

ELIGIO P. MALLARI AND MARCELINA I. MALLARI, PETITIONERS, VS. HONORABLE COURT OF APPEALS, IGNACIO ARCEGA, SIMEON BACANI, NUMERIANO BACANI, PERCASIO CATA CUTAN, NICOLAS GALANG, BEN...

G.R. No. 61093. May 25, 1988

Ponente: YAP, C.J.

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YAP, C.J.:

This is an appeal by way of a petition for review on certiorari of the decision of the Court of Appeals, promulgated on May 31, 1982, in CA-G.R. No. SP-13807-CAR, reversing the order of the Court of Agrarian Relations, Branch I, San Fernando, Pampanga, which dismissed the petition for redemption, and remanding to the said court for further proceedings the case entitled "Ignacio Arcega et al., versus Roberto Wijangco, et al."

The antecedent facts are:

Private respondents are agricultural tenants of a landholding — the property in question — planted to sugarcane described as Lot 3364 of the cadastral survey of San Fernando, Pampanga, situated at Bo. Manimpis thereof, containing an area of 1,327,999 square meters, and originally owned by the spouses Roberto Wijangco and Asuncion Robles under T.C.T. No. 27507-R. The said land was mortgaged to the Philippine National Bank (PNB) on March 16, 1962. For failure of the spouses Wijangcos to pay their mortgage indebtedness, the PNB foreclosed the mortgage, with the notice for the extra-judicial sale being published in the "VOICE," a newspaper of general circulation in the province of Pampanga on February 26. March 5 and 12, 1978. The PNB, being the highest bidder in the extra-judicial sale, was awarded [as the purchaser of] the said property and accordingly [by virtue of which it] was issued a certificate of sale on March 17, 1978. Subsequently, T.C.T. No. 154516-R was issued to PNB upon failure of the spouses Wijangcos to exercise their right of redemption within the one-year period as required by law.

On July 10, 1980, the PNB executed a deed of conditional sale over the said land in favor of the herein petitioners, the spouses Mallari, without any indication that the same is tenanted. The condition of the sale was for the Mailaris to pay by installment, with a down-payment of 20% of the purchase price of P2,365,000.00 upon the execution of the document, and to pay the balance in three (3) equal annual installments.

On July 22, 1981, the private respondents filed a petition for redemption before the Court of Agrarian Relations (CAR) at San Fernando, Pampanga, claiming that it was only in April, 1981, that they were informed by petitioner Atty. Eligio Mallari that he had purchased the said land, whereupon private respondents signified their intention to redeem the land at P5,000.00 per hectare but by reason of Atty. Mallari's refusal to agree to the redemption price, they were compelled to file the petition for redemption against the spouses Wijangcos as former owners, the PNB as the present registered owner and the spouses Mailaris as the subsequent purchasers under the deed of conditional sale executed by the PNB. The records of the case show that on June 29, 1981, private respondents wrote the Ministry of Agrarian Reform requesting that the redemption be initiated by the Ministry and financed

by the Land Bank. A similar request was also sent to the District Officer, Pampanga, Agrarian District Office on June 22, 1981.

On November 18, 1981, the private respondents filed a motion praying that the CAR ordered the Land Bank to issue a certification of availability of funds to finance the redemption of the subject landholding. On December 24, 1981, the said court issued an order denying the motion and requiring the private respondents to show cause at the next scheduled hearing of the case why the case should not be dismissed for their failure to make a tender of payment and/or consignment relative to the redemption price. Private respondents moved for a reconsideration of the said order on the ground that the requirement of tender of payment and/or consignment is not necessary as a certification of availability of funds from the Land Bank is sufficient. At the start of the scheduled hearing, counsel for private respondents presented a certification from the Land Bank dated January 15, 1982 entitled "Certification to Finance Redemption of Estate Under R.A. 3844, As Amended."

On January 27, 1982, the CAR issued an order dismissing the petition for redemption on the ground that the certification to finance redemption issued by the Land Bank of the Philippines did not constitute a valid consignment of the redemption price and therefore there was allegedly a failure on the part of private respondents to comply with the jurisdictional requirements of Section 12 of R.A. No. 3844 on the exercise of the right of redemption.

On appeal to respondent Court of Appeals, the order of the lower court dismissing the petition for redemption was reversed and the case was remanded to the CAR for further proceedings. The appellate court ruled that private respondents had properly exercised their right of redemption against the petitioners within the 180-day period as required by Section 12, R.A. No. 3844, as amended; that the right of redemption is exercised by merely petitioning the court or requesting the Ministry of Agrarian Reforms to initiate and finance the redemption; and that it is not necessary for the lessee to make a tender of payment and/or consignment of the amount of the redemption price. Hence, this appeal.

Petitioners raise the following issues:

- Private respondents have no cause of action, since a) redemption being a right exercised against a vendee upon registration of the sale, the unregistered Deed of Conditional Sale in favor of petitioners executed by the PNB can not be the basis for the lessee's right of redemption; and b) the period of the right of redemption has already lapsed; and
- Private respondents did not make any valid tender of payment or consignment of the redemption price.

Section 12 of R.A. No. 3844, otherwise known as the Agricultural Land Reform Code, provides:

"Lessee's Right of Redemption. — In case the landholding is sold to a third person without the knowledge of the agricultural lessee, the latter shall have the right to redeem the same at a reasonable price and consideration: xxx The right of redemption under this Section may be exercised within two years from the registration of the sale, and shall have priority over any other right of legal redemption."

Subsequently, this provision was amended by R.A. No. 6389, otherwise known as the Code of Agrarian Reforms of the Philippines, and reads, thus:

"Lessee's Right of Redemption: In case the landholding is sold to a third person without the knowledge of the agricultural lessee, the latter shall have the right to redeem the same at a reasonable price and consideration: xxx The right of redemption under this Section may be exercised within one hundred eighty days from notice in writing which shall be served by the vendee on all lessees affected and the Department of Agrarian reform upon the registration of the sale, xxx" (Italics supplied)

Presidential Decree No. 27 which emancipated the tenant from the bondage of the soil has greatly qualified the provisions of the Code of Agrarian Reform: however, no changes have been effected on the above-mentioned section providing for the lessee's right of redemption.

It is the contention of petitioners that insofar as they are concerned, since the deed of conditional sale in their favor has not yet been registered, no redemption proceedings can yet be instituted against them under Republic Act No. 3844, as amended; hence, private respondents have no cause of action against them. On the other hand, if the right of redemption by the tenants under the said law is to be reckoned from the registration of the sale of the land, such right of redemption has already lapsed, since the PNB, as vendee of the land in a foreclosure sale, had been issued a certificate of sale on March 17, 1978 and subsequently was issued T.C.T. No. 154516-R upon failure of the mortgagors to redeem the property within the one-year period as required by law.

Petitioners' contention is without merit. If the tenants (the herein private respondents) had the right to redeem the property under the law upon the sale of the property to the PNB in 1978, such right of redemption has not yet prescribed because no notice in writing of the sale was ever given by the vendee upon the tenant as agricultural lessees of the land, as required by law. The PNB was made a party defendant in the petition for redemption filed by the private respondents with the Court of Agrarian Relations, and the PNB has not appealed the decision of the Intermediate Appellate Court holding that the private respondents had the right to redeem the property as the agricultural lessees thereof. Insofar as the petitioners are concerned, being the transferee of the land in question by virtue of the unregistered deed of conditional sale, they can not claim that the tenants, as agricultural lessees of the land, have no cause of action against them simply because the deed of conditional sale executed in their favor by the PNB has not yet been registered.

Republic Act No. 3844, as amended, prescribes the period within which the right of redemption must be exercised by the agricultural lessees, which is one hundred eighty days from written notice from the vendee of the property upon registration of the sale. But certainly there is nothing in the law which provides that without such written notice, the agricultural lessees can not exercise their right of redemption.

Regarding the second assignment of error alleged by petitioners, namely, that the private respondents did not validly exercise their right of redemption since there was no valid consignment or tender of payment, we find contention devoid of merit.

The appellate court correctly ruled that it is not necessary for the lessee to make a tender of payment and/or consignment of the amount of the redemption price, that a certification issued by the Land Bank that it will finance the redemption of the property in question is sufficient. Petitioners contend that Section 12 of R.A. No. 3844, as amended by R.A. No. 6389, will show that, unlike Section 11 thereof, there is no provision which deems the presentation of a certification of the Land Bank that it shall make payment of the property sought to be redeemed to be sufficient tender of consignment of the redemption price.

Section 11 of R.A. No. 3844, as amended, is a provision on the lessee's right of pre-emption and provides that: "xxx If the agricultural lessee agrees with the terms and condition of the sale xxx [he] must either tender payment of, or present a certificate from the Land Bank that it shall make payment xxx on the price of the landholding to the agricultural lessor. If the latter refuses to accept such tender or presentment, he may consign it with the court, xxx "(Italics supplied). True, said provision does not appear in Section 12 thereof, which refers to the lessee's right of redemption. However, there is no doubt that within the context of the Code and in line with this Court's exhortation that a liberal interpretation of the Code's provisions is imperative, to give it full force and effect to its clear intent, the lessee-preemptioner and the lessee-redemptioner have the same rights and are in the same footing and category insofar as the availment of the facilities of the Land Bank and the Ministry of Agrarian Reform are

concerned. Moreover, it is explicitly provided in Section 12 that "the Department of Agrarian Reform shall initiate while the Land Bank shall finance, said redemption as. in the case of pre-emption." Hence, it is not necessary for tenants-redernptioners to make a tender and/or consignment of the redemption price. A certification of the Land Bank to finance the redemption when presented will suffice. As observed by the appellate court:

"xxx Unlike the agricultural lessee whose financial capacity to pay the redemption price may be doubtful so that in case of direct payment of the redemption price by him to the owner of the land, he is obligated to make an actual tender of the reasonable price of the land, the Land Bank is a solvent government agency which is mandated to finance acquisition of farm lots. Its obligations are unconditionally guaranteed by the government (Sec. 76, R.A. 3844)."

ACCORDINGLY, finding the petition without merit, the same is hereby DISMISSED, with costs against petitioner.

SO ORDERED.

Melencio-Herrera, Padilla, and Sarmiento, JJ., concur.

Paras, J., took no part.

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