

SPOUSES JORGE ASPI AND BASILIA MATULOY (SUBSTITUTED BY THEIR HEIRS), PETITIONERS, VS. COURT OF APPEALS, FAUSTA ALBANIA AND THE PROVINCIAL ASSESSOR OF ORIENTAL MINDORO, RESPONDENTS.*G.R. No. 83527. September 01, 1994*

Ponente: QUIASON, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-83527/>**QUIASON, J.:**

This is a petition for review on certiorari under Rule 45 of the Revised Rules of Court to review and set aside the decision of the Court of Appeals dated February 29, 1988 in CA-G.R. CV No. 01817, affirming in toto the decision of the Regional Trial Court, Oriental Mindoro dated July 25, 1983 in Civil Case No. R-3154.

I

On March 17, 1965, Jorge Aspi and his wife, Basilia Matuloy, acquired a 16.4162-hectare parcel of land in Dulangan II, Baco, Oriental Mindoro through Homestead Patent No. 110910. The Aspi spouses thereafter obtained OCT No. P--5773 for the property. On May 2, 1967, they mortgaged the property to the Development Bank of the Philippines (DBP) to secure a loan of P4,500.00. The mortgage was duly registered.

In 1970, during the effectivity of the mortgage contract, Jorge Aspi sold to respondent Fausta Albania the said parcel of land for a consideration of P6,000.00. Of said amount, P1,500.00 was to be paid to Jorge Aspi and the balance of P4,500.00 was to be paid by the buyer to the DBP in payment of the mortgage on the property (Exh. "A").

On account of private respondent's failure to fully pay the obligation of the Aspi spouses to the DBP, the latter foreclosed the mortgage. After due notice to the mortgagor, DBP sold the property at public auction and forthwith bought the same as the highest and only bidder.

On July 17, 1976, after the expiration of the redemption period, the Aspi spouses offered to repurchase the property. The DBP accepted the offer, executed a Deed of Conditional Sale and thereafter, a Deed of Absolute Sale in favor of the Aspi spouses after the conditions set forth in the first deed had been complied with. Consequently, the DBP released and delivered to the Aspi spouses OCT No. P--5773.

However, sometime in 1977, respondent Albania presented to the Provincial Assessor of Oriental Mindoro a document entitled "Katibayan ng Bilihan ng Lupa" (Exh. "4") which reads:

"x x x

Na dahil sa halagang PITONG LIBO AT LIMANG DAAN PISO (P7,500.00) na ibinayad sa akin ni Fausta Albania, may asawa, sapat sa gulang, Pilipino, at nananahan sa Polongbalibagohan, Mabini, Batangas, ay aking pinatututuhanan at aking pinagtitiyay sa kasulatang ito, na aking ipinagbili, ilinipat at isinulit sa kanya, sa kanyang magmamana at mamamahala ang posesyon at pangangare (sic) sa PITONG (7) hectaria ng naulit

na lupa sa itaas sa parteng Ilayang-Silangan, na walang pagkakautang at ligtas sa lahat ng ligalig liban sa dating pagkakautang sa DBP na babayaran hanggang 1977. Kasama na sa bilhang (sic) ang isang (1) hectaria na ipinagbili namin ni Domingo Aspi noong ika 20 ng Noviembre, 1969.

Sa katanayan ay aking pinirmahan ang salaysay na ito dito sa Calapan, Or. Mindoro, ngayong ika 26 ng Octubre, 1970.

JORGE ASPI"

(Records, p. 44)

The execution of the document (Exh. "4") was witnessed by Atty. Geminiano Beloso, the lawyer and, according to petitioners, the husband of respondent Albania. The document was acknowledged before Notary Public Tomas Matol.

By virtue of said document, the Provincial Assessor of Oriental Mindoro cancelled Tax Declaration No. 0107-18 in the names of the Aspi spouses for 16.4162 hectares and in lieu thereof, issued two Tax Declarations: No. 0107-212 for seven hectares to respondent Albania and No. 0107-213 for 9.4162 hectares to the Aspi spouses.

Respondent Albania then took possession of about three hectares of the property. Later, the Aspi spouses filed a complaint for the rescission or resolution of the contract of sale (Exh. "A") and the recovery of possession of the portion of the land occupied by respondent Albania. They also prayed for the nullification of the second contract of sale (Exh. "4"), the cancellation of Tax Declarations Nos. 0107-212 and 0107-213, the issuance of a new tax declaration for the entire area covered by OCT No. P-5773 in their names, and the payment to them by respondent Albania of actual, moral and exemplary damages, and attorney's fees in the total amount of P20,000.00.

In her answer, respondent Albania prayed for the dismissal of the complaint, a declaration that she is the owner of seven hectares of the northeastern portion of Lot No. 4986 embraced in OCT No. P-5773, and the issuance of the corresponding transfer certificate of title in her name.

On July 23, 1983, the trial court rendered a decision declaring respondent Albania the lawful owner of seven hectares of the Aspi homestead on the strength of its finding that, except for his denial of the due execution of Exhibit "4", petitioner Jorge Aspi failed to prove that it was a forgery. The trial court held that since Exhibit "4" was a public document, its genuineness and due execution should be presumed.

On the issue of violation of Section 118 of the Public Land Act, as amended, which prohibits any "alienation, transfer or conveyance of any homestead after five (5) years and before twenty-five (25) years after issuance of title, without approval of the Ministry of Natural Resources," the trial court applied the pronouncement of this Court in *Evangelista v. Montano*, 93 Phil. 275 (1955), that said provision of law is "merely directory which can be complied with at any time in the future."

The Aspi spouses appealed to the Court of Appeals. During the pendency of the appeal, they died and were substituted by their heirs as appellants.

The Court of Appeals affirmed in toto the decision of the trial court. Upon denial of their motion for reconsideration, the herein heirs of the Aspi spouses instituted the instant petition.

II

The pivotal issue in the case at bench is which of the two documents, Exhibit "A" or Exhibit "4", governed the contractual relations between the Aspi spouses and respondent Albania.

As a general rule, factual findings of the Court of Appeals are accorded great respect and are even binding on this

Court (Ibay v. Court of Appeals, 212 SCRA 160 [1992]; Francisco v. Mandi, 152 SCRA 711 [1987]). An exception to the rule is when the inference made by the Court of Appeals from its factual findings is manifestly mistaken. Factual findings below may also be unacceptable to this Court if there are facts on record which had been overlooked or the significance of which had been misinterpreted, but, if considered, would affect the result of the case (Lukban-Ang v. Court of Appeals, 160 SCRA 138 [1988]).

Extant in the records are factual circumstances which lend credence to the claim of petitioners that Exhibit "A", not Exhibit "4", governed the contractual relationship between the Aspi spouses and respondent Albania.

While respondent Albania denied before the trial court that she participated in the execution of Exhibit "A" and emphasized that it was not notarized and was undated, her acts indicated her intention to be bound by said instrument. In fact, she partially performed her obligation herself.

Atty. Geminiano G. Beloso paid the DBP the amount of P1,500.00 after several demand notices had been furnished said respondent. It was respondent Albania who was in possession of the receipt of said payment (Exh. "6"), which she even offered in evidence. Notices to Jorge Aspi from the DBP, including the notice of foreclosure, were sent through Atty. Beloso.

These acts of respondent Albania ineluctably show that she intended to be bound by Exhibit "A". Moreover, she herself admitted that she bought from Jorge Aspi six hectares of the land, the area specified in Exhibit "A", for which she made an advance payment of P1,500.00. The receipt issued by Jorge Aspi on April 15, 1965 evidencing such payment even states that Aspi was selling to respondent Albania six hectares at P1,000.00 per hectare.

Respondent Albania's contention that Exhibit "A" is a mere scrap of paper is therefore baseless. By her own acts, albeit some of them through Atty. Beloso, she recognized the existence thereof. The fact that Exhibit "A" is a private instrument did not affect its validity and enforceability between the contracting parties. A contract of sale being consensual, it is perfected by the mere consent of the parties. No particular form is prescribed for it. Article 1358 of the Civil Code of the Philippines, requiring the embodiment of certain contracts in a public instrument is only for convenience (Dalion v. Court of Appeals, 182 SCRA 872 [1990]). As such, although Exhibit "A" was not notarized, the document has the force of law between the contracting parties and they are expected to abide in good faith by their contractual commitments (Intestate Estate of the Late Ricardo P. Presbitero, Sr. v. Court of Appeals, 217 SCRA 372 [1993]).

On the other hand, the fact that Exhibit "4" is a public document does not mean that its genuineness and due execution is admitted by and is conclusive upon the alleged executor. In this case, Jorge Aspi categorically denied under oath having signed Exhibit "4" and having sold the seven-hectare land mentioned in said deed. Neither was respondent Albania in whose favor the document was executed, able to identify the signature thereon of petitioner Jorge Aspi.

Respondent Albania failed to rebut what was proven in court that the document itself put to doubt its authenticity. It appears to have been entered in 1970 under Book No. 31 of the Notarial Books of Notary Public Tomas Matol. Matol died in 1979 and his last notarized document was designated as having been entered in Book No. 7. It is indeed absurd that a document supposed to have been notarized at an earlier date could have been entered in a notarial book bearing a higher number than the last book ever filed by a notary. The presumption of regularity of a public document executed before a notary public cannot therefore prevail.

The authenticity of Exhibit "4" is further affected by the statement therein that Jorge Aspi's indebtedness to the bank was payable until 1977. It was clearly proven that the loan was actually due in 1972, as in fact the mortgage was foreclosed in 1974. If this were a mere clerical error, then the defense could have done something to rectify

the wrong impression it gave.

Furthermore, from 1970 when Exhibit "4" was allegedly executed, respondent Albania surprisingly did not lift a finger to protect her rights over the property notwithstanding that her lawyer was in constant communication with the DBP and its attorney while the foreclosure proceeding was going on. It was only in 1977 or seven years from the alleged execution of Exhibit "4" that respondent Albania produced it before the Provincial Assessor's Office and caused the issuance of a tax declaration in her name for the seven hectares of land covered by the document.

But to us, the most devastating blow against private respondent's pretension that Exhibit "4" is the operative contract binding the parties is the fact that on its face, said contract purported to be a conveyance of land belonging to the conjugal partnership made by the husband without the written consent of the wife. Under Article 166 of the Civil Code of the Philippines, the husband cannot alienate any real property of the conjugal partnership without the wife's consent.

Private respondent tried to parry this blow by claiming that the Aspi spouses failed to raise this issue in their complaint. The Aspi spouses squarely raised the lack of marital consent to the sale under Exhibit "4" in their memorandum submitted to the trial court. Such a question is well within the main issue raised in the complaint, which is the validity of Exhibit "4". As stated by the Aspi spouses before the trial court:

"In view of this, even granting but without admitting that Exhibit "4", is not a forgery, the same is not valid for it is in violation of specific provisions of law."

The Aspi spouses specifically cited Article 133 of the Civil Code of the Philippines as one of two provisions of law that were violated.

Assuming arguendo that the lack of marital consent to the deed of sale was not raised in issue in the trial court, still this Court can take cognizance of clear error committed appearing in the records. The Supreme Court can consider and resolve all issues which must be decided in order to render substantial justice to the portion, including issues not explicitly raised by the appellant (*Hyder Resources Constructions Cooperative v. Court of Appeals*, 204 SCRA 309 [1991] *De Leon v. Court of Appeals*, 205 SCRA 612 [1992]).

Respondent Albania's lackadaisical treatment of contracts is also displayed by her failure to pay the DBP pursuant to her obligation under Exhibit "A" and which indebtedness with a mortgage binding the property is even mentioned in Exhibit "4". Unfortunately, by such omission, respondent Albania substantially breached the contract as to defeat its objective - the transfer to her of ownership over seven hectares of the Aspi homestead. Since the breach was fundamental, rescission or resolution of the contract became a matter of course (*De Dios v. Court of Appeals*, 212 SCRA 519 [1992]; *Raz v. Intermediate Appellate Court*, 184 SCRA 720 [1990]).

The foreclosure of the mortgage and the failure of respondent Albania to redeem the land within the legal period, curtailed whatever rights she might have had over it under Exhibit "A". The obligation of the Aspi spouses to sell and the right of private respondent to buy a portion of the land automatically ceased. There simply was no need to rescind a contract which had been rendered *functus officio*. Thus, when petitioners bought the foreclosed property, they, in effect, acquired it free from whatever contractual obligation to sell portions thereof to private respondent.

Petitioners are obliged to return whatever they had received as part of the contract price, while private respondent is obliged to restore to petitioners possession of the property (*De Erquiaga v. Court of Appeals*, 178 SCRA 1 [1989]; *Grace Park Engineering Co. Inc. v. Dimaporo*, 107 SCRA, 266 [1981]; *Hodges v. Granada*, 59 Phil. 429 [1934]).

WHEREFORE, the decisions of the Court of Appeals and the trial court are REVERSED and SET ASIDE and a

new judgment is entered: (1) ORDERING petitioners to return to private respondent whatever amount of the contract price they had received from private respondent; and (2) ORDERING private respondent to restore possession to petitioners of the parcel of land covered by Tax Declaration No. 0107-212 issued by the Provincial Assessor of Oriental Mindoro, which is hereby CANCELLED.

SO ORDERED.

Davide, Jr., Bellosillo, and Kapunan, JJ., concur.
Cruz, J., (Chairman), on leave.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.