

EIGHTH DIVISION

[CA-G.R. SP NO. 92561, September 18, 2006]

SPOUSES ERNESTO GALICIA AND JULIA M. PADAYOGYOG-GALICIA, PETITIONERS, VS. MARCELINA CONSTANTINO VDA. DE LOZANO, REPRESENTED BY YOLANDA RAMOS, AND THE HEIRS OF MARCELINA CONSTANTINO VDA. DE LOZANO, RESPONDENTS.

D E C I S I O N

DACUDAO, J.:

This amended petition for review seeks to overturn the following: (1) The June 24, 2005 Decision¹ of the Department of Agrarian Reform Adjudication Board (DARAB), in DARAB Case No. 9696, which reversed the March 8, 2000 decision² of the Provincial Adjudicator for Cauayan, Isabela, the Honorable Pepito M. Planta; and (2) The October 3, 2005 Resolution³ of the same government agency denying the petitioners' motion for reconsideration thereon.

This case started out as a complaint for repossession and damages that the therein plaintiff Marcelina Constantino Vda. De Lozano, represented by Yolanda Ramos, sued out a complaint⁴ against the therein defendant spouses Ernesto Galicia and Julia Padayogyog-Galicia.

The material operative facts, as found by Provincial Adjudicator Pepito M. Planta and adopted by the DARAB, are as follows:

"Plaintiff comes to this Board seeking to recover from the defendants a .6000 hectare portion of the landholding awarded to her husband under the Land Reform Program of the government pursuant to Presidential Decree (PD) No. 27.

xxx xxx xxx

"Mr. Blas Lozano is a farmer-beneficiary of the Anita Diego Estate located at Barangay Estrella, San Mateo, Isabela. He was awarded an area of about 1.1715 hectares for which he was issued TCT No. EP 554135, duly registered with Registry of Deeds of Isabela (Annex 'B' of the complaint). Sometime in 1992, Blas Lozano and his wife, Marcelina Constantino, mortgaged the subject land (Annex 'C' of the complaint) to defendant spouses Ernesto Galicia and Julia M. Padayogyog in the amount of P50,000.00 with the agreement that the latter will cultivate. An additional loan of P20,000.00 was obtained by the Spouses Lozano from the Spouses Galicia as the original loaned is not enough (for) his (Blas Lozano's) medical expenses. Unfortunately, plaintiff's husband died on April 23, 1995 (Annex 'D' of the complaint). After the death of Blas Lozano, the plaintiff executed a Deed of Absolute Sale (Annex 'C' of the

complaint) conveying the mortgaged land to the defendants-spouses in the amount of P96,795.00. Claiming that she did not sell the land, the plaintiff continued paying the land amortizations with the Land Bank of the Philippines (LBP) and tried to redeem it from the defendant-spouses, but the latter refused, claiming that they are now the owners of the land. The matter was brought to the attention of the Legal Division, DARPO, Isabela, and (the plaintiff) even offered to pay P109,000.00 just to avoid litigation but the defendants refused to accept and to vacate the land. Likewise, Barangay Captain of Estrella was not able to settle the case because of the refusal of the defendants to appear during (the) scheduled meetings/conferences.”⁵

On March 8, 2000, Provincial Adjudicator Pepito M. Planta gave judgment, decretally disposing of the case, thusly--

“WHEREFORE, in the light of the foregoing circumstances, judgment is hereby rendered according to the following tenor:

“1) **Dismissing the instant case for lack of merit;**

“2) **Directing the PARO of Isabela through the MARO concerned to initiate Land Transfer Action to determine the re-allocatee of the land in suit in accordance with Memo Circular No. 7, Series of 1979;**

“3) **Maintaining the defendants in the peaceful possession and cultivation of the land in suit subject to the outcome of the Land Transfer Action above-stated; and,**

“4) **Directing the PARO through its Legal Division to initiate the appropriate action for the cancellation of the EP issued to the plaintiff.**

“SO ORDERED.

“Cauayan, Isabela.

“March 8, 2000.

“(SGD.) PEPITO M. PLANTA

“Adjudicator”⁶

The Provincial Adjudicator held--

“xxx, [t]he only issue to be resolved in this case is who between the parties have the better right to the possession of the land in issue?

“We rule for the defendants. There is no dispute that the late Blas Lozano married to Marcelina Constantino was the identified farmer-beneficiary of the land in suit. **There is also no dispute that the late Blas Lozano through his wife mortgaged the land in suit to the defendants spouses and subsequently sold to them in the amount of P96,795.00. These transactions are illegal under MAR (DAR).**

Memo Circular No. 7, Series of 1979, which prohibits CLT/EP recipient from mortgaging/selling and/or conveying the landholdings awarded to them. Having committed acts violative of existing DAR policy, law, rules and regulations, plaintiff (sic) does not deserve to become beneficiary of P.D. No. 27. By mortgaging and/or selling his farmlot, plaintiff (sic) is deemed to have abandoned his farmlot within the meaning of Sec. 5 and 8 of R.A. No. 1199, as amended, and so ceased to enjoy the status, rights and privilege of a tenant farmer-beneficiary, and is considered to have abandoned his right of the subject property (Aguilar vs. Gonez, CA G.R. No. SP-05933R, May 30, 1977).

"However, though the plaintiff (sic) committed acts which warrant his disqualification as farmer-beneficiary of P.D. No. 27, this Board cannot also award the land in suit to the defendants because the authority of re-allocation is within the administrative jurisdiction of the DAR Secretary and/or Regional Director concerned as provided under Sec. 12 (B-11) of P.D. No. 946. For this reason, there is a need to refer the matter to the DAR Secretary and/or Regional Director to conduct administrative proceedings to determine the re-allocatee of the subject land pursuant to Memo Circular No. 7, Series of 1979. Meanwhile, the defendants may continue to cultivate the land in issue pending the disposition of the re-allocation proceedings with the obligation to pay lease rentals to the LBP."⁷

From that judgment, respondent Marcelina Constantino Vda. de Lozano appealed to the public respondent DARAB which, as heretofore mentioned, reversed the PARAD's decision, with the DARAB now decreeing thusly--

"WHEREFORE, premises considered, the assailed decision is hereby REVERSED and SET ASIDE and a new one is entered:

"1. Ordering the defendants to surrender the peaceful possession and cultivation of the subject land to the plaintiff; and

"2. Directing the plaintiff to pay the defendants the amount she had loaned from the latter, if not have been paid, and/or the amount of P96,795.00, the consideration of the Deed of Sale, with legal interest.

"SO ORDERED.

"(SGD.) Delfin B. Samson
"Member

"We concur:

"RENE C. VILLA
"Chairman

"ERNESTO G. LADRIDO III
"Member

"SEVERINO T. MADRONIO
"Member

"(SGD.) LORENZO R. REYES "(SGD.) AUGUSTO P. OUIJANO
 "Member "Member
 "(SGD.) EDGAR A. IGANO
 "Member"⁸

The DARAB made the following findings and disquisitions, viz.:

"Upon the promulgation of P.D. No. 27 on 21 October 1972, all agricultural lessees were deemed owners of the land they till. As of that date, they were declared emancipated from the bondage of the soil. As such, he gained the rights to possess, cultivate and enjoy the land for themselves. Those rights over the particular property were granted by the government to them and to no other. **To insure their continued possession and enjoyment of the land, they could not under said P.D. No. 27, make any valid form of transfer except to the Government, or by succession, to his successors** (Torres vs. Ventura, 187 SCRA 96).

“However, despite the said prohibition, there are cases and reports that many farmer-beneficiaries of the P.D. No. 27 have transferred the ownership, rights and/or possession of their farms/homelots to other persons or have surrendered the same to their former landowners. All these transactions/surrenders are violative of P.D. No. 27 and therefore, null and void (Memorandum Circular No. 07, Series of 1979).

"Records show that Lozano Blas, the EP holder, and his wife herein plaintiff, have indeed mortgaged the subject land, as evidenced by the 'Katulagan' dated 10 June 1992 (Annex 'C', p. 8, Rollo) in the amount of P70,000.00. On 30 July 1996, plaintiff executed a Deed of Absolute Sale (Annex 'E', p. 10, Rollo) in favor of defendant Ernesto Galicia over the subject land in the amount of Ninety Six Thousand Seven Hundred Ninety Five Pesos (P96,795.00). **Despite the sale of the subject land, plaintiff had fully paid the amortizations of the said land with the Land Bank of the Philippines, as evidenced by a Certification dated 05 July 1999 (Annex 'H', p. 13, Rollo) issued by Jennicar P. dela Cruz, Bookkeeper III, Land Bank of the Philippines, Cauayan, Isabela branch.**

"Plaintiff's act of paying the amortizations of the subject land despite her execution of the deed of sale and in offering to redeem the said land negates her intention to transfer ownership of the same to the defendants. Also, plaintiff would not have even thought of filing the instant action if she honestly believed that she had already given up the subject land in favor of the defendants. Plaintiff, or anyone in her right mind, would not waste her money, effort and time, to prosecute an unworthy action.

"Moreover, the situation obtaining in the instant case reminds us of the case of *Torres vs. Ventura*, *supra*, where the Supreme Court ruled: