced the area while he was on vacation. All these circumstances prove that respondent never intended to surrender his tenancy right on the land. Neither did he freely give his consent to the surrender nor did he physically surrender the land in dispute. As earlier stated, in order to be considered voluntary, intention to surrender the right must be followed by the tenant's actual physical surrender of the possession of the land.

As to the question of whether Moldex could be considered a buyer in good faith, the Court answers in the negative.

Our law on agrarian reform is a legislated promise to emancipate poor farm families from the bondage of the soil. P.D. No. 27 was promulgated in the exact same spirit, with mechanisms which hope to forestall a reversion to the archaic and inequitable feudal system of land ownership. It aspires to guarantee the continued possession, cultivation and enjoyment by the beneficiary of the land that he tills which would certainly not be possible where the former owner is allowed to reacquire the land at any time following the award in contravention of the government's objective to emancipate tenant-farmers from the bondage of the soil.^[22]

It is clear from the provisions of P.D. No. 27 that agricultural lands covered by the said law must stay in the hands of the tenant-beneficiary as it aims to make the latter owners of the land they till. To ensure the tenant-farmer's continued enjoyment and possession of the property, the explicit terms of P.D. No. 27 proscribe the transfer by the tenant of the ownership, rights or possession of a landholding to other persons, or the surrender of the same to the former landowner. In other words, a tenant-farmer may not transfer his ownership or possession of, or his rights to the property, except only in favor of the government or by hereditary succession in favor of his successors.^[23]

Any other transfer of the land grant in violation of this proscription is, therefore, null and void following Memorandum Circular No. 7,[24] series of 1979, which likewise states:

Despite the above prohibition, however, there are reports that many farmer-beneficiaries of P.D. 27 have transferred their ownership, rights and/or possession of their farms/homelots to other persons or have surrendered the same to their former landowners. All these transactions/surrenders are violative of P.D. 27 and therefore null and void.

Thus, any individual or juridical person dealing with agricultural lands covered by P.D. No. 27 must naturally subscribe to the provisions of the law. At the time of the sale between the heirs of Asuncion and Phil-Ville, respondent was already the holder of a CLT proving his inchoate ownership of the subject agricultural land primarily devoted to rice production. CLT is the provisional title of ownership over the landholding while the lot owner is awaiting full payment of the land's value or for as long as the beneficiary is an amortizing owner.[25] As the CLT holder, respondent was the rightful owner of the farmland by express grant of P.D. No. 27. As already stated, any other transfer of the land that circumvents the specific mandate of the law cannot be upheld. To rule otherwise would defeat the intent of the law, put tenant-farmers as susceptible prey, and make the land an open market for persons who are not even actual tillers thereof.[26]

The Court is of the view that the Certificate of Non-Tenancy,[27] dated March 18, 1980, issued by Team Leader 1 Armando Canlas (Canlas) of Meycauayan, Bulacan attesting that the landholding "has no tenant-tiller as per records and investigation conducted by this Office and not covered by OLT under P.D. No. 27" is of no considerable value. In a given locality, the certification issued by the Secretary of Agrarian Reform or an authorized representative, like the Municipal Agrarian Reform Officer (MARO) or the Barangay Agrarian Reform Committee (BARC), concerning the presence or the absence of a tenancy relationship between the contending parties, is considered merely preliminary or provisional, hence, such certification does not bind the Judiciary.[28] The fact that a Certificate of Land Transfer was issued to respondent, proving that the land was covered by P.D. No. 27, diminishes the weight of the attestations made in the certification issued by Canlas.

The Court, however, deems it proper to delete the order requiring the MARO of Meycauayan, Bulacan and/or Provincial Agrarian Reform Officer (PARO) of the Province of Bulacan to generate the Emancipation Patent in favor of respondent as there is no proof that he already paid in full the amortizations due him to be entitled the issuance thereof. Land transfer under P.D. No. 27 is realized in two phases: (1) the issuance of a certificate of land transfer to a farmer-beneficiary as soon as the DAR transfers the landholding to him in recognition of his being deemed an owner; and (2) the issuance of an emancipation patent as proof of full ownership of the landholding upon full payment of the annual amortizations or lease rentals by the farmer-beneficiary.[29] Therefore, the Emancipation Patent may only be issued upon proof of full payment of the annual amortizations by the CLT holder.

WHEREFORE, the December 19, 2006 Decision and the May 16, 2007 Resolution of the Court of Appeals affirming in toto the November 10, 2003 Decision of the Department of Agrarian Reform Adjudication Board (DARAB) are hereby **AFFIRMED** with **MODIFICATION** in that the order, directing the Municipal Agrarian Reform Officer of Meycauayan, Bulacan and/or Provincial Agrarian Reform Officer of the Province of Bulacan to generate the Emancipation Patent covering the landholding in favor of respondent Emiliano De Guzman Raymundo, is hereby deleted.

SO ORDERED.

Velasco, Jr., (Chairperson), Peralta, Abad, and Perlas-Bernabe, JJ., concur..

[1] Rollo, pp. 58-67. Penned by Associate justice Hakim S. Abdulwahid, with Associate Justice Andres B. Reyes, Jr. and Associate Justice Mariflor P. Punzalan Castillo, concurring.

[2] Id. at 69.

[3] Id. at 122-138.

[4] Formerly Reg. Case No. 763-B '94.

[5] Rollo, pp. 337-344.

[6] Id. at 371.

[7] Id. at 88-119. Penned by Provincial Adjudicator Gergorio D. Sapera.

[8] Id. at 327.

[9] Id. at 137.

[10] Id. at 326.

[11] Id. at 139-142.

[12] Id. at 65.

[13] Id. at 35.

[14] Id. at 41.

[15] Republic Act No. 3844, Section 2, par. (6).

[16] Jacinto v. Court of Appeals, 176 Phil. 580, 588 (1978).

[17] 355 Phil. 605,614(1998).

[18] Ludo & Luym Development Corporation v. Barretto, 508 Phil. 385, 398 (2005); Talavera v. Court of Appeals, 261 Phil. 929,933 (1990).

[19] REPUBLIC ACT NO. 3844 provides:

Section 28. Termination of Leasehold by Agricultural Lessee During Agricultural Year - The agricultural lessee may terminate the leasehold during the agricultural year for any of the following causes:

xxxx

(5) Voluntary surrender due to circumstances more advantageous to him and his family.

[20] Rollo, pp. 362-370.

[21] Id. at 363.

[22] Toralba v. Mercado, 478 Phil. 563, 571 (2004).

[23] Paragraph 13 of Presidential Decree No. 27 states: Title to land acquired pursuant to this Decree or the Land

Reform Program of the Government shall not be transferable except by hereditary succession or to the Government in accordance with the provisions of this Decree, the Code of Agrarian Reforms and other existing laws and regulations. See also *Sps. Caliwag-Carmona v. Court of Appeals*, 528 Phil. 1103, 1114 (2006); *Torres v. Ventura*, G.R. No. 86044, July 2, 1990, 187 SCRA 96, 105; *Corpuz v. Grospe*, G.R. No. 135297, June 13, 2000, 333 SCRA 425, 436-437.

[24] The Circular is dated April 23, 1979.

[25] H. De Leon, *Textbook on Agrarian Reform and Taxation* (1990), p. 99.

[26] *Torres v. Ventura*, G.R. No. 86044, July 2, 1990, 189 SCRA 96, 105.

[27] *Rollo*, p. 323.

[28] *Salmorin v. Zaldivar*, G.R. No. 169691, July 23, 2008, 559 SCRA 564, 572.

[29] *Del Castillo v. Orciga*, 532 Phil. 204, 214 (2006).

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