

REPUBLIC OF THE PHILIPPINES, PETITIONER, VS. COURT OF APPEALS, HEIRS OF NICOLAS FELISILDA, NAMELY: CATALINA ASERTO VDA. DE FELISILDA, MAGDALENA, TIRSO, MELECIO, PEDRO, ANICETA, ...

G.R. No. 79582. April 10, 1989

Ponente: MELENCIO-HERRERA, J.

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MELENCIO-HERRERA, J.:

The Republic of the Philippines (Republic, for brevity), through the Solicitor General, seeks to assert its title, by reversion, to a Free Patent and derivative titles therefrom, issued in favor of private respondents. Thus, it prays for the review and reversal of the Decision of respondent Court of Appeals of 13 August 1987[1] which affirmed, except as to costs against the Government, the Decision of the Regional Trial Court of General Santos City, Branch 12,[2] declaring (a) Free Patent No. 326416, issued in favor of Nicolas Felisilda on 14 April 1967 for Lot No. 2198 on Plan P1s-209-D-11 situated at Dole Cannery Site, Polomolok, South Cotabato, (b) Original Certificate of Title No. P-29004, as well as (c) all derivative Transfer Certificates of Title, as valid and binding.

The prefatory facts follow:

Sometime in 1941, the late Nicolas Felisilda, as a settler of the National Land Settlement Administration (NLSA), was assigned Farmlot No. 1279 (later re-numbered as Lot No. 2198, P1s-209-D11) and Homelot No. 200, both situated in Polomolok, South Cotabato, with an area of 11.8822 hectares (the Disputed Property, for easy reference). On 24 December 1949, a Certificate of Permanent Assignment of said lots was issued to him by the Farm Administrator of Polomolok Settlement District (Exhibits "1", "1-A" to "1-D").

On 19 March 1954, Senior Inspector Bienvenido Abrea of the Land Settlement and Development Corporation, Polomolok Settlement District, rendered a Status Report attesting to Felisilda's actual possession and occupancy (Exhibits "2", "2-A" to "2-D").

On 11 October 1960, Nicolas Felisilda filed Free Patent Application No. 37-175 for the Disputed Property with the Bureau of Lands, through Lands Inspector Vicente Gal Cejas as shown by a Second Indorsement dated 11 July 1973 by District Land Officer, Buenaventura M. Gonzales (Exhibit "3").

On 10 October 1962, Nicolas Felisilda died (Exhibit "H").

In the meantime, Free Patent Application No. 37-175 remained unacted upon and unprocessed as it was not supported by a Joint Affidavit of two (2) disinterested witnesses. It was only sometime in 1963, or after the death of Nicolas Felisilda, when Lands Inspector Cejas acted upon said application and processed it, after Felisilda's widow, Catalina Felisilda, sought his help in expediting action on her husband's application.

Thus, it was only on 11 October 1963 that the Application for Free Patent signed by Nicolas Felisilda was formally presented, subscribed and sworn to before Lands Inspector Cejas. In the same document, two (2)

witnesses, Flaviano Salada and Paterna Cortes, subscribed and swore to a Joint Affidavit in support of the Free Patent Application (Exhibits "G", "G-1" to "G-4").

On 27 October 1963 a Notice of Application for Free Patent, with a certification of posting by Nicolas Felisilda, subscribed and sworn to before Lands Inspector Cejas, was released by the Bureau of Lands. The affiant was stated to have exhibited his Residence Certificate No. A-4968202 issued at Polomolok, South Cotabato on 18 February 1963 (Exhibits "J", "J-1, "J-2").

On 31 October 1963, Inspector Cejas submitted a Certification to the Director of Lands that upon ocular inspection of the land covered by Free Patent Application No. 37-175, he found that the applicant had been in continuous occupation and cultivation thereof since 1941; that the applicant "is still living" (Exhibit "I-2"); that it was free from claims and conflicts at the time of inspection; and recommending that patent be issued to the applicant (Exhibit "I").

On 20 March 1967 the Bureau of Lands approved the Application and ordered the issuance of Patent (Exhibit "L").

On 14 April 1967 Free Patent No. 326416 was issued to Nicolas Felisilda, for Lot No. 2198, P1s-209-D-11 followed by the issuance of the corresponding Original Certificate of Title No. (P-29004) P-11128 on 9 May 1967 (Exhibit "M"). This was subsequently cancelled and Transfer Certificate of Title No. T-10450 was issued in the name of the Heirs of Nicolas Felisilda after an extrajudicial settlement had been executed by them (Exhibit "1-A").

On 14 June 1972, for and in consideration of the sum of P120,000.00 the Heirs of Nicolas Felisilda sold 9.8822 hectares to Manuel Serranillo, and 2 hectares to Francisco Laiz for P60,000.00 (Exhibit "4"), or the totality of the area covered by the Free Patent. Transfer Certificates of Title Nos. T-12335 and T-12416 were issued to Serranillo and Laiz, on 11 August 1972 (Exhibit "O") and 15 August 1972 (Exhibit "N"), respectively. It appears that thereafter Serranillo subdivided the area sold to him and was issued 307 Transfer Certificates of Title, all on 20 April 1979 (Exhibits "P", "P-1" to "P-307").

If the Deeds of Sale of 14 June 1972 to Serranillo and Laiz are to be taken at their face value, the Disputed Property was sold beyond the prohibitory period of five (5) years from the issuance of the Free Patent on 14 April 1967. The Republic stresses, however, that as early as 1970, or within the proscribed period for transfer of land covered by a Free Patent, the Heirs of Nicolas Felisilda had already alienated portions of the land to Serranillo and Laiz except that the formal contracts were not executed until 1972. Proof of the matter was that even on 29 September 1970 and 22 April 1971 Serranillo had executed acts of ownership by entering into notarized contracts to sell portions of the Disputed Property with Nena B. Jamila and Pablo Poliquit, respectively (Exhibits "K", "K-1" to "K-12"). Said contracts carried the letterhead "Matutum Heights Subd., Manuel Serranillo, Owner; Tomas D. Bayan, Manager."

On 17 November 1972, a Protest entitled "Sta. Cruz Homeowners Association Inc., Occupant-Claimant-Protestant, vs. Heirs of the late Nicolas Felisilda represented by Catalina Vda. de Felisilda, et al., Applicant-Respondent," was filed with the Bureau of Lands (Exhibit "8"). The grounds relied upon were that the protestants were the actual occupants of the controverted land; that the Free Patent Application filed on 11 October 1963 had been falsified, the patentee having died in 1962; and that the land in question had been sold to other parties before the expiration of five (5) years. Simultaneously, the Association also filed a Sales Application over the same property on the same date.

In a 2nd Indorsement dated 11 July 1973 the District Land Officer Buenaventura M. Gonzales recommended "that

the case be considered closed and dropped from the records" since the subject land was already titled property (Exhibits "3", "3-A", "3-B", Serranillo).

Notwithstanding, in a 1st Indorsement of 15 August 1974, the Director of Lands ordered the investigation of the Protest (Exhibit "A"). Land Inspector Francisco del Rosario was assigned as Investigator. After hearings conducted by him, he recommended the annulment of the Patent on the principal grounds that neither Nicolas Felisilda nor his heirs had continuously occupied or cultivated the land; that the application filed by them appears to have been falsified; and that Section 118 of the Public Land Law, had been violated (Exhibit "F").

Adopting that recommendation, on 18 June 1976, the Director of Lands rendered a Decision declaring that Free Patent No. 326416 granted to Nicolas Felisilda was null and void as it had been fraudulently issued, and recommending the judicial cancellation of said patent and title pursuant to Section 91 of the Public Land Law (C.A. No. 141). The Ministry of Natural Resources dismissed the appeal to it on 24 June 1980 and denied a Motion for Reconsideration on 30 March 1981.

In the meantime also, the widow, Catalina Felisilda, and Land Inspector Vicente Gal Cejas were jointly indicted for Falsification of Public Document in Criminal Case No. 732 before the Court of First Instance of General Santos. On 8 July 1976, said Court found the totality of the evidence wanting on the charge of falsification and absolved both accused from any criminal liability.

It likewise appears that even as early as 23 March 1972, the Provincial Fiscal of General Santos City, in a Joint Resolution, had dismissed I.S. Case No. 155 filed by one Melquiades Hilaga against the Heirs of Nicolas Felisilda for Falsification of Public Document and Reversion of the controverted property, and denied I.S. Case No. 362 filed by the Sta. Cruz Homeowners Association against the same Heirs, Manuel Serranillo and Francisco Laiz for Reversion of the same property. The Complaint for Falsification was dropped for lack of basis, Nicolas Felisilda having been found to have perfected his rights to the land; while the complaint for reversion was denied, the Association being without personality to seek said remedy.

On 1 December 1980, the Republic, as petitioner, apparently acting upon the recommendation of the Director of Lands, filed a Complaint for cancellation of Free Patent No. 326416, Original Certificate of Title No. P-29004, and Transfer Certificates of Title Nos. T-12335 and T-12416 with the then Court of First Instance of General Santos City (Civil Case No. 3003). Named as defendants were the Heirs of Nicolas Felisilda; the Spouses Serranillo; the Spouses Laiz, and the Register of Deeds of Koronadal, South Cotabato. Essentially, the Republic claimed that actual fraud and deception was practiced on the Director of Lands considering that the Application for Free Patent and the Notice of Application for Free Patent were accomplished after the death of the applicant Nicolas Felisilda, in violation of Section 91 of the Public Land Law; and that the land was sold within the prohibitory period of five (5) years contrary to Section 118 of the same law.

Traversing the Complaint, the defendants denied the commission of any fraud stating that the application had been filed by Nicolas Felisilda during his lifetime but was acted on officially only after his death; that the sale of the controverted property was made after the five-year prohibitory period; that the Patent and Titles derived therefrom are valid and binding against the whole world; that Serranillo and Laiz were purchasers in good faith; and that majority of the protestants were mere lessees while the rest had entered the land later as plain squatters, the place being near the DOLE cannery site.

After trial, the lower Court dismissed the Complaint on 3 September 1985, declared the Free Patent as valid against the whole world and the corresponding Original and Transfer Certificates of Title as legal and binding, no fraud having been proven; that the property had become private land by virtue of the titling thereof and, therefore, the Director of Lands no longer had jurisdiction over the same; and that there was no violation of Section 91 nor

118 of the Public Land Law. An appeal was made to the Court of Appeals which affirmed said judgment in toto on 13 August 1987 except as to costs against the Government.

Hence, this Petition for Review on Certiorari, urging that:

1. THE TRIAL COURT ERRED IN HOLDING THAT THERE WAS NO FALSIFICATION IN THE APPLICATION FOR FREE PATENT CONSIDERING THAT THE ALLEGED APPLICANT, NICOLAS FELISILDA, DIED ALREADY ON OCTOBER 10, 1962.
2. THE TRIAL COURT ERRED IN HOLDING THAT THE POWER OF THE DIRECTOR OF LANDS TO INVESTIGATE LAND CONFLICTS PERTAINS ONLY TO CONFLICTS OVER PUBLIC LANDS, HENCE, HIS DECISION, INCLUDING THAT WHICH WAS RENDERED BY THE MINISTRY OF NATURAL RESOURCES, ARE NULL AND VOID; CONSEQUENTLY, AFTER A FREE PATENT IS GRANTED, AND THE CORRESPONDING TITLE ISSUED, THE LAND CEASES TO BE PART OF THE PUBLIC LAND DOMAIN AND BECOMES PRIVATE PROPERTY OVER WHICH THE DIRECTOR OF LANDS LOSES CONTROL AND JURISDICTION.
3. THE TRIAL COURT ERRED IN HOLDING THAT THE TITLE HAS ATTAINED THE STATUS OF IMPRESCRIPTIBILITY, AND INDEFEASIBILITY, THE PERIOD OF ONE YEAR FROM ITS REGISTRATION HAVING LONG LAPSED.
4. THE TRIAL COURT ERRED IN HOLDING THAT THERE WAS NO VIOLATION OF THE PROVISIONS OF SECTION 118 OF THE PUBLIC LAND LAW CONSIDERING THAT THE DEED OF CONVEYANCE IN FAVOR OF THE DEFENDANTS WAS EXECUTED BEYOND THE PROHIBITORY PERIOD OF FIVE YEARS FROM THE ISSUANCE OF THE PATENT.
5. THE TRIAL COURT ERRED IN NOT HOLDING THAT THE DECISION OF THE DIRECTOR OF LANDS AS AFFIRMED BY THE MINISTER OF NATURAL RESOURCES IS CONCLUSIVE UPON THE COURTS UNLESS THERE IS A SHOWING OF ABUSE OF DISCRETION AMOUNTING TO LACK OF JURISDICTION IN A PROPER COURT PROCEEDING.

We resolved to give due course.

The Issue of Falsification

The Solicitor General maintains that the falsification lies in the fact that although Nicolas Felisilda died on 10 October 1962 (Exhibit "H"), when the Application for Free Patent was filed on 11 October 1963, or one year after his death, somebody appeared before the Lands Inspector with Residence Certificate No. A-4968202, issued at Polomolok, Cotabato on 18 February 1963 and signed and swore to the truth of the entries in the Application (Exhibits "G", G-1" to "G-5"). Nicolas Felisilda himself is also said to have appeared, signed and sworn to the truth of the fact that notices regarding his filing of an application had been posted at the required places (Exhibits "J", "J-1" and "J-2"). Those false entries, therefore, according to the Solicitor General, ipso fact of produced the cancellation of the patent and title emanating therefrom pursuant to Section 91 of the Public Land Act.[3]

Like the Courts below, we are not persuaded that falsification attended the filing of the Application for Free Patent. It should be recalled that in a Second Indorsement of the District Land Office, dated 11 July 1973, its Officer, Buenaventura M. Gonzales, stated that the lot in question was applied for by Nicolas Felisilda under Free Patent No. 37-175, on 11 October 1960 (Exhibit "3"). That was during his lifetime. The Application was not acted on, however, until much later. In fact, it was formally considered only on 11 October 1963 and bore the same number, Free Patent No. 37-175. It was only upon the entreaties of Nicolas Felisilda's widow, Catalina, that Lands Inspector Cejas acted upon and processed the Application. While inefficiency was apparent, it cannot be equated with irregularity for, pursuant to Section 105 of the Public Land Law,[4] the heirs of an applicant are entitled to

have the Patent issued to them if they show compliance with requirements. They are subrogated to all the rights and obligations of their predecessor-in-interest who, in this case, had perfected his rights as a settler prior to his death as shown by: the Certificate of Permanent Assignment dated 24 December 1949 by the Farm Administrator of the Polomolok Settlement District (Exhibit "1"); the Status Report of 19 March 1954 by the Public Land Inspector Bienvenido M. Abrea confirming compliance with possession and cultivation requirements of a settler (Exhibit "2"); and the Certification of District Land Officer Buenaventura M. Gonzales on 11 July 1973 (Exhibit "3"). Collusion cannot justifiably be claimed among the said officials and the widow of Nicolas, the dates of execution of the documents being far apart. On the contrary, the presumption that official duties were regularly performed must be upheld.

Authority of Director of Lands

to investigate conflicts over

public lands.

The authority of the Director of Lands to investigate conflicts over public lands is derived from Section 91 of the Public Land Act, reading:

"x x x. It shall be the duty of the Director of Lands, from time to time and whenever he may deem it advisable to make the necessary investigations for the purpose of ascertaining whether the material facts set out in the application are true, or whether they continue to exist and are maintained and preserved in good faith, and for the purposes of such investigation, the Director of Lands is hereby empowered to issue subpoenas and subpoenas duces tecum and, if necessary, to obtain compulsory process from the courts. In every investigation made in accordance with this section, the existence of bad faith, fraud, concealment, or fraudulent and illegal modification of essential facts shall be presumed if the grantee or possessor of the land shall refuse or fail to obey a subpoena or subpoena duces tecum lawfully issued by the Director of Lands or his authorized delegates or agents, or shall refuse or fail to give direct and specific answers to pertinent questions, and on the basis of such presumption, an order of cancellation may issue without further proceedings."

In fact, it is not merely his right but his specific duty to conduct investigations of alleged fraud in securing Free Patents and the corresponding titles thereto.

"In the light of the facts disclosed in the foregoing stipulation, We reiterate *Cebede vs. Director of Lands*, G.R. No. L-12777, May 22, 1961, 2 SCRA 25, wherein We held that it is not only the right but the duty of the Director of Lands to conduct the investigation of any alleged fraud in securing a free patent and the corresponding title to a public land and to file the corresponding court action for the reversion of the same to the State, if the facts disclosed in the course of such investigation should so warrant. Consequently, prohibition cannot be issued to enjoin such an investigation despite the existence of a Torrens title" (cited in *Pinero, Jr. vs. Director of Lands*, L-36507, June 14, 1974, 57 SCRA 386)

Indefeasibility and imprescriptibility of title

It is true that under Section 122 of the Land Registration Act[5] a title issued on the basis of a Free Patent is as indefeasible as one judicially secured. That indefeasibility, however, is not a bar to an investigation by the Director of Lands as to how such title had been acquired, if the purpose of such investigation is to determine whether or not fraud had been committed in securing such title in order that the appropriate action for reversion may be filed by the Government. The rationale therefor has been explained, thus:

"It is true that under Section 122 of the Land Registration Act, a Torrens title issued on the basis of a free patent or a homestead patent is as indefeasible as one judicially secured. And in repeated previous decisions of this Court that indefeasibility has been emphasized by Our holding that not even the Government can file an

action for annulment, but at the same time, it has been made clear that an action for reversion may be instituted by the Solicitor General, in the name of the Republic of the Philippines (Director vs. De Luna, 110 Phil. 28; Republic vs. The Heirs of C. Carle, 105 Phil. 1228; Panimdim vs. Director, 11 SCRA 628; and the cases therein cited). It is to the public interest that one who succeeds in fraudulently acquiring title to a public land should not be allowed to benefit therefrom, and the State should, therefore, have an ever existing authority, thru its duly authorized officers, to inquire into the circumstances surrounding the issuance of any such title, to the end that the Republic, thru the Solicitor General or any other officer who may be authorized by law, may file the corresponding action for the reversion of the land involved to the public domain, subject thereafter to disposal to other qualified persons in accordance with law. In other words, the indefeasibility of a title over land previously public is not a bar to an investigation by the Director of Lands as to how such title has been acquired, if the purpose of such investigation is to determine whether or not fraud had been committed in securing such title in order that the appropriate action for reversion may be filed by the Government" (Pinero vs. Director of Lands, supra).

And in so far as the timeliness of the action of the Government is concerned, it is basic that prescription does not run against the State (Article 1108, Civil Code; Republic vs. Rodriguez, L-18967, January 31, 1966, 16 SCRA 53). The case law has also been:

"When the government is the real party in interest, and is proceeding mainly to assert its own rights and recover its own property, there can be no defense on the ground of laches or limitation" (Government of the U.S. vs. Judge of First Instance of Pampanga, 49 Phil. 495, 500; Republic vs. Grijaldo, L-20240, December 31, 1965, 15 SCRA 681).

"Public land fraudulently included in patents or certificates of title may be recovered or reverted to the State in accordance with Section 101 of the Public Land Act. Prescription does not lie against the State in such cases for the Statute of Limitations does not run against the State. The right of reversion or reconveyance to the State is not barred by prescription" (Republic vs. Hon. Animas, L-37682, March 29, 1974, 56 SCRA 499).

Barter and sale of the land in 1970

Section 118 of the Public Land Act[6] provides that lands acquired under Free Patent shall not be subject to encumbrance or alienation from the date of the approval of the application and for a term of five years from and after the date of the issuance of the patent.

In the case at bar, the Free Patent was issued on 14 April 1967. And yet, barely three (3) years after its issuance, or in 1970, Catalina Vda. de Felisilda had bartered a portion thereof with Serranillo, as she herself had declared in the investigation proceedings covering the land in question (Exhibit "E-1-1"). The records likewise indicate that after respondent Serranillo had acquired the property he caused the same to be subdivided into small lots and announced himself as owner (Exhibits "K", "K-1" to "K-4"). In fact, on 29 September 1970 in a Contract to Sell, he sold Lot No. 18, Block 2, with an area of 192 sq. ms., a portion of Lot 2198, covered by Original Certificate No. P-29004 (the original title) in favor of one Nena B. Jamila (Exhibits "K"; "K-2"). Another lot was sold on 9 November 1970 in favor of Pablo Poliquit (Exhibits "K", "K-9" to "K-12"). In other words, he was already exercising acts of ownership.

The conclusion is inevitable, therefore, that Felisilda's widow had disposed of the land within the prohibitory period because as she herself stated she needed money to finance her medical expenses (Exhibit "E", p.3). The provision of the law which prohibits the sale or encumbrance of the homestead within five years after the grant of the patent is mandatory, the purpose of the law being to promote a definite public policy, which is to preserve and keep in the family of the patentee that portion of the public land which the State has gratuitously given to them.

The Deeds of Sale executed by Felisilda's widow only on 14 June 1972 in favor of Serranillo (Exhibit "4") and

Laiz (Exhibit "5") cannot overcome the fact that as early as 1970 Serranillo was already exercising acts of ownership over the land in question. Indications are that the sales were actually perfected within the prohibitory period but the Deeds of Sale were made to appear as executed only on 14 June 1972 or five (5) years and two (2) months after the issuance of the Patent on 14 April 1967. The 1972 Deeds were evidently merely confirmatory documents designed to circumvent the prohibition against alienation within a period of five (5) years.

"The law prohibiting any transfer or alienation of homestead land within five years from the issuance of the patent does not distinguish between executory and consummated sales; and it would hardly be in keeping with the primordial aim of this prohibition to preserve and keep in the family of the homesteader the piece of land that the state had gratuitously given to them. To hold valid a homestead sale actually perfected during the period of prohibition but with the execution and the delivery of possession of the land sold to the buyer deferred until after the expiration of the prohibitory period, purposely to circumvent the very law that prohibits and declares invalid each transaction to protect the homesteader and his family (*Mansano vs. Ocampo*, L-14778, February 28, 1961, 1 SCRA 691, 697).

The Conclusiveness of the

Decision of the Director

of Lands

The authority of the Director of Lands to investigate circumstances leading to the issuance of the patent after the same had been issued is beyond question as heretofore discussed. Ordinarily, too, his decision as to questions of fact, when approved by the Secretary of Agriculture & Natural Resources is conclusive (*Vda. de Calibo vs. Ballesteros*, L-17466, September 18, 1965, 15 SCRA 37; *Ramirez vs. CA*, L-28591, October 31, 1969, 30 SCRA 297). However, it has also been held that a Court may review a decision of the Director of Lands in a direct proceeding therefor, as in this case, and not collaterally (*Firmelo vs. Tutaan*, L-35408, October 27, 1972, 53 SCRA 505). Thus it is that we find ourselves in disagreement with his finding that the Patent had been fraudulently issued and that there was falsification. In fact, the charge of Falsification of Public Document was rejected twice in succession by the Resolution of the Provincial Fiscal of General Santos City on 23 March 1972 (Exhibit "8"-Laiz), and by the Court of First Instance of General Santos in Crim. Case No. 732 on 8 July 19 6 (Exhibit "7"-Laiz).

Reversion Allowed

In fine, while we affirm the finding of non-falsification by both the Trial Court and the Appellate Court, we are allowing reversion to the State on the ground that the Disputed Property was disposed of within the prohibitory period, following the explicit provisions of Section 124 of the Public Land Act, reading:

"Sec. 124. Any acquisition, conveyance, alienation, transfer, or other contract made or executed in violation of any of the provisions of sections 118, 120, 121, 122 and 123 of this Act shall be unlawful and null and void from its execution and shall produce the effect of annulling and cancelling the grant, title, patent, or permit originally issued, recognized or confirmed, actually or presumptively, and cause the reversion of the property and its improvement to the State."

WHEREFORE, the judgment under review promulgated on 13 August 1987 by respondent Appellate Court is hereby SET ASIDE and we hereby order the cancellation of: (1) Free Patent No. 326416 and Original Certificate of Title No. P-29004, issued to Nicolas Felisilda; (2) TCT No. T-12335, together with all the 307 derivative titles, namely TCT Nos. T-28975 to T-29281 all issued in favor of respondent-appellee Serranillo; and (3) TCT No. T-12416, issued in favor of Francisco Laiz. The lands covered thereby are hereby ordered reverted to the mass of the public domain. No costs.

SO ORDERED.

Paras, Padilla, Sarmiento, and Regalado, JJ., concur.

[1] Penned by Justice Jorge S. Imperial and concurred in by Justices Vicente V. Mendoza and Manuel C. Herrera.

[2] Presided over by Judge Marcelino R. Valdez.

[3] "SEC. 91. The statements made in the application shall be considered as essential conditions and parts of any concession, title, or permit issued on the basis of such application, and any false statement therein or omission of facts altering, changing, or modifying the consideration of the facts set forth in such statements, and any subsequent modification, alteration, or change of the material facts set forth in the application shall ipso facto produce the cancellation of the concession, title, or permit granted.

[4] Sec. 105. If at any time the applicant or grantee shall die before the issuance of the patent or the final grant of the land, or during the life of the lease, or while the applicant or grantee still has obligations pending towards the government in accordance with this Act, he shall be succeeded in his rights and obligations with respect to the land applied for or granted or leased under this Act by his heirs in law, who shall be entitled to have issued to them the patent or final concession if they show that they have complied with the requirements therefor, and who shall be subrogated in all his rights and obligations for the purposes of this Act.

[5] Sec. 122. Whenever public lands in the Philippine Islands belonging to the Government of the United States or to the Government of the Philippines Islands are alienated, granted, or conveyed to persons or to public or private corporations, the same shall be brought forthwith under the operation of this Act and shall become registered lands. It shall be the duty of the official issuing the instrument of alienation, grant, or conveyance in behalf of the Government to cause such instrument, before its delivery to the grantee, to be filed with the register of deeds for the province where the land lies and to be there registered like other deeds and conveyances, whereupon a certificate shall be entered as in other cases of registered land, and an owner's duplicate certificate issued to the grantee. The deed, grant, or instrument of conveyance from the Government to the grantee shall not take effect as a conveyance or bind the land, but shall operate only as a contract between the Government and the grantee and as evidence of authority to the clerk or register of deeds to make registration. The act of registration shall be the operative act to convey and affect the lands, and in all cases under this Act registration shall be made in the office of the register of deeds for the province where the land lies. The fees for registration shall be paid by the grantee. After due registration and issue of the certificate and owner's duplicate such land shall be registered land for all purposes under this Act.

[6] Sec. 118. Except in favor of the Government or any of its branches, units, or institutions, or legally constituted banking corporations, land acquired under free patent or homestead provisions shall not be subject to encumbrance or alienation from the date of the approval of the application and for a term of five years from and after the date of issuance of the patent on grant, not shall they become liable to the satisfaction of any debt contracted prior to the expiration of said period; but the improvements or crops on the land may be mortgaged or pledged to qualified persons, associations, or corporations.

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