

RAMON A. GONZALES, PETITIONER, VS. LAND BANK OF THE PHILIPPINES AND COURT OF APPEALS, RESPONDENTS.

G.R. No. 76759. March 22, 1990

Ponente: FERNAN, C.J.

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FERNAN, C.J.:

This petition for review on certiorari seeks to reverse and set aside the December 2, 1986 decision of the Court of Appeals, reversing the decision of the trial court and in effect denying the direct issuance of Land Bank bonds in the name of herein petitioner as assignee thereof.

On the strength of a Deed of Assignment executed on August 8, 1981 by Ramos Plantation Company, Inc. (hereafter referred to as the corporation) through its president, Antonio Vic Zulueta, assigning its rights under Land Transfer Claim No. 82-757 unto petitioner Ramon A. Gonzales, the latter filed an action before the Regional Trial Court of Manila, Branch LI entitled "Ramon A. Gonzales, plaintiff, vs. Land Bank of the Philippines and Ramos Plantation Company, Inc., defendants" docketed as Civil Case No. 84-24461 to compel public respondent Land Bank of the Philippines to issue Land Bank Bonds for the amount of P400,000.00 in the name of petitioner instead of in the name of the aforesaid corporation as the original and registered owner of the property covered by Transfer Certificate of Title No. T-28755 situated in La Suerte, Malang, North Cotabato with a total area of 251,4300 hectares, which had been brought under the land transfer program of the government.

Defendant corporation was declared in default for failure to file its answer within the reglementary period while defendant Land Bank filed an answer alleging that the complaint states no cause of action since there is no privity of contract between plaintiff and itself and that it deals only with the landowner whose land was subjected to operation land transfer of the government under Presidential Decree No. 27 in order to save time and effort in ascertaining the identities of additional claimants.

At the pre-trial, the parties submitted a Stipulation of Facts dated July 29, 1985 (subsequently supplemented on September 10, 1985) praying that judgment be rendered on the basis thereof. In the aforesaid stipulation dated July 29, 1985, the following admissions and submissions were made: the execution of the Deed of Assignment; the fact that the corporation's president, Antonio Vic Zulueta, wrote defendant bank requesting the latter to issue the payment for the real property covered by TCT No. T-28756 through Land Bank Bonds amounting to P400,000.00 in the name of petitioner by virtue of the Deed of Assignment with the Board Resolution attached to said letter; that on June 30, 1982, defendant bank through its manager, Mr. Ceferino A. Pacio of the Land Transfer Operation Department, wrote back informing the Ramos Plantation, Inc. that it has approved its Land Transfer Claim No. 82-757 in the aggregate amount of P565,717.50 payment of which is subject to the submission and/or accomplishment of the requirements of defendant bank; that said corporation failed to comply with nine (9) of the requirements of defendant bank as contained in Annexes "C-1" and "C-2".[1]

On the other hand, the aforesaid Supplemental Stipulation of Facts dated September 10, 1985 provided that out of the 9 requirements for the first release in Annex "C-1" of the stipulation of facts dated July 29, 1984, only 6

requirements have not been complied with.[2]

In a decision dated October 15, 1985,[3] the lower court found the plaintiff entitled to the issuance of the Land Bank bonds, stating thus:

"WHEREFORE, defendant Land Bank of the Philippines is hereby ordered to issue in the name of Ramon A. Gonzales P400,000.00 worth of land bank bonds deducted from the P509,000.00 Land Bank bonds payable to Ramos Plantation Company, Inc. under claim No. 82-757 with the directive to the defendant land-owner Ramos Plantation Company, Inc. to comply with the six (6) requirements listed in paragraph 1 of the Supplemental Stipulation of Facts dated September 10, 1985. No pronouncement as to costs."[4]

Defendant-appellant Land Bank of the Philippines filed an appeal before respondent Court of Appeals resulting in the reversal of the trial court's decision and the dismissal of the complaint filed therein on the ground that even if there was compliance with the remaining six (6) requirements by defendant Ramos Plantation, Inc. still, the Land Bank bonds will have to be issued in the name of the said corporation and not to plaintiff-appellee. It is only thereafter that Ramos Plantation Co., Inc. may indorse the same to plaintiff.[5]

Petitioner now comes to Us on appeal by certiorari to set aside the decision of respondent appellate court with these arguments: that respondent Court of Appeals acted without jurisdiction in resolving the appeal inspite of the motion to certify this case to the Supreme Court; that respondent Court of Appeals palpably erred in finding that the Deed of Assignment is not effective to authorize LBP to issue the Land Bank Bonds in the name of petitioner; that respondent Court of Appeals palpably erred in holding that petitioner is not entitled to P400,000.00 worth of Land Bank Bonds upon compliance with the remaining six (6) requirements for the first release thereof.

We reduce the issues to two: whether the appellate court had jurisdiction to entertain the appeal of respondent Land Bank; and whether respondent Land Bank can be compelled to issue Land Bank bonds in the name of petitioner by virtue of the Deed of Assignment executed by the landowner-assignor Ramos Plantation Company, Inc. in favor of petitioner.

On the issue of lack of jurisdiction, petitioner vigorously asserts that since the trial court rendered judgment on the basis of the stipulation of facts submitted by the parties, the appeal from such a decision can only raise questions of law and therefore, respondent Land Bank should have gone directly to the Supreme Court on a petition for certiorari.

We do not fully subscribe to petitioner's contention, for as correctly observed by the Solicitor General, the existence of a stipulation of facts between the parties does not automatically mean that the parties agreed on all the facts considering that stipulations may be total or partial.[6] In this instance, it was merely partial.

A perusal of the aforementioned Stipulation and Supplemental Stipulation of Facts dated July 29, 1985 and September 10, 1985, respectively, readily reveals that the same do not contain a complete or sufficient picture of the circumstances among the parties and that certain vital matters are left out in said stipulations, i.e., the significant policy of the Land Bank to issue its bonds directly and only in the name of the landowners; and the fact that there are different stages in the release of payments under the operation land transfer program with each stage having different requirements that have to be complied with by the landowner in order to be entitled to payment under a land transfer claim. In view of these omissions in the Stipulations, the remedy of appeal before the appellate court resorted to by respondent bank and assailed by petitioner is proper because it involved not only pure questions of law but mixed questions of law and fact.

On the more substantive issue of whether public respondent Land Bank may be compelled to honor the subject deed of assignment, it will be noted that respondent bank in denying the issuance of the bond in the name of the

petitioner-assignee was guided by Resolution No. 75-68 entitled "PROPER PARTIES TO RECEIVE LAND TRANSFER PAYMENT" promulgated purposely to govern, among others, the issuance of Land Bank Bonds to assignees by virtue of Deeds of Assignment.

Thereunder the Land Bank can only issue bonds in the name of the assignor-landowner. It is only after the issuance of bonds in the landowner's name that he shall be required to make the necessary indorsement of the bonds to his assignee. This is in consonance with the Land Bank's policy to deal primarily with the landowners in order to save time and effort in ascertaining the identities of claimants.[7]

However, petitioner relying on the provisions of Article 1311 of the Civil Code,[8] maintains that by virtue of said deed, he stepped into the shoes of his assignor and acquired all the rights of the latter and it was error on the part of the appellate court to find that the aforesaid Deed of Assignment is not effective to authorize the Land Bank of the Philippines to issue the Land Bank Bonds in the name of petitioner upon compliance with the remaining six (6) requirements for the first release thereof.

There is indeed no question that petitioner stepped into the shoes of his assignor, the defendant corporation. But petitioner overlooked the fact that when the corporation assigned its rights to him under Land Transfer Claim No. 82-757, the same was subject to the rules and restrictions, imposed by respondent Land Bank on the matter of assignment of rights.

In the promulgation of said rules and regulations, the Land Bank relied on the provisions of Section 76, R.A. 3844 as amended by P.D. 251, which specifically provides:

"Sec. 76. Issuance of Bonds. x x x. The Board of Directors shall have the power to prescribe rules and regulations for the issuance, reissuance, servicing, placement and redemption of the bonds herein authorized to be issued as well as the registration of such bonds at the request of the holders thereof."

The act of assignment could not operate to erase liens or restrictions burdening the right assigned. The assignee cannot, after all, acquire a greater right than that pertaining to the assignor.[9]

Thus, when Ramos Plantation Company, Inc, assigned its rights, title and interest in Land Transfer Claim No. 82-757 for the amount of P400,000.00 in favor of petitioner Ramon A. Gonzales, the latter acquired the same subject to the restrictions on assignment of rights embodied in Resolution No. 75-68 dated February 25, 1975[10] passed by the Board of respondent Land Bank of the Philippines, the pertinent provision of which reads:

"4. In Assignment of Rights entered into by landowners vesting upon the Assignee the right to receive full or partial payment from the Land Bank pursuant to land transfer, the same, if found valid in form and substance, shall be recognized by the Land Bank. Whenever practicable, Land Bank bonds issued therefor must be made payable to the Assignor-Landowner who shall be required to make the necessary indorsement of said bonds to the Assignee. In case the cash portion is the one assigned, the check in payment thereof shall be issued to the original landowner who shall be required to make the indorsement to the Assignee. Thus, for record purposes, it will appear that payment was directly to the landowner concerned and who, by reason of the Assignment, has caused the necessary indorsement of the bonds and/or check, as the case may be, to the Assignee."

It is an elementary rule in administrative law that administrative regulations and policies enacted by administrative bodies to interpret the law which they are entrusted to enforce have the force of law and are entitled to great respect. They have in their favor a presumption of legality.[11]

This Court is in total agreement with respondent appellate court's finding that it must be the Ramos Plantation Company, Inc. which should comply with all the requirements imposed by respondent bank to effect the release of payments under land transfer claims because of the restriction that the bonds will only be released in the name

of the landowner-assignor corporation which may thereafter indorse the same to petitioner. In fact, in the decision of the trial court, Ramos Plantation Company, Inc. was directed to comply with the six (6) requirements[12] listed in paragraph 1 of the Supplemental Stipulation of Facts dated September 10, 1985. Since no appeal was taken by Ramos Plantation Company, Inc. from said decision, said directive has become final and executory.

However, the decision of the appellate court dismissing the complaint of petitioner had the effect of reversing said directive, thereby leaving petitioner without legal authority to compel Ramos Plantation Company, Inc. to comply with the requirements of the Land Bank for the release of the bonds and thereafter to endorse the same to petitioner as assignee thereof. The decision of the appellate court should therefore be, as it is hereby, modified accordingly.

WHEREFORE, the decision of the appellate court is hereby MODIFIED. The directive to Ramos Plantation Company, Inc. contained in the lower court's decision is reinstated. Ramos Plantation Company, Inc. is ordered to comply within thirty (30) days from notice with the six (6) requirements listed in paragraph 1 of the Supplemental Stipulation of Facts dated September 10, 1985, and as soon as the bonds are released in its name, to immediately endorse the same to petitioner as assignee thereof.

SO ORDERED.

Gutierrez, Jr., Feliciano, Bidin, and Cortes, JJ., concur.

[1] Rollo, pp. 70-71.

[2] Rollo, pp. 72-73.

[3] Rollo, pp. 32-35.

[4] Rollo, pp. 34-35.

[5] Rollo, p. 30.

[6] Rollo, p. 104.

[7] Rollo, pp. 107-108.

[8] Article 1311 reads: "Contracts take effect only between the parties, their assigns and heirs, except in cases where the rights and obligations arising from the contract are not transmissible by their nature, or by stipulation or by provision of law. x x x "

[9] PNB v. General Acceptance and Finance Corporation, et al., G.R. No. 30751, May 24, 1988, 161 SCRA 449.

[10] Rollo, pp. 86-87.

[11] *Español v. Chairman, PVA*, 137 SCRA 316 (1986).

[12] The six (6) requirements listed in paragraph 1 of the Supplemental Stipulation of Facts dated September 10, 1985 are:

1)

Due Execution of Deed of Assignment, Warranties and Undertaking;

2)

Current Residence Certificates A & B of the authorized representative and C & C-1 of the corporation;

3)

Submission of copy of OCT P-28755 duly certified by the Register of Deeds concerned as the exact copy on file with complete encumbrance page;

4)

Presentation to the Bank of the owner's duplicate copy of OCT P-28755;

5)

Certified copies of Articles of Incorporation with certification of registration from the Securities and Exchange Commission;

6)

Certified copies of By-Laws of the corporation with certification of registration from the Securities and Exchange Commission.

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