

SPOUSES ALFONSO ALCUITAS, SR. (DECEASED-REPRESENTED BY HIS HEIRS) AND ESTELA ALCUITAS (FOR HERSELF AND AS REPRESENTATIVE OF THE HEIRS OF THE DECEASED ALFONSO ALCUITAS, SR.), PET...

G.R. No. 207964. September 16, 2015

Ponente: MENDOZA, J.

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MENDOZA, J.:

Assailed in this petition is the June 14, 2013 Decision[1] of the Court of Appeals (CA) which reversed and set aside the May 31, 2002 Decision[2] of the Regional Trial Court, Branch 18, Pagadian City (RTC), which dismissed the Complaint for Redemption of Real Property under Commonwealth Act No. 141 filed by respondent Minviluz C. Villanueva (Villanueva) against petitioners Spouses Alfonso Alcuítas, Sr. and Estela Alcuítas (Spouses Alcuítas).

The Factual Antecedents

Records show that Villanueva is the registered owner of a parcel of lot containing an area of 712 square meters, more or less, and located at Poblacion, Municipality of Buug, Province of Zamboanga del Sur, originally covered by Original Certificate of Title (OCT) No. P-32, 887 and issued by virtue of the grant of Free Patent No. IX-6-121.

Since June 1988, Spouses Alcuítas have been lessees over the subject property operating therein a gasoline station with a term due to expire by June 2009.[3]

On June 22, 1993, Villanueva mortgaged her parcel of land in favor of a certain Lucas Datoy as security for the payment of her loan obligation of P200,000.00. Villanueva reneged on her loan obligation so the mortgage on the subject property was foreclosed under Act No. 3135, as amended. When the property was put up for sale in a public auction, Spouses Alcuítas bought it for P201,000.00.

The sheriff executed a definite deed of sale in favor of Spouses Alcuítas after Villanueva's failure to redeem the subject property within the one-year redemption under Act No. 3135. Accordingly, title over the subject property was consolidated in favor of Spouses Alcuítas and OCT No. P-32, 887 was cancelled and, finally, Transfer Certificate of Title (TCT) No. T-32, 392 was issued in the name of Spouses Alcuítas.

Villanueva informed Spouses Alcuítas of her desire and intention to redeem the subject property at the price of P201,000.00 but the latter refused her offer. Villanueva then proceeded to tender the amount of P201,000.00 as redemption price to Spouses Alcuítas and consigned said amount in the Office of the Clerk of Court of the RTC of Pagadian City. In view of the failure of both parties to settle the matter at the barangay level, Villanueva filed a complaint for Redemption of Real Property under Commonwealth Act (C.A.) No. 141 against the petitioners before the RTC.

On the other hand, Spouses Alcuitas averred that Villanueva is guilty of fraud, misrepresentation and intentional concealment when she failed to inform them about the mortgage of the subject property to Lucas Datoy during the time when both parties entered into a contract of lease covering the subject property; that they never refused to accede to Villanueva's willingness to repurchase the subject property; that redemption of the subject property was moot and academic because it had been transferred in their names; that Villanueva failed to redeem the subject property within the reglementary period; and that Villanueva made no tender of payment.

Decision of the RTC

On May 31, 2002, the RTC rendered a decision in favor of Spouses Alcuitas dismissing Villanueva's complaint.

It explained, among others, that Villanueva's right to repurchase the subject property under Section 119 of C.A. No. 141 is baseless for the following reasons:

- 1) It is indubitable that the subject property has been reclassified from its previous classification consistent with the patent covering the land, i.e., as agricultural to commercial lot, consistent with its actual use and location per zoning ordinance in accordance with the Comprehensive Municipal Land Use and Town Plan of the Municipality of Buug, Zamboanga del Sur, where the property is located;
- 2) The rationale of the passage of the law granting unto the Patentee the right to repurchase, i.e., to preserve the property to the Grantee who was a recipient from the government of a public land grant which was designed to distribute disposable agricultural lots of the State to land destitute citizens for their cultivation, is very much wanting to be availing with the reclassification of the subject property;
- 3) In the case of *Santana vs. Mariñas*, 94 SCRA 753, reiterating the doctrine laid down in the case of *Sinedon vs. Peña*, 36 SCRA 617, cited in the case of *Bargas vs. Court of Appeals*, 91 SCRA 195, the Supreme Court ruled that the undergoing principle of Sec. 119 of C.A. No. 141 is to give the Homesteader as Patentee every chance to preserve for himself and his family the land that the State has gratuitously given to him as a reward for his labor, in cleaning and cultivating it. However, when the property has already been reclassified and no longer used for agricultural purposes having been reclassified as commercial lot and utilized as such, the spirit of the law granting unto the patentee the right of repurchase can no longer be made availing, its purpose, i.e., to preserve the land for cultivation is no longer there, for which reason, repurchase in such a situation would do violence to what C.A. 141 stands for and the same will no longer be consistent with the spirit and purpose of the law, the purchaser is not the kind of farmer for whom the Homestead and Free Patent were intended by law.[4]

The dispositive portion of the May 31, 2002 RTC decision reads:

WHEREFORE, in view of the foregoing disquisitions, the instant complaint is hereby DISMISSED for wanting of a cause of action. As a consequence, the defendants being compelled to incur litigation expenses to protect their rights and interests brought about by the filing of an unfounded complaint, it is but proper to order the plaintiff to pay unto the defendants the sum of One Hundred Thousand (P100,000.00) Pesos as actual, compensatory and nominal damages and to pay the costs of litigation.

SO ORDERED.[5]

Decision of the CA

On appeal, the CA reversed and set aside the decision of the RTC. The CA ruled that Villanueva had the clear statutory right to repurchase the subject property under Section 119 of C.A. No. 141. The CA stated that Villanueva exercised her right to repurchase or re-acquire the subject property when she filed the subject complaint before the RTC. The filing was equivalent to an offer to repurchase the same and to which offer, Spouses Alcuitas admitted, they never acceded.

The CA opined that the mere reclassification of the subject land from residential to commercial could not ipso facto deprive Villanueva of her right to repurchase. The CA stated that C.A. No. 141 did not provide that the right of repurchase ceases once the subject property's nature and classification changes. Section 119 of C.A. No. 141 did not make any qualification as to how the property shall be utilized. It further wrote that what the law sought to enforce was that the repurchase must be for the purpose of preserving the land for the use of the patentee and his family. It adhered to the policy of preservation to the patentee and his family given by the law must be liberally construed in order to carry out its purpose.

The CA explained that Villanueva's primary purpose for repurchasing the subject property was for residential purposes and not for any other purposes. The fact that the subject property had been utilized as a gasoline station within a commercial zone was of no moment because the commercial classification of the subject property could not serve as a justification to defeat Villanueva's right to repurchase under C.A. No. 141. Villanueva's right to repurchase could not be arbitrarily denied under the guise of land reclassification because to allow such situation would put a premium on vendees acquiring patented lands because they would convert the subject property into a commercial one to retain ownership over it. This situation is repugnant to the purpose of C.A. No. 141.

Unsatisfied with the CA's decision, Spouses Alcuitas come to this Court via a Petition for Review on Certiorari under Rule 45 of the Rules of Court anchoring their petition on the following

ASSIGNMENT OF ERRORS

THE COURT OF APPEALS ERRED IN RULING THAT VILLANUEVA WAS ABLE TO ESTABLISH HER RIGHT TO REPURCHASE THE SUBJECT PROPERTY UNDER COMMONWEALTH ACT NO. 141.

THE COURT OF APPEALS ERRED IN RULING THAT THE MERE RECLASSIFICATION OF LAND CANNOT DEPRIVE VILLANUEVA OF HER RIGHT TO REPURCHASE.

Spouses Alcuitas' position

Spouses Alcuitas argued that the CA's unfavorable ruling resulted in the economic prejudice and grave injustice to them because Villanueva would unjustly enrich herself at their expense considering that they had already developed the entire subject property into a Class A gasoline station and car service center, spending so much for the improvements introduced. They likewise pointed out that the amount offered by Villanueva to repurchase the subject property was unconscionable. Finally, they averred that Villanueva could no longer rely on the principle in Section 119 of C.A. 141 considering that the subject property had already been reclassified into a commercial lot.

Villanueva's position

Villanueva argued that Spouses Alcuitas failed to perfect the subject petition on time due to the following procedural grounds, to wit: 1) failure of their counsel to comply with the mandatory MCLE requirement specifically MCLE No. IV; and 2) failure to comply with the mandatory requirement of a valid verification and certification.

The Court's Ruling

The petition lacks merit.

Simply, the crucial issues that need to be resolved in this case are: 1) whether Villanueva has the right to repurchase the subject property from Spouses Alcuitas; and 2) whether Villanueva's right to repurchase the subject property ceased upon the reclassification of the same into a commercial zone.

To recap, Spouses Alcuitas have posed two (2) main objections on Villanueva's decision to repurchase the subject property. First, the amount offered for the repurchase of the subject property was so unconscionable considering that they incurred necessary and useful expenses and introduced improvements therein. If the repurchase of the subject property would push through with such an unconscionable offer, it would result to their economic prejudice. Second, Villanueva had lost her right to repurchase under Section 119 of C.A. No. 141 because of the reclassification of the subject property from a residential zone to a commercial zone.

Spouses Alcuitas' arguments fail to persuade.

Villanueva has the statutory right to repurchase the subject property under Section 119 of C.A. No. 141.

Section 119 of Commonwealth Act No. 141, as amended, reads:

SEC. 119. Every conveyance of land acquired under the free patent or homestead provisions, when proper, shall be subject to repurchase by the applicant, his widow, or legal heirs, within a period of five years from the date of the conveyance.

It is crystal clear from the above provision that patentees or homesteaders of land including their family are given the right to repurchase the homestead land which they have conveyed to another within a limited period of time. The purpose and spirit of the law has been discussed in numerous cases. In *Heirs of Venancio Bajenting vs. Romeo F. Baez*,^[6] it was written:

As elucidated by this Court, the object of the provisions of Act 141, as amended, granting rights and privileges to patentees or homesteaders is to provide a house for each citizen where his family may settle and live beyond the reach of financial misfortune and to inculcate in the individuals the feelings of independence which are essential to the maintenance of free institution. The State is called upon to ensure that the citizen shall not be divested of needs for support, and reclined to pauperism. The Court, likewise, emphasized that the purpose of such law is conservation of a family home in keeping with the policy of the State to foster families as the factors of society and, thus, promote public welfare. The sentiment of patriotism and independence, the spirit of citizenship, the feeling of interest in public affairs, are cultivated and fostered more readily when the citizen lives permanently in his own house with a sense of its protection and durability. It is intended to promote the spread of small land ownership and the preservation of public land grants in the names of the underprivileged for whose benefits they are specially intended and whose welfare is a special concern of the State. The law is intended to commence ownership of lands acquired as homestead by the patentee or homesteader or his heirs.^[7]

The reclassification of the subject property into a commercial zone cannot stop Villanueva from exercising her right to repurchase the same under Section 119 of C.A. No. 141.

The Court agrees with the CA that the mere reclassification of the subject property from residential to commercial does not ipso facto deprive Villanueva of her right to repurchase the same. The Court is also of the view that the law does not make any qualification as to how the property shall be utilized and that the right to repurchase does not cease once the property's nature and classification are changed.

What the law strictly requires is that the repurchase must be for the purpose of preserving the land for the use of the patentee and his family. The law gives more importance to the purpose behind the patentee's repurchase than the reclassification or utilization of the property. More importantly, the law focuses on the preservation of public land grants and the conservation of the family home for the underprivileged citizens - which is the primordial concern of the State.

Although it is true that a gasoline station has been built on the subject property and the same has been reclassified into a commercial zone, Villanueva's primary purpose for repurchasing said property is for residential purposes. There is no evidence whatsoever that the purpose behind Villanueva's decision to repurchase the same was for commercial profit or for anything other than residential family use. There is no proof either that Villanueva had the intention to re-sell the subject property for monetary gain or profit.

For the Court, Spouses Alcuítas' argument that the repurchase of the subject property would result in economic prejudice and grave injustice to them again fails to move us. First, they did not raise this argument in their answer.[8] In fact, Spouses Alcuítas expressly stated in their answer that they never refused to accede to Villanueva's willingness to repurchase the subject property. Second, as found by the CA, their lease contract with Villanueva expressly stipulated that "the lessee may, aside from the existing building, construct or erect at its option, an additional structure and install such machinery, facilities and equipment at the back of the lease premises as it may consider necessary or convenient for the operation of its business at its own expense." [9] Besides, they knew that their lease contract was up to June 2009 only.

In any event, the homestead provision in this particular case leans towards the objective of protecting Villanueva whose only desire and intent was to repurchase the homestead land she once lost in order to start a new family life. The commercial reclassification of the subject property cannot divest Villanueva of her statutory right to repurchase the subject property.

The rulings in *Simeon v. Peña*,

Vargas v. Court of Appeals and

Santana v. Mariñas cases not

applicable

Contrary to the posture of Spouses Alcuítas, the *Francisco Santana v. Sotero Mariñas*, [10] *Marina B. Vargas v. The Court of Appeals*, [11] and *Deogracias Simeon v. Lourdes Peña* [12] cases cited by the RTC in its decision cannot be applied in this case.

Although it is true that the subject land in the *Santana* case involved a commercial area, the homesteader therein was not allowed to repurchase the homestead lot because he primarily wanted to exploit the land for business purposes. Similarly, the homesteaders in the *Vargas* case and *Simeon* case were also prohibited from repurchasing the subject homestead lots because their motives were speculative and for profit. In all these cases, the repurchase was not for the purpose of preserving the land for the family but for greater profit in violation of the policy and spirit of the law. Reselling for profit, and not preservation for the family, was foremost in the minds of the homesteaders in these three (3) cases.

WHEREFORE, the petition is DENIED.

SO ORDERED.

Carpio, (Chairperson), Del Castillo, Perez,[*] and Leonen, JJ., concur.

[*] Designated Acting Member in lieu of Associate Justice Arturo D. Brion, per Special Order No. 2191, dated September 16, 2015.

[1] Rollo, pp. 28-36 (Penned by Associate Justice Marie Christine Azcarraga-Jacob and concurred in by Associate Justices Edgardo T. Lloren and Edward B. Contreras).

[2] Id. at 37-41 (Penned by Presiding Judge Reinerio Abraham B. Ramas).

[3] Verified Petition, p. 5; id. at 1.

[4] Id. at 40-41.

[5] Id. at 41.

[6] 533 Phil. 809 (2006).

[7] Id. at 831.

[8] Rollo, pp. 52-58.

[9] Id. at 34-35.

[10] 183 Phil. 415 (1979).

[11] 180 Phil. 160 (1979).

[12] 146 Phil. 1093 (1970).

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