

FOURTEENTH DIVISION

[CA – G.R. CV NO. 97085, January 06, 2015]

**CONSOLIDATED RURAL BANK (CAGAYAN VALLEY), INC.,
REPRESENTED BY ITS PRESIDENT, NERISSA C. ENRICO,
PLAINTIFF-APPELLEE, VS. REPUBLIC OF THE PHILIPPINES ,
OPPOSITOR-APPELLANT.**

D E C I S I O N

GALAPATE-LAGUILLES, J:

Before Us is an *Appeal* under Rule 41 of the Rules of Court interposed by the Republic of the Philippines, through the Office of the Solicitor General, challenging the *Decision*^[1] dated 28 April 2011 of the Regional Trial Court of Cabagan, Isabela, in LRC Case No. 22-388, which granted the *Petition*^[2] for the reconstitution of *Transfer Certificates of Title* Nos. T-102397 and T-102398 filed by plaintiff-appellee Consolidated Rural Bank (Cagayan Valley), Inc. (Bank).

On 9 January 2002, the Bank filed a *Petition* for the reconstitution of *TCT* Nos. T-102397 and T-102398 of the Register of Deeds of Isabela allegedly to have been lost or destroyed. *TCT* No. T-102397 for Lot D of the Subdivision Plan Psd-50244 consists of 20,000 square meters, while *TCT* No. T-102398 for Lot D of the Subdivision Plan Psd-56831 has an area of 60,000 square meters. The two (2) parcels of land covered by the said certificates of title are located in Tumauni, Isabela.^[3]

The Bank averred that it acquired the subject lands through foreclosure sale, as the same were offered by the previous owner as security for a loan. However, the original copies of *TCT* Nos. T-102397 and T-102398 on file with the Register of Deeds of Isabela could not be located as per Certification^[4] issued by the said office on 14 November 2001.^[5]

The Bank further contended that the subject properties have not yet been sold, transferred or encumbered nor any transaction had ever been undertaken over the same.^[6]

Finding the *Petition* sufficient in form and substance, the RTC issued an *Order*^[7] dated 10 January 2002 setting the initial hearing of the *Petition* on 6 May 2002 at 8:30 in the morning. The said *Order* was posted in the bulletin board of the RTC, the Municipal Hall of Tumauni, Isabela, and of the Provincial Capitol Building of Alibagu, Ilagan, Isabela, per *Certificate of Posting*^[8] dated 5 March 2012 issued by the Process Server of the court *a quo*; and was published in two successive issues of the Official Gazette, per *Certificate of Publication* issued by the National Printing Office on 3 April 2012.^[9] Copies of the *Order* were sent to the Bank and its counsel, Atty. Valentin Velayo; the Information Officer of the Provincial Capitol of Alibagu, Ilagan,

Isabela; the Municipal Hall of Tumauni, Isabela; the Register of Deeds, Ilagan, Isabela; the OSG; and the Administrator of the Land Registration Authority.^[10]

In the meantime, the OSG entered its appearance on behalf of the State on 11 February 2002 and directed the Provincial Prosecutor of Cabagan, Isabela, to appear for and in its behalf.^[11]

During the initial hearing of the case on 6 May 2002, the case was called but no one entered an opposition to the *Petition* even after a query was made in open court. An order of general default was issued.¹² In the same hearing, the following exhibits were presented to prove jurisdictional facts, *viz*:

- 1.) Exhibit "A" - Copy of the *Petition*;^[13]
- 2.) Exhibit "B" - Order dated 10 January 2002 of the RTC setting the initial hearing of the case;^[14]
- 3.) Exhibit "C" - *Notice of Appearance* filed by the OSG on 11 February 2002;^[15]
- 4.) Exhibit "D" - *Letter* dated 31 January 2002 of the OSG deputizing the Provincial Prosecutor of Cabagan, Isabela, to appear on its behalf;^[16]
- 5.) Exhibit "E" - Certificate of Publication dated 2 April 2002 issued by the National Printing Office;^[17]
- 6.) Exhibit "F" - Certificate of Posting dated 14 January 2002 issued by the Deputy Sheriff of the RTC;^[18]
- 7.) Exhibit "G" - photocopy of TCT No. 102397;^[19]
- 8.) Exhibit "G-1" - photocopy of TCT No. 102398;^[20]
- 9.) Exhibits "H," "H-1," "H-2," "H-3," "H-4," "H-5," and "H-6" - Registry Receipt Nos. 1270-1276.^[21]

As requested by the LRA in its *Letter*^[22] dated 14 January 2004, the RTC directed the Bank to submit the owner's duplicate copies of *TCT Nos. 102397 and 102398* and a certified copy of lot data computation as prepared by a duly licensed Geodetic Engineer.^[23] While the Bank was able to submit a certified copy of the lot data computation for the subject parcels of land, it merely submitted photocopies of *TCT Nos. 102397 and 102398*.^[24] On 2 August 2004, the RTC directed anew the Bank to submit the owner's duplicate copies of *TCT Nos. 102397 and 102398*.^[25] It appears however that the Bank allegedly presented to the Court the said duplicate copies per certification issued by the branch clerk of court of the RTC at the dorsal portions of the photocopies of *TCT Nos. 102397 and 102398*.

In the course of the proceedings of the case, the Bank offered, among others, as its additional exhibit, a *Certification*^[26] dated 14 November 2001 issued by the Register of Deeds of Isabela certifying that all records, books, titles and other vital documents filed and kept in the registry were all burned and lost beyond recovery when the office of the Registry of Deeds of Isabela was razed by fire on 4 November 1976. Hence, it could not give any information involving the existence of *TCT No. 102398*.

On 4 August 2010, the LRA submitted its *Report*^[27] stating that:

(1) The present petition seeks the reconstitution of Transfer Certificates of Title Nos. T-102397 and T-102398, allegedly lost or destroyed and supposedly covering Lots D and D of the subdivision plans (LRC) Psd-50244 and (LRC) Psd-56831, respectively situated in the Barrio of lalauanan, Municipality of Tumauni, Province of Isabela, on the basis of the owner's duplicates thereof, reproductions of which, duly certified by Atty. Andreu U. Barcena, Clerk of Court VI, were submitted to his Authority.

(2) When the technical descriptions of Lot Nos. D and D of the subdivision plans (LRC) Psd-50244 and (LRC) Psd-56831, appearing on the reproductions of Transfer Certificates of Title Nos. T-102397 and T-102398 were plotted on the Municipal Index Sheet No. 17898, using as reference subdivision plans (LRC) Psd-50244 and (LRC) Psd-56831, they do not appear to overlap previously plotted/decreed properties in the area.

WHEREFORE, the foregoing information anent the lots in question is respectfully submitted for consideration in the resolution of the instant petition, and if the Honorable Court, after notice and hearing, finds justification pursuant to Section 15 of Republic Act No. 26 to grant the same, the reconstituted title should be made subject to such encumbrances as may be subsisting; and provided further, that no certificates of title covering the same parcels of land exist in the Office of the Register of Deeds concerned.

On 28 April 2011, the trial court rendered the assailed *Decision*, the dispositive portion of which reads:

WHEREFORE, premises considered, the Court hereby directs the Register of Deeds of Isabela to reconstitute Transfer Certificate of Title No. T-102397 and Transfer Certificate of Title No. T-10239 (sic), pursuant to Section 3(a) of R.A. 26, from the Owner's Duplicates of the said certificates of title, upon finality hereof.

SO DECIDED.

Hence, the instant *Appeal* by the Republic raising the following issues:

I

WHETHER OR NOT THE TRIAL COURT ACQUIRED JURISDICTION OVER THE CASE.

II

WHETHER OR NOT THE FACTUAL AND LEGAL BASES FOR THE DECISION GRANTING THE PETITION FOR RECONSTITUTION WERE DULY PROVED AND ESTABLISHED.^[28]

The Republic, through the OSG, avers that the Bank failed to comply with the mandatory and jurisdictional requirements prescribed R.A. No. 26 when it sought for the reconstitution of *TCT Nos. T-102397 and T-102398*. Further, the Bank failed to prove that the said certificates of title were validly issued and in force at the time they were allegedly lost or destroyed.^[29] Accordingly, the trial court did not acquire jurisdiction over the Petition for reconstitution.

The Appeal is meritorious.

The reconstitution of a certificate of title under R.A. No. 26^[30] denotes restoration in the original form and condition of a lost or destroyed instrument attesting the title of a person to a piece of land. The purpose of the reconstitution of title is to have, after observing the procedures prescribed by law, the title reproduced in exactly the same way it has been when the loss or destruction occurred.^[31] R.A. No. 26 presupposes that the property, which title is sought to be reconstituted, has already been brought under the provisions of the Torrens System.^[32]

Sections 2 and 3 of R.A. No. 26 identify the sources for reconstitution of title. Section 3 enumerates the sources upon which the reconstitution of transfer certificates of title shall be based. It provides:

"Section 3. Transfer certificates of title shall be reconstituted from such of the sources hereunder enumerated as may be available, in the following order:

- (a) The owner's duplicate of the certificate of title;
- (b) The co-owner's, mortgagee's, or lessee's duplicate of the certificate of title;
- (c) A certified copy of the certificate of title, previously issued by the register of deeds or by a legal custodian thereof;
- (d) The deed of transfer or other document, on file in the registry of deeds, containing the description of the property, or an authenticated copy thereof, showing that its original had been registered, and pursuant to which the lost or destroyed transfer certificate of title was issued;
- (e) A document, on file in the registry of deeds, by which the property, the description of which is given in said document, is mortgaged, leased or encumbered, or an authenticated copy of said document showing that its original had been registered; and
- (f) Any other document which, in the judgment of the court, is sufficient and proper basis for reconstituting the lost or destroyed certificate of title.**

It bears stressing that the documents presented in evidence must come from official sources which recognize the ownership of the owner and his predecessors-in-

interest.^[33] Aside from the fact that the Bank's documentary exhibits have miserably failed to acknowledge their right of ownership over the subject land, the authenticity thereof remains suspect and their probative value has been rendered scarce and inadequate.

In ***Republic of the Philippines v. Santua***,^[34] the Supreme Court interpreted Section 3, paragraph (f) of R.A. No. 26, as follows:

The Court has already settled in a number of cases that, following the principle of *ejusdem generis* in statutory construction, "any document" mentioned in Section 3 should be interpreted to refer to documents similar to those previously enumerated therein. As aptly observed by the petitioner, the documents enumerated in Section 3(a), (b), (c), (d) and (e) are documents that had been issued or are on file with the Register of Deeds, thus, highly credible.

Moreover, they are documents from which the particulars of the certificate of title or the circumstances which brought about its issuance could readily be ascertained. After all, the purpose of reconstitution proceedings under RA No. 26 is the restoration in the original form and condition of a lost or destroyed instrument attesting the title of a person to a piece of land. Consequently, a petitioner's documentary evidence should be able to establish that the lost or destroyed certificate of title has, in fact, been issued to the petitioner or his predecessor-in-interest and such title was in force at the time it was lost or destroyed.

In relation to the foregoing, Secs. 12^[35] and 13^[36] of R.A. No. 26 requires compliance with additional jurisdictional requirements. Section 15^[37] thereof also provides when an order for reconstitution should issue.

Among the sources enumerated in Sec. 3, R.A. 26, the owner's duplicate of the transfer certificate of title is given primacy because such document is, by all accounts, an exact reproduction of the original copy of the transfer certificate of title. *It is required, however, that the owner's duplicate of the certificate of title itself, and not a mere photocopy thereof, be presented to the court.* This is to preclude any question as to the genuineness and authenticity of the owner's duplicate certificate and bar the possibility of reconstitution based on a fraudulent or forged owner's duplicate certificate.^[38]

It will be observed that the *Petition* for reconstitution is anchored on the Bank's alleged duplicate copies of *TCT Nos. T-102397* and *T-102398*, however, what was appended are mere photocopies thereof. While it would appear that the Bank allegedly presented the original of their duplicate copies of *TCT Nos. T-102397* and *T-102398*, We find that this does not warrant their reconstitution. It is noteworthy that in the Report submitted by the LRA to the RTC, the said agency did not authenticate nor did it certify the photocopies as true and faithful renditions of the original titles. They also cannot be considered as being on file with the Register of Deeds of Isabela since obviously, the documents presented were only machine-reproduced from the genuine copy which the Bank managed to have kept in its own private file.