

NINTH DIVISION

[CA-G.R. CV NO. 98629, November 06, 2014]

JOSEPHINE P. SARABIA, PLAINTIFF-APPELLEE, VS. RICARDO PASCUA AND JEDONA U. PASCUA, DEFENDANTS-APPELLANTS.

DECISION

PERALTA, JR., E. B., J.:

For possible reversal of the court *a quo*'s verdict^[1] which emanated from a suit for specific performance, spouses Ricardo Pascua and Jedona Pascua interposed the appeal before Us.^[2]

Based on available datum, co-defendant-appellant Ricardo Pascua (Ricardo) initially borrowed P100,000.00 from plaintiff-appellee Josephine P. Sarabia (Sarabia) secured by a realty located in Barangay Bosque, Llanera, Nueva Ecija, covered by TCT No. CLOA-VOS-3695. Both parties likewise agreed that Sarabia will extend additional P50,000.00 to Pascua after the October-November, 2006 harvest as payment for the mortgaged realty. Pascua then borrowed an aggregate amount of P150,000.00. The P100,000.00 was delivered to Pascua in cash while the P50,000.00 was in check issued and encashed on June 26, 2006^[3] which dealings were reflected on the "Kasunduan (Hiraman)"^[4] executed by them on June 25, 2006.

The conflict brewed in October, 2007 when Pascua allegedly prohibited German Sibuma, Sarabia's farm worker, from cultivating the mortgaged property and deprived Sarabia of possession of the mortgaged agricultural land. Sarabia further asserted that she was entitled to 100 cavans harvested by defendants-appellants in October, 2007. Hence, through judicial recourse, Sarabia commenced an action for specific performance with accounting of harvest before the trial court.

Defendants-appellants' Answer was to the effect that Sarabia violated the tenor of their "Kasunduan" since Sarabia failed to deliver P150,000.00. According to defendants-appellants, what they received from Sarabia was only P140,000.00. They further claimed that they never transferred physical possession of the mortgaged agricultural land to Sarabia. Even after the mortgage, defendants-appellants were in continuous possession, tillage and cultivation of the subject landholding. In addition to their defense, defendants-appellants argued that Sarabia was not entitled to the palay harvested in October, 2007 since they already settled the amount of P140,000.00 plus interest of P10,000.00 as reflected on the receipt denominated as "Sauli ng Sanla"^[5] dated July 13, 2007.

Trial proceeded and based on the arguments raised by both parties, the court *a quo* rendered its judgment in favor of the plaintiff-appellant in this wise:

"WHEREFORE, premises considered, judgment is hereby rendered in favor of the Plaintiff and against the Defendants, ordering the latter:

- 1) Deliver to the plaintiff the physical possession of that 10,000 square-portion of that property covered by TCT No. CLOA-VOS3695 and not to molest the right of possession thereto by plaintiff;
- 2) To pay plaintiff the amount of P7,200.00 as her rightful share over the harvest of defendants in October 2007;
- 3) To pay plaintiff attorney's fees in the amount of P20,000.00; and
- 4) To pay the costs of the suit.

SO ORDERED."^[6]

Following rejection of defendants-appellants' plea for reconsideration,^[7] defendants-appellants aired on appeal that they have settled their obligation and paid the amount of P140,000.00 plus P10,000.00 interest to Sarabia. Thus, appellants postulated that Sarabia can hardly claim her share for the October, 2007 harvest.

Defendants-appellants also persisted that they were in continuous possession, tillage and cultivation of the mortgaged agricultural land and possession thereof was never transferred to Sarabia.

It was established that co-defendant-appellant Pascua obtained a loan from Sarabia secured by the mortgaged agricultural land covered by TCT-CLOA-VOS-3695 as reflected in the "Kasunduan":

"...Na, kami G. RICARDO B. PASCUA at GNG. JOSEPHINE P. SARABIA, kapwa nasa hustong gulang, (unang panig) may asawa, (ikalawang panig) biyuda, sa kasalukuyan kapwa residente ng Barangay Plaridel, Llanera, Nueva Esiha matapos magkasundo ay kapwa nagsasalaysay gaya ng sumusunod:

*Na, ako ay nakahiram ng halagang Isandaang Libong Piso (P100,000.00) salaping umiiral dito sa Pilipinas, kay Gng. Josephine P. Sarabia. **Bilang pabor sa nahiram kong halagang pera sa kanya, ay aking ipinahiram ang lupang aking sinasaka na may sukat Sampung Libong Metro Kuadrado (10,000.00 sq.mt). 1.00 ha. at ito ay sakop ng Barangay Bosque, Llanera, Nueva Esiha.***

Napagkasunduan namin dito ni Gng. Josephine P. Sarabia na ang nabanggit na halaga sa itaas ay dadagdagan niya ng Limampung Libong Piso (P50,000.00) sa makaani ng panag-ulan 2006 buwan Oktubre-Nobyembre 2006, bilang kabayaran ng lupang

nabanggit. Lote Blg._____EP.Blg._____sang-ayon sa aming naging kasunduan. (emphasis supplied).”

It is worthy to underscore that the mortgaged land involved in the Kasunduan was covered by the Comprehensive Agrarian Reform Law or Republic Act 6657 (RA 6657) and the land was awarded to Pascua and other co-owners namely Jose P. Sarabia and Arturo J. Nano. As such, there are legal constraints to farmer beneficiaries like Pascua.^[8]

Under Section 27^[9] of RA 6657, farmer beneficiaries shall not sell, transfer or convey the acquired land for a period of ten years except through hereditary succession, or to the government, or to the LBP, or to other qualified beneficiaries. Furthermore, Section 73^[10] (f) of RA 6657 expressly prohibits the sale, transfer or conveyance by a beneficiary of the right to use or any other usufructuary right over the land which the beneficiaries acquired under the agrarian law.

We echo what was declared on the Kasunduan that, in exchange for the P100,000.00, Pascua relinquished the right to use the mortgaged agricultural land to Sarabia and the incremental P50,000.00 from Sarabia will serve as payment for the mortgaged realty.

Evidently, such undertaking of Pascua in extending to Sarabia the right to use the agricultural land covered by TCT-CLOA-VOS-3695 and the subsequent sale of the subject lot, after the receipt of P50,000.00, was in contravention of RA 6657 and therefore null and void.^[11]

Consequently, possession of the mortgaged agricultural land cannot be transferred to Sarabia despite the existence of an agreement therefor.

Indeed, the object of agrarian reform is to vest in the farmer-beneficiary, to the exclusion of others, the rights to possess, cultivate and enjoy landholding for himself; hence, to insure his continued possession and enjoyment thereof, he is prohibited by law to make any form of transfer except only to the government or by hereditary succession.^[12]

As to the principal obligation of Pascua, it was beyond cavil that Pascua obtained a loan from Sarabia with an aggregate amount of P150,000.00 and he was bound to pay a coeval amount to Sarabia.

In a contract of loan, a person who receives a loan of money or any other fungible thing acquires the ownership thereof, and is bound to pay the creditor an equal amount of the same kind and quality.^[13]

Although Pascua insisted that the subject obligation was settled, he failed to support his assertion with sufficient evidence. Verily, the receipt he adduced, which stated “Sauli ng Sanla”, did not disclose satisfaction of Pascua’s obligation with Sarabia.

With respect to the award of P7,200.00 as Sarabia's share over the harvest of Pascua in October 2007, such accounting was devoid of factual foundation.