

FIRST DIVISION

[G.R. NO. 148147, February 16, 2007]

**JESSIE GASATAYA, PETITIONER, EDITHA MABASA,
RESPONDENT.**

D E C I S I O N

CORONA, J.:

Before us is an appeal by certiorari under Rule 45 of the 1997 Rules of Civil Procedure assailing the decision^[1] of the Court of Appeals (CA) in CA-G.R. CV No. 55055 which, in turn, affirmed the decision of the Regional Trial Court (RTC) of Lanao del Norte, Branch 7.^[2]

The facts follow.

Respondent Editha Mabasa's father, Buenaventura Mabasa, was granted a homestead patent on Lots 279, 272 and 972 located in Lala, Lanao del Norte. Buenaventura Mabasa mortgaged these lots to secure a loan from the Development Bank of the Philippines (DBP). Because of his failure to pay his indebtedness, DBP foreclosed on the lots and sold them at public auction where it emerged as the highest bidder. DBP then obtained titles to the lots: Lot 279 under TCT No. T-2247 and consolidated Lots 272 and 972 under TCT No. T-2448.

When Buenaventura Mabasa died, respondent's siblings authorized her to negotiate with DBP for the repurchase of the lots. DBP allowed respondent to reacquire the foreclosed properties through a deed of conditional sale for P25,875.^[3]

Subsequently, respondent entered into an agreement with petitioner's father, Sabas Gasataya, for the latter to assume payment of her obligation to DBP. They further agreed that Sabas Gasataya would take possession of the lots for 20 years and develop them into a fishpond. As consideration thereof, respondent received P10,000 cash, in addition to the P25,000 that Sabas Gasataya had to pay DBP on her behalf.

Upon representation by Sabas Gasataya that respondent's obligation to DBP had already been settled, they entered into another agreement denominated as "Deed of Sale of Fishpond Lands with Right to Repurchase."

Eight years after the execution of the above deed of sale with right to repurchase, respondent discovered that Sabas Gasataya had stopped paying DBP. As a result, DBP revoked her right to repurchase the subject lots.

DBP later on held a public auction of the properties where petitioner participated and bid the highest price of P27,200. Eventually, he acquired titles to the lots for which he was issued TCT No. T-11720 in lieu of TCT No. T-2447 (Lot 279) and TCT

No. T-11721 for TCT No. T-2448 (Lots 272 and 972).

Respondent then filed a complaint in the RTC for reconveyance of titles of lands with damages^[4] against petitioner and Sabas Gasataya (Gasatayas). She claimed that the latter deliberately reneged on his commitment to pay DBP to: (1) revoke her right to repurchase the lots under the deed of conditional sale and (2) subject the properties to another public auction where petitioner could bid.

Petitioner and his father denied the allegations saying that the deed of conditional sale assumed by the latter from respondent was rendered ineffective by DBP's refusal to accept payments thereon.

The trial court ruled in favor of respondent finding that the Gasatayas failed to controvert her claim that they defrauded her just so petitioner could acquire the lots at public auction.^[5] According to the trial court, the Gasatayas failed to prove that DBP indeed rejected payments from Sabas Gasataya. The trial court ruled:

WHEREFORE, judgment is hereby rendered in favor of the [respondent] and against [the Gasatayas] ordering [them] to wit:

- a. Ordering [petitioner] to reconvey to [respondent] TCT. No.[T-11720] and TCT No. T-11721, both of the Registry of Deeds for the Province of Lanao del Norte, upon tender to and receipt by [petitioner] of the amount of P37,200.00 Philippine money;
- b. Ordering the Registrar of Deeds for the Province of Lanao del Norte to procure and cause the transfer and registration of the aforesaid transfer certificates of title in favor and in the name of herein [respondent] Editha S. Mabasa;
- c. Ordering [the Gasatayas] to cede, transfer and reconvey to [respondent] the physical possession and occupancy of Lot 279, 272 and Lot 972...as covered by the aforesaid certificates of title;
- d. Ordering [the Gasatayas] to pay [respondent] the sum of P5,000.00 for attorney's fees; P5,000.00 as litigation expenses;
- e. Ordering [the Gasatayas] to pay costs of this proceeding[s].

SO ORDERED.^[6]

Petitioner and his father appealed to the CA which affirmed the RTC's decision and dismissed their appeal for lack of merit. The CA declared:

The contention of [respondent] that [the Gasatayas] deliberately chose not to pay DBP as agreed, in order for them to acquire said properties in a fraudulent and treacherous manner, was not fully controverted by