

RURAL BANK OF DAVAO CITY, INC., PETITIONER, VS. THE HONORABLE COURT OF APPEALS AND GABRIEL ABELLANO AND FRANCISCO SEQUITAN, RESPONDENTS.

G.R. No. 83992. January 27, 1993

Ponente: DAVIDE, JR., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-83992/>

DAVIDE, JR., J.:

Two (2) issues are presented for Our resolution in this petition for review under Rule 45 of the Rules of Court, viz: (1) whether or not the two-year redemption period fixed by the Rural Banks' Act[1] in a foreclosure sale of property acquired through a homestead patent superseded or repealed the five-year repurchase period prescribed in Section 119 of the Public Land Act[2] and (2) if it did not, whether, in the event of the expropriation by the Government of the subject property during the redemption or repurchase period, a homesteader, who thereafter exercised his right to redeem or repurchase, is entitled to the compensation for such expropriation less the redemption or repurchase amount. The trial court ruled in the negative for the first issue and in the affirmative for the second. The respondent Court of Appeals affirmed the trial court. Hence, We have the instant petition seeking for a contrary ruling.

The undisputed facts generative of this controversy are as follows:

On 18 April 1978, private respondents Gabriel Abellano and Francisca Sequitan obtained a loan in the amount of P45,000.00 from the petitioner, a rural bank organized and existing under the Rural Banks' Act. The terms thereof called for payment of the loan in two (2) equal installments on 21 October 1978 and 21 April 1979.

As security for the loan, the private respondents mortgaged with the petitioner a parcel of land, belonging to them, with an area of one (1) hectare, more or less, located at Matina, Davao City and covered by Original Certificate of Title No. P-7392. The land was acquired through a homestead patent.

On 1 July 1978, the National Housing Authority (NHA) filed with the then Court of First Instance (CFI) of Davao City a complaint for the expropriation of several parcels of land located in Davao City to carry out its Slum Improvement and Resettlement Program; said action was directed against the private respondents, with respect to the mortgaged property, and fifteen (15) other persons. The case was docketed as Special Civil Case No. 11157 and was raffled off to Branch II of said court. As mortgagee, the petitioner filed therein a motion to intervene, which the court granted.

Upon arrival of the loan's maturity dates, private respondents failed to pay their obligation to the petitioner. The latter therefore caused the extrajudicial foreclosure of the subject property in accordance with Act No. 3135, as amended. During the foreclosure sale held on 9 November 1979, the petitioner submitted the highest bid; consequently, the Deputy Sheriff executed in its favor a certificate of sale for the total amount of P54,883.00 which included the unpaid interest and other charges.

The certificate of sale was registered in the Registry of Deeds of Davao City on 7 December 1979. Private

respondents, however, failed to redeem the foreclosed property within the period of two (2) years from the date of registration, or up to 7 December 1981, as provided for in Section 5 of the Rural Banks' Act. Despite such failure, the petitioner extended the period to October 1982. The private respondents still failed to redeem the property. Petitioner then asked for the consolidation of its title over the same. In due course, the private respondents' certificate of title was canceled and in lieu thereof, Transfer Certificate of Title No. T-92487 in the name of the petitioner was issued on 3 November 1982.

On 24 February 1983, Branch II of the CFI of Davao City issued an order in Special Civil Case No. 11157 requiring the NHA to pay the amount of P85.00 per square meter for the properties sought to be expropriated, which included the aforementioned foreclosed property. This amount was subsequently reduced to P49.00 per square meter. Thus, the price to be paid for the foreclosed property was P490,000.00.

On 9 November 1983, private respondents notified the petitioner of their desire to repurchase the foreclosed property pursuant to Section 119 of the Public Land Act (C.A. No. 141). Rebuffed by the latter, private respondents filed on 9 February 1984 with the Regional Trial Court (RTC) of Davao City a complaint for reconveyance of their foreclosed property under said Section 119. The case was docketed as Civil Case No. 16693 and was raffled off to Branch XIII of the said court.

In its Affirmative Defenses set up in the Answer to the complaint, petitioner claimed that the private respondents' action will no longer prosper because their right to repurchase had become moot and academic as the property could no longer be physically, materially and actually recovered or repurchased. This is so because no less than the sovereign state needed the same -- pursuant to its socialized housing program under P.D. No. 875, as amended -- to be divided into smaller lots for distribution to a greater number of recipients, and that "the right to repurchase cannot be exercised without the actual, material and physical recovery of the property itself, otherwise such an action, as the instant action of the plaintiffs, is purely speculative, which our Supreme Court, in a series of decisions, had frowned upon and disallowed." [3]

After the issues were joined, the trial court conducted a pre-trial conference on 3 May 1984. On the same date, it issued an order requiring the private respondents to deposit the sum of P54,883.00 as repurchase price which they complied with.

On 2 July 1984, private respondents filed a Motion to Amend the Complaint and File Supplemental Pleading alleging therein, inter alia, that since "there is a seeming impossibility for the plaintiffs now to reacquire the property by reason of the order of expropriation, justice also demands that the said amount of P490,000.00 must be given to the plaintiffs, in lieu of the property expropriated." Despite the petitioner's opposition, the trial court issued on 2 August 1984 an order granting the motion and admitting the amended complaint.

The trial court decided the case on 1 February 1985 on the basis of the stipulation of facts submitted by the parties. The dispositive portion of the decision reads:

"WHEREFORE, decision is hereby rendered, declaring plaintiffs entitled to the price paid by the National Housing Authority for the property in question and ordering the defendant:

1. To pay or remit the (sic) plaintiffs the sum of P435,117.00, the remaining balance of said price of the property paid by NHA after deducting the obligation of plaintiffs in the sum of P54,883.00;
2. To pay plaintiff's interest on the P435,117.00 at the rate defendant grants to its depositor commencing on the date when defendant received the sum of P490,000.00 from NHA in payment of the property in question until the whole obligation is fully paid;
3. To pay plaintiffs the sum of P10,000.00 as attorney's fee plus costs.

SO ORDERED."[4]

Petitioner seasonably appealed this decision to the then Intermediate Appellate Court on both questions of fact and law. The case was docketed as CA-G.R. CV No. 07689.

On 30 March 1988, the respondent Court of Appeals, as the successor of the Intermediate Appellate Court, promulgated, through a division of five (5) (Sixteenth Division), its decision in CA-G.R. No. 07689 affirming the decision of the trial court in Civil Case No. 16693.[5]

In affirming the trial court's decision, the respondent Court held that Section 5 of the Rural Banks' Act, as amended, did not reduce the period of redemption of homestead lands from the five (5) years prescribed in Section 119 of C.A. No. 141, as amended, to two (2) years from the date of registration of the foreclosure sale as fixed in the former; in support of such conclusion, it summoned *Oliva vs. Lamadrid*[6] wherein this Court, speaking through then Chief Justice Concepcion, held:

"It should be noted that the period of two (2) years granted for the redemption of property foreclosed under Section 5 of Republic Act No. 720, as amended by Republic Act No. 2670, refers to lands 'not covered by a Torrens Title, a homestead or free patent,' or to owners of lands 'without torrens title,' who can 'show five years or more of peaceful, continuous and uninterrupted possession thereof in the concept of an owner, or of homesteads or free patent lands pending the issuance of titles but already approved,' or of 'lands pending homestead or free patent titles.' Plaintiff, however, had, on the land in question, a free patent and a Torrens title, which were issued over 26 years prior to the mortgage constituted in favor of the Bank. Accordingly, there is no conflict between Section 119 of Commonwealth Act No. 141 and Section 5 of Republic Act No. 720, as amended, and the period of two (2) years prescribed in the latter is not applicable to him.

Moreover, the legislative history of the bills which later became said Republic Act No. 2670, amending Republic Act No. 720, shows that the original proposal was to give homesteaders or free patent holders a period of ten (10) years within which to redeem their property foreclosed by rural banks; that this proposal was eventually found to be unwise, because its effect would have been to dissuade rural banks from granting loans to homesteaders or free patent holders -- which were (sic) sought to be liberalized -- said period of redemption being too long, from the viewpoint of said banks; and that, consequently, the proposal was given up, with the specific intent and understanding that homesteaders or holders of free patent (sic) would retain the right to redeem within five (5) years from the conveyance of their properties, as provided in the general law, that is to say the Public Land Act, or Commonwealth Act No. 141.

It is, therefore, our considered view that plaintiff herein has the right to repurchase the property in question within five (5) years from the date of the conveyance or foreclosure sale, or up to February 4, 1966, and that having exercised such right and tendered payment long before the date last mentioned, defendants herein are bound to reconvey said property to him."

In said case, the mortgaged property involved was sold at a public auction by the Sheriff on 4 February 1961.

Respondent Court further ruled that C.A. No. 141 is a special law and must prevail. Thus:

"Neither could it readily be concluded that the Rural Banks Act is a special law and that the Public Law (sic) Act is general. The Rural Bank Act deals with all kinds of land while the Public Land Act relates to a specific class of properties.

In *Cassion v. Banco Nacional Filipino*, 89 Phil. 560, the sole question for decision is which of the conflicting provisions ought to prevail? Section 32 and Section 6 of Act No. 2938, which amended Act No. 2717 (sic) creating the Philippine National Bank, which allows the debtor only one year to redeem property sold under a mortgage foreclosure whether judicial or extra-judicial, or Section 117 of Act No. 2874 known as the Public Land Act, as amended, which provides that 'every conveyance of land acquired under free (sic) patent or

homestead provisions, when proper, shall be subject to repurchase by the applicant, his widow, or legal heirs for a period of five years from the date of conveyance,' the Supreme Court held:

'Now then, it seems plain that Section 32 of Act No. 2938 and Section 6 of Act No. 3135 are wider in scope or more comprehensive than Section 117 of Act No. 2874. They comprehend all kinds of property brought within the relations and circumstances provided thereby, while Section 117 of Act No. 2874 relates to a specific class of property. Stated otherwise, the property on which the Philippine National Bank's Charter and Act No. 3135 are operative is any property mortgaged to the Bank, whereas, as already stated, Act No. 2874 by its own terms is operative only on lands acquired under the free patent or homestead provisions. Section 32 of Act No. 2938 and Section 6 of Act No. 3135 standing alone would include homestead or free patented lands, while Section 117 of Act No. 2874 would not embrace any property other than that mentioned therein even if Acts Nos. 2938 and 3135 did not exist. To use the words of Act No. 190 and the Rules of Court, Act No. 2874 manifests 'a particular intent,' the intent to promote the spread of small land ownership and the preservation of public land grants in the hands of the underprivileged for whose benefit they are specially intended and whose welfare is a special concern of the State.

'We therefore hold that Act No. 2874 is controlling, that homestead constitute an exception of Acts No. 2938 and 3135, and that the appealed decision should be affirmed. It is so ordered with costs against the appellant.' (p. 562)

The Homestead Act is a social legislation enacted for the welfare and protection of the poor (Patricio vs. Bayog, 112 SCRA 42). A construction which would carry into effect the evident policy of the law should be adopted in favor of that interpretation which would defeat it. A decent respect for the policy of the law must save the Court from imputing to it a self defeating, if not disingenuous purpose (p. 65, Agpalo, Supra).

Since the mortgaged property is a homestead covered by a Torrens Title, the five-year period of repurchase should be from the foreclosure sale on November 9, 1979 or up to November 9, 1984. NHA filed the eminent domain proceedings on July 1, 1978 while appellees were still the owners of the land. For this reason, they were the ones who were made defendants therein. Altho the land was foreclosed and sold to the Rural Bank on November 9, 1979, the latter did not become the absolute owner thereof. It never did. Under Section 119 of the Public Land Law, plaintiff has up to November 9, 1984 within which to repurchase the property. Thus on November 9, 1983 appellees notified appellant bank of their desire to repurchase said property under Section 119, CA 141, but was (sic) refused. On February 9, 1984, appellees filed with the Regional Trial Court of Davao City, Branch XIII, an action for reconveyance and on May 3, 1984, the lower court issued an order requiring appellees to deposit the amount of P54,883.00 as the amount of repurchase price which was complied with by the latter, well within the period of five years from the date of foreclosure sale."[7]

As to the fact that the land had already been expropriated by the NHA, the respondent Court observed that:

"While it is true that the land in question has been expropriated by the NHA who paid the total amount of P490,000.00 as the just compensation for the taking of the property, it is but fair, fitting and proper, that this amount be paid to plaintiffs-appellees as the just compensation for their property. To hand over this amount to the Rural Bank would be to unjustly enrich the rural bank at the expense of the plaintiffs who have less in life."[8]

Its motion for reconsideration of the above decision having been denied by the respondent Court in the Resolution of 17 May 1988,[9] the petitioner availed of this recourse and reiterates the same errors it had raised before the respondent Court, to wit:

"1. THE LOWER COURT ERRED IN DECLARING THAT PLAINTIFFS-APPELLEES ARE ENTITLED TO THE PRICE PAID BY THE NATIONAL HOUSING AUTHORITY FOR THE PROPERTY IN QUESTION AND IN ORDERING THE DEFENDANT-APPELLANT TO PAY OR REMIT TO PLAINTIFFS-APPELLEES THE SUM OF P435,117.00, THE REMAINING BALANCE OF SAID PRICE

OF THE PROPERTY PAID BY THE NATIONAL HOUSING AUTHORITY AFTER DEDUCTING THE OBLIGATION OF PLAINTIFFS-APPELLEES IN THE SUM OF P54,883.00.

2. THE LOWER COURT ERRED IN NOT HOLDING THAT PLAINTIFFS-APPELLEES' RIGHT TO REPURCHASE UNDER SECTION 119 OF COMMONWEALTH ACT NO. 141, AS AMENDED, OTHERWISE KNOWN AS 'THE PUBLIC LANDS (sic) ACT', IS ONLY LIMITED TO THE LAND ITSELF.

3. THE LOWER COURT ERRED IN NOT HOLDING THAT THE ACT OF PLAINTIFFS-APPELLEES IN TRYING TO REPURCHASE THE PROPERTY IN QUESTION, OR, IN THE ALTERNATIVE, IN TRYING TO RECOVER THE PROCEEDS OF THE SALE OR PRICE THEREOF, IS PURELY SPECULATIVE IN NATURE.

4. THE LOWER COURT ERRED IN FINDING DEFENDANT-APPELLANT LIABLE FOR INTEREST, ATTORNEY'S FEES AND COSTS."[10]

which may be reduced to the two (2) principal issues adverted to in the exordium of this ponencia.

After the filing of the private respondents' Comment to the petition, the petitioner's reply thereto and the former's rejoinder to the reply, this Court gave due course to the petition and required the parties to submit their respective memoranda which they complied with.

The petition is devoid of any merit. Respondent Court of Appeals committed no reversible error.

Section 119 of the Public Land Act (C.A. No. 141) provides:

"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."[11]

The policy of homestead laws and the reason behind the foregoing provision are expressed by this Court in *Pascua vs. Talens*[12] in this wise:

"It is well-known that the homestead laws were designed to distribute disposable agricultural lots of the State to land-destitute citizens for their home and cultivation. Pursuant to such benevolent intention the State prohibits the sale or encumbrance of the homestead (Section 116) within five years after the grant of the patent. After that five-year period the law impliedly permits alienation of the homestead; but in line with the primordial purpose to favor the homesteader and his family the statute provides that such alienation or conveyance (Section 117) shall be subject to the right of repurchase by the homesteader, his widow or heirs within five years. This Section 117 is undoubtedly a complement of Section 116. It aims to preserve and keep in the family of the homesteader that portion of public land which the State had gratuitously given to him. It would, therefore, be in keeping with this fundamental idea to hold, as we hold, that the right to repurchase exists not only when the original homesteader makes the conveyance, but also when it is made by his widows or heirs. This construction is clearly deducible from the terms of the statute."

As pointedly stated earlier in *Jocson vs. Soriano*,[13] in connection with homestead statutes:

"Acts Nos. 1120 and 926 were patterned after the laws granting homestead rights and special privileges under the laws of the United States and the various states of the Union. The statutes of the United States as well as of the various states of the Union contain provisions for the granting and protection of homesteads. Their object is to provide a home for each citizen of the Government, where his family may shelter and live beyond the reach of financial misfortune, and to inculcate in individuals those feelings of independence which are essential to the maintenance of free institutions. Furthermore, the state itself is concerned that the citizens shall not be divested of a means of support, and reduced to pauperism. (*Cook and Burgwall vs. McChristian*, 4 Cal., 24;

Franklin vs. Coffee, 70 Am. Dec., 292; Richardson vs. Woodward, 104 Fed. Rep., 873; 21 Cyc., 459).

The conservation of a family home is the purpose of homestead laws. The policy of the state is to foster families as the factors of society, and thus promote general welfare. The sentiment of patriotism and independence, the spirit of free citizenship, the feeling of interest in public affairs, are cultivated and fostered more readily when the citizen lives permanently in his own home, with a sense of its protection and durability. (Waples on Homestead and Exemptions, p. 3)"

Because of such underlying policy and reason, the right to repurchase under Section 119 cannot be waived by the party entitled thereto, and applies with equal force to both voluntary and involuntary conveyances.[14] And, as early as 1951, in *Cession vs. Banco Nacional Filipino*,[15] this Court declared that such right is available in foreclosure sales of lands covered by a homestead or free patent. Consistently therewith, We have ruled in a number of cases that said Section 119 prevails over statutes which provide for a shorter period of redemption in extrajudicial foreclosure sales. We thus have consistent pronouncements in *Paras vs. Court of Appeals*,[16] *Oliva vs. Lamadrid*,[17] *Belisario vs. Intermediate Appellate Court*[18] and *Philippine National Bank vs. de Los Reyes*. [19] These cases, with the exception of *Oliva*, involved the question of which between the five (5) year repurchase period provided in Section 119 of C.A. No. 141[20] or the one (1) year redemption period under Act No. 3135 should prevail. While *Oliva* is the only case, among those cited, that involves the Rural Banks' Act, the other cases reveal the clear intent of the law on redemption in foreclosure sales of properties acquired under the free patent or homestead statutes which have been mortgaged to banks or banking institutions -- i.e., to resolutely and unqualifiedly apply the 5-year period provided for in Section 119 of C.A. No. 141 and, as categorically stated in *Paras* and *Belisario*, to reckon the commencement of the said period from the expiration of the one-year period of redemption allowed in extrajudicial foreclosures. If such be the case in foreclosure sales of lands mortgaged to banks other than rural banks, then, by reason of the express policy behind the Rural Banks' Act,[21] and following the rationale of Our ruling in *Oliva*, it is with greater reason that the 2-year redemption period in Section 5 of the Rural Banks' Act should yield to the period prescribed in Section 119 of C.A. No. 141. Moreover, if this Court is to be consistent with *Paras* and *Belisario*, the 5-year repurchase period under C.A. No. 141 should begin to run only from the expiration of the 2-year period under the Rural Banks' Act. It may be observed in this connection that *Oliva* was decided in 31 October 1967, before the Rural Banks' Act, as amended by R.A. No. 2670, was further amended by R.A. No. 5939.[22] As amended by R.A. No. 2670, the pertinent portion of Section 5 only reads as follows:

"SEC. 5. x x x Provided, That when a land not covered by a Torrens Title, a homestead or free patent land is foreclosed, the homesteader or free patent holder, as well as their heirs shall have the right to redeem the same within two years from the date of foreclosure: x x x"

As amended later by R.A. No. 5939, it reads:

"SEC. 5. x x x Provided, That when a homestead or free patent land is foreclosed, the homesteader or free patent holder, as well as their heirs shall have the right to redeem the same within two years from the date of foreclosure in case of a land not covered by a Torrens title or two years from the date of the registration of the foreclosure in the case of a land covered by a Torrens title: x x x."

The amendment clarifies the rather vague language of Section 5 as amended by R.A. No. 2670. The ambiguity lies in the fact that although the latter seems to speak of three (3) classes of lands, namely (a) those not covered by a Torrens title, (b) homestead lands and (c) free patent lands, the two-year redemption period may only be enjoyed by the homesteader, the free patent holder or their heirs. Moreover, the clause does not clarify whether the land not covered by a Torrens title refers to unregistered land merely, or includes land acquired by a homestead or free patent not yet issued certificates of title under the Torrens system. As amended, however, by R.A. No. 5939, land

acquired under the free patent or homestead patent statutes may be redeemed within a two-year period; however, the commencement of said period is reckoned from the date of foreclosure, if such land is not yet covered by the Torrens title, or from the registration of the foreclosure -- meaning, the certificate of sale -- if it is already covered by a Torrens title.

Thus, following the clear intent of Oliva, since private respondents' foreclosed property was acquired under the homestead laws, they had two (2) years from 7 December 1979 -- when the certificate of sale was registered -- or until 7 December 1981, within which to redeem the land. And, pursuant to Section 119 of C.A. No. 141, they had five (5) years from 7 December 1981 within which to repurchase it. Since the private respondents' offer to repurchase was made well within the said 5-year period, the two (2) courts below correctly ruled in their favor.

Furthermore, We wish to stress here that We are unable to read in Section 5 of R.A. No. 720, as amended, any legislative intent to modify or repeal Section 119 of the Public Land Act. Each speaks of and deals with a different right. Specifically, the former merely liberalizes the duration of an existing right of redemption in extrajudicial foreclosure sales by extending the period of one (1) year fixed in Act No. 3135, as amended by Act No. 4118, to two (2) years insofar as lands acquired under free patent and homestead statutes are concerned. The second speaks of the right to repurchase and prescribes the period within which it may be exercised. These two (2) rights are by no means synonymous. Under Act No. 3135, the purchaser in a foreclosure sale has, during the redemption period, only an inchoate right and not the absolute right to the property with all the accompanying incidents.[23] He only becomes an absolute owner of the property if it is not redeemed during the redemption period.[24] Upon the other hand, the right to repurchase is based on the assumption that the person under obligation to reconvey the property has the full title to the property because it was voluntarily conveyed to him or that he had consolidated his title thereto by reason of a redemptioner's failure to exercise his right of redemption. Thus, in *Paras vs. Court of Appeals*,[25] this Court, advertent to *Gonzalez vs. Calimbas*,[26] stated:

"After a careful study of the point raised in the present appeal by certiorari, we agree with the Court of Appeals that the five year period within which a homesteader or his widow or heirs may repurchase a homestead sold at public auction or foreclosure sale under Act 3135 as amended, begins not at the date of the sale when merely a certificate is issued by the Sheriff or other official, but rather on the day after the expiration of the period of repurchase,[27] when deed of absolute sale is executed and the property formally transferred to the purchaser. As this Court said in the case of *Gonzales (sic) vs. Calimbas and Poblete*, 51 Phil., 355, the certificate of sale issued to the purchaser at an auction sale is intended to be a mere memorandum of the purchase. It does not transfer the property but merely identifies the purchaser and the property, states the price paid and the date when the right of redemption expires. The effective conveyance is made by the deed of absolute sale executed after the expiration of the period of redemption."

As a consequence of the inchoate character of the right during the redemption period, Act No. 3135 allows the purchaser at the foreclosure sale to take possession of the property only upon the filing of a bond in an amount equivalent to the use of the property for a period of twelve (12) months, to indemnify the mortgagor in case it be shown that the sale was made without violating the mortgage or without complying with the requirements of the Act. That bond is not required after the purchaser has consolidated his title to the property following the mortgagor's failure to exercise his right of redemption for in such a case, the former has become the absolute owner thereof.[28]

Thus, the rules on redemption in the case of an extrajudicial foreclosure of land acquired under free patent or homestead statutes may be summarized as follows: If the land is mortgaged to a rural bank under R.A. No. 720, as amended, the mortgagor may redeem the property within two (2) years from the date of foreclosure or from the registration of the sheriff's certificate of sale at such foreclosure if the property is not covered or is covered, respectively, by a Torrens title. If the mortgagor fails to exercise such right, he or his heirs may still repurchase

the property within five (5) years from the expiration of the two (2) year redemption period pursuant to Section 119 of the Public Land Act (C.A. No. 141). If the land is mortgaged to parties other than rural banks, the mortgagor may redeem the property within one (1) year from the registration of the certificate of sale pursuant to Act No. 3135. If he fails to do so, he or his heirs may repurchase the property within five (5) years from the expiration of the redemption period also pursuant to Section 119 of the Public Land Act.

The expropriation of the land in question by the NHA is of no moment. The expropriation case was begun before the foreclosure sale and was brought against the private respondents, among other parties. The court's order for the payment of compensation was entered and the compliance thereof by the NHA was made within the private respondents' 5-year repurchase period. Although the petitioner had a Transfer Certificate of Title over the lot at the time of payment, its right thereto was subject to the private respondents' right to repurchase. Since the private respondents seasonably exercised said right, the petitioner was under the obligation to restore to the former the compensation paid by the NHA, which in effect replaced or substituted for the land. From such amount should be subtracted, however, the repurchase price. The argument that the petitioner was under no obligation to deliver the above portion of the compensation because the property was acquired by the NHA and therefore it was legally impossible for the former to convey the land to the private respondent, is without merit. This is so because if, instead of having been expropriated, the land was sold to other parties, the private respondents could still have repurchased the same from the subsequent vendees.[29] But since the land was expropriated by the Government, and the private respondents could no longer repurchase the same, reason, justice and equity demand that they receive the compensation therefor less the amount adverted to above, for such compensation merely substitutes for the land they are entitled to.

WHEREFORE, the instant petition is DENIED, with costs against petitioner.

This decision is immediately executory.

SO ORDERED.

Gutierrez, Jr., (Chairman), Bidin, Romero, and Melo, JJ., concur.

[1] R.A. No. 720, as amended by R.A. Nos. 2670 and 5939, P.D. Nos. 122 and 1403 and Batas Pambansa Blg. 65.

[2] C.A. No. 141.

[3] Rollo, 8.

[4] Rollo, 9-10.

[5] Rollo, 28-39; per Associate Justice Oscar M. Herrera, concurred in by Associate Justices Leonor Ines Luciano, Eduardo R. Bengzon and Jorge S. Imperial. Associate Justice Justo P. Torres, Jr. dissented.

[6] 21 SCRA 737, 741-742 [1967].

[7] Rollo, 150-152.

[8] Rollo, 152.

[9] Id., 54.

[10] Id., 13-14.

[11] This is similar to Section 117 of Act No. 2874, the previous Public Land Act, which was interpreted the Cassion case, *supra*.

[12] 80 Phil. 792, 793-794 [1948].

[13] 45 Phil. 375, 378-79 [1923].

[14] Umengan vs. Butacan, 7 SCRA 311 [1963].

[15] 89 Phil. 560 [1951], applying Section 117 of Act No. 2874.

[16] 91 Phil. 389 [1952].

[17] Supra.

[18] 165 SCRA 101 [1988].

[19] 179 SCRA 619 [1989].

[20] Also Section 117 of Act No. 2874.

[21] To promote and expand the rural economy in an orderly and effective manner by providing the people of the rural communities with the means of facilitating and improving their productive activities, and to encourage cooperatives (Section 2, R.A. No. 720).

[22] Approved on 12 June 1969.

[23] Gonzalez vs. Calimbas, 51 Phil. 355 [1927].

[24] F. David Enterprises vs. Insular Bank of Asia and America, 191 SCRA 516 [1990].

[25] Supra.

[26] See footnote no. 23.

[27] Should be redemption.

[28] United Coconut Planters Bank vs. Reyes, 193 SCRA 756 [1991].

[29] See Cassion vs. Banco Nacional Filipino, supra.; Philippine National Bank vs. Landeta, 18 SCRA 272 [1966], Oliva, vs. Lamadrid, supra.; Belisario vs. Intermediate Appellate Court, supra.

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.