Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

Please take notice that the Court, First Division, issued a Resolution dated **March 18, 2015** *which reads as follows:*

"G.R. No. 156418 - *FELIPA LANZUELA, Petitioner, v. COURT OF APPEALS and AGUSTIN SANCHEZ, Respondents.*

This case concerns the question of whether the transaction involving a parcel of unregistered land was a mortgage or an oral sale.

Under review is the decision promulgated on September 25, 2002 in C.A.-G.R. CV No. 56982,[1] whereby the Court of Appeals (CA) affirmed the judgment[2] of the Regional Trial Court (RTC), Branch 25, in Tagudin, Ilocos Sur that declared the transaction between the parties to be a mortgage instead of a sale, thereby favoring respondent Agustin Sanchez. In its decision, the CA modified the judgment of the RTC by ordering Sanchez to pay to the petitioner the useful expenses incurred for improvements.

The factual background as summed up by the CA follows:

> Carolina Lanuria and Felipa Lanzuela are sisters. Jose Lanzuela is their brother. They are all first-degree cousins of Agustin Sanchez. Rey and Cristeta Cabarales are the son-in-law and daughter, respectively, of Maximino and Carolina Lanuria.

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1 *Rollo*, pp. 131-148; penned by Associate Justice Mariano C. Del Castillo (now a Member of the Court), with the concurrence of Associate Justice Godardo A Jacinto (retired) and Associate Justice Candido V. Rivera (retired/deceased).

2 CA *rollo*, pp. 77-105.

Agustin Sanchez claims ownership of two (2) parcels of land in Cabaroan, Tagudin, Ilocos Sur. The first is a pastureland covered by Tax Declaration No. 174-F while the second is an unirrigated riceland formerly covered by Tax Declaration No. 2469-B that was cancelled by Tax Declaration No. 2433-C and later on by Tax Declaration No. 175-F. He mortgaged the latter to his cousin, Jose Lanzuela for the sum of ₱300.00 sometime in 1947, by means of a *salda ilocana*, which was a prevalent practice among the less educated inhabitants in the Ilocos Region during that period.

In a *salda ilocana*, the agreement entered into by the parties involves the mortgage of real property for a consideration consisting of cash. The mortgagor transfers physical possession of the land to the mortgagee and turns over its tax declaration as security for payment of the consideration. As interest for the amount loaned, the mortgagee retains the produce of the land.

Also, during the existence of the agreement, all taxes and fees on the land shall be for the account of the mortgagee. Moreover, there is no fix (sic) date given to the mortgagor to redeem the said property. Thus, it may take several years before the mortgagor recovers the land and its tax declaration. This is what happened in this case, where it took several years before Agustin Sanchez redeemed his mortgaged property by returning the ₱300.00 to his cousin, Jose Lanzuela. Despite the redemption, Agustin Sanchez allowed his said cousin to retain possession of the unirrigated riceland since the latter was a tenant even prior to World War II when his parents were still the owners.

During the 1970s, Agustin Sanchez engaged in the lucrative business of buying and selling virginia-leaf-tobacco. By resorting to another *salda ilocana,* he mortgaged the same riceland to his cousin, Jose Lanzuela, for the sum of ₱300.00. Its tax declaration was also turned over as security. However, sometime during the early 1980s, while the mortgage debt in favor of Lanzuela remained unsettled, Agustin Sanchez mortgaged the same land in question to Tagudin Credit Cooperative, Inc. for the sum of ₱50,000.00.

In the mid-1980s, Mr. Sanchez wanted to redeem the mortgaged property from Jose Lanzuela. However, to his surprise, spouses Maximino and Carolina Lanuria as well as spouses Rey and Cristeta Cabrales, who were now residing therein, refused the redemption. They claimed that the transaction involving subject property between Mr. Sanchez and Jose Lanzuela was one of sale and that the ₱300.00 turned over to Mr. Sanchez by Mr. Lanzuela was actually the payment for the sale of the said property to the latter's sister, Felipa Lanzuela, who authorized said persons to build houses thereon as an exercise of her right to ownership and possession.

In an attempt to settle the controversy amicably, Mr. Sanchez filed a complaint with the barangay captain where the property is located. However, there was no settlement. Thus, Mr. Sanchez filed a suit for recovery of ownership and possession before the trial court.

Felipa Lanzuela argues that Mr. Sanchez offered the lot in question for sale to her brother, Jose Lanzuela, sometime in 1947, to finance a trip to Guam, U.S.A. However, she purchased the said property with her own money. Subsequently, Carolina Lanuria paid her half of the purchase price. Spouses Lanuria and spouses Cabrales then constructed houses on subject property and introduced improvements therein. Both spouses also claimed that they served as caretakers of Mrs. Lanzuela and were thus permitted to construct their family houses within the premises to perform their functions more effective. (sic)

Spouses Lanuria, spouses Cabrales and Mrs. Lanzuela presented several tax receipts dating back to 1973. The latter also introduced in evidence her tax declarations to the land in question, which cancelled that held by Mr. Sanchez. She also paid the taxes thereon regularly.

Due to the length of time between the transaction and the filing of the case, the spouses named above and Mrs. Lanzuela believe (sic) that the cause of action of Mr. Sanchez had already lapsed due to prescription, estoppel and/or laches.

On August 7, 1997, the RTC rendered its judgment,[3] to wit:

Thus we declare the transaction between plaintiff and defendants as a pure mortgage and not a sale and defendants would want the court to believe, because had it been a sale then, the defendants would have resorted to using a deed of sale as the document by which they were to transfer ownership of the property to them.

After this decision has become final, the Office of the Assessor of the Municipality of Tagudin, is hereby ordered to remove from its files the documents by which the defendants were able to declare the property in their name.

SO ORDERED.[4]

Both Felipa Lanzuela and Carolina Lanuria appealed to the CA.

As stated, the CA promulgated its decision,[5] holding:

3 Id.
4 Id. at 104-105.
5 Supra note 1, at 147-148.

> **WHEREFORE**, the appealed Decision dated August 7, 1997 is ***AFFIRMED*** with the modification that Agustin Sanchez shall pay the useful expenses incurred by the defendants-appellants, spouses Maximo and Carolina Lanuria, spouses Rey and Cristeta Cabrales and the intervenor-appellant Felipa Lanzuela, in the manner mentioned above and pursuant to law. No pronouncement as to costs.
>
> **SO ORDERED**.

Only Felipa filed a motion for reconsideration, but the CA denied her motion on January 6, 2003.[6]

Issues

Hence, this appeal by Felipa, submitting the following issues, to wit:

1. Whether or not the contractual relationship between the parties arose out of a sale or a *salda ilocana*.
2. Whether or not the amount of ₱300.00 given in 1947 by the petitioners could be sufficient consideration for the sale of the property.
3. Whether or not the tax declarations, tax payments and official receipts of the petitioners could be considered sufficient evidence proving the purchase by them of the properties.
4. Whether or not prescription, estoppel and/or laches could be taken to prejudice the right of private respondent in the subject properties.
5. Whether or not there was improper appreciation by the trial court and the CA of the previously excluded evidences in this case.[7]

Ruling of the Court

The appeal lacks merit.

In affirming the RTC's holding in favor of the transaction being a mortgage, the CA analyzed the evidence, and ruled thusly:

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6 *Rollo*, p. 151.
7 Id. at 16.

It bears stressing that there was an identical transaction between Agustin Sanchez and Jose Lanzuela prior to the questioned transaction. The parties likewise entered into a *salda ilocana* sometime in 1947. In this transaction, there was a verbal agreement between them for a special mortgage whereby Agustin Sanchez delivered the same piece of property as security for a loan for the same amount of P300.00, with right of redemption at any time of his choice. While the mortgage was still in effect, Jose Lanzuela occupied the subject land and enjoyed its usufruct. Agustin Sanchez redeemed said property several years later, thereby terminating the mortgage.

With the first transaction acknowledged as a mortgage known as *salda ilocana*, there is no reason for the second transaction to be treated differently. Both transactions had exactly the same features and circumstances and only the dates of the transactions were different. Thus, there is no factual basis for a departure from the finding of the trial court that the subject transaction was only a mortgage.

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Further, by asserting that Agustin Sanchez sold the property in question to them, the spouses and Mrs. Lanzuela invariably accept the former's previous ownership thereof. Thus, Mr. Sanchez is relieved of the burden of proving ownership while said spouses and Mrs. Lanzuela have the burden of showing that they have acquired ownership and possession of the land in question through a sale entered into with Mr. Sanchez. It becomes their duty to present proof that Mr. Sanchez transferred ownership of the land to them by means of a sale. They must prove their just title even though they are in possession of the property. Unfortunately, they failed to do so.

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Undoubtedly, the determination of conveyance would not have been controversial had the document covering the purported sale been presented in evidence. The presentation of this alleged document is necessary to the claim of ownership of the spouses and Mrs. Lanzuela. Their failure to proffer the alleged contract of sale lends credence to the conclusion that the transaction entered into by Mr. Sanchez and Jose Lanzuela was a mortgage and not a sale.

The only pieces of evidence on which the spouses and Mrs. Lanzuela fasten their claim are the tax declarations and receipts issued in their names. These documents deserve scant consideration due to the firmly established rule that tax declarations and receipts are not persuasive evidence of ownership of the land in dispute. A tax declaration, by itself, is not considered conclusive evidence of ownership. It is merely an *indictum* of a chain of ownership. Since it does not give title, it is of little value in proving one's ownership.[8]

[8] Id. at 138.

We concur with the CA because its findings were in full accord with the evidence on record.

Indeed, the burden of proving a disputed allegation in a civil case belongs to the party who asserts or makes the allegation.[9] In that respect, Sanchez proved the allegation of his ownership of the land in question and of the transaction being a mortgage (*salda ilocana*) whereby he as the owner surrendered the land and the tax declarations to the creditor, who then became entitled to possess and use the land and its fruits subject to the condition that the land and the tax declarations would be returned to the owner upon repayment of the obligation. Once Sanchez proved his allegations, it became incumbent upon Felipa and Carolina to contravene Sanchez's *prima facie* showing of his ownership in order to convince the court that they had a valid and superior claim of ownership of the two parcels of land. The burden of evidence was thus shifted to Felipa and Carolina to prove the oral sale as well as to refute the testimony of the Municipal Assessor to the effect that Tax Declaration No. 22817-C that covered the land *in litis* in the name of Carolina was spurious.[10] However, Felipa and Carolina did not discharge their burden.

Felipa and Carolina , as the supposed buyers, should have demanded the execution of a deed to confirm the sale if the transaction was really an oral sale that took place in 1947. What Carolina did instead was to procure Tax Declaration No. 22817-C in her name in 1974 despite the absence of a written contract of conveyance. There is no coherent explanation for her deliberate action other than to make an inexistent sale appear to be perfected. Thereby, the evidence of the petitioner became highly suspect. The claim that the sale was perfected in 1947[11] was highly improbable simply because the owner's copy of Sanchez's tax declaration was given to them only in 1952. Moreover, the claim that both the pastureland and the riceland were sold was contrary to the recitals of the tax declarations they presented that covered only the riceland. The effect is to render their evidence inconsistent and unreliable.

Moreover, the following holding of the CA deserves reiteration, *viz*:

> Moreover, both spouses and Mrs. Lanzuela cannot rely on the recognized exception to the general rule mentioned above that, when tax declarations and receipts are coupled with proof of actual possession of

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9 *Heirs of Cipriano Reyes v. Calumpang,* G.R. No. 138463, October 30, 2006, 506 SCRA 56, 71.
10 *Jison v. Court of Appeals*, G.R. No. 124853, February 24, 1998, 286 SCRA 495, 532.
11 TSN Hearing on January 29, 1996, p. 8.

> the property, they can be the basis of a claim of ownership through prescription. We have already ruled that the transactions between Mr. Sanchez and Jose Lanzuela were mortgages. While they currently occupy the subject land, prescription can not be appreciated in their favor because their possession is not in the concept of an owner.
>
> However, even assuming that said transactions were for the sale of the property in question, there is no evidence to substantiate the claim of the spouses and Mrs. Lanzuela that they obtained the subject property in 1947. Tax Declaration 8998-D was issued in the name of Carolina Lanuria in 1974. Mr. Sanchez instituted his cause of action by filing subject complaint on November 5, 1992. Since only eighteen (18) years had passed from the time of the transaction to the institution of the action, the spouses and Mrs. Lanzuela can not avail of ownership by extraordinary prescription, which requires thirty (30) years of uninterrupted adverse possession of property without need of title or good faith.[12]

Anent Felipa's assertion of acquisitive prescription in her favor and the action being barred by laches, we adopt the following apt disquisition by the CA thereon, to wit:

> Neither is the action barred by ordinary acquisitive prescription, which demands ten (10) years of adverse possession "in good faith and with just title." There is just title when the adverse claimant came into possession of the property through one of the modes recognized by law for the acquisition of ownership or other real rights, but the grantor was not the owner or could not transmit any right. By asserting that Agustin Sanchez sold the subject land to them, the spouses and Mrs. Lanzuela in effect admit that he was the former owner thereof. Thus, they remove themselves from the coverage of the law.
>
> Moreover, the equitable principles of laches and estoppel can not be considered against Agustin Sanchez. Laches is defined as the negligence or omission to assert a right within a reasonable time, warranting a presumption that the party entitled to assert it either has abandoned it or declined to assert it. Laches thus amounts to an implied waiver arising from knowledge of existing conditions and an acquiescence in them. On the other hand, there is estoppel when a party, having performed affirmative acts upon which another person based his subsequent actions, can not thereafter refute his acts or renege on the effects of the same, to the prejudice of the latter.
>
> In the records before Us, Mr. Sanchez did not assert his claim immediately after the spouses and Mrs. Lanzuela rejected his attempt to redeem the mortgaged property. However, his failure to do so was not due to negligence. He could not pursue his cause of action due to lack of financial resources. He attempted to settle the dispute amicably before the barangay but favorable results were not achieved. When he finally had the means, he asserted his claim with dispatch by filing a complaint with the trial court.

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[12] *Rollo*, pp. 140-141.

> Being an illiterate, it is not difficult to imagine the economic plight of Mr. Sanchez. We cannot allow his lowly status in life to serve, as a deterrent to obtaining justice that he rightfully deserves. Thus, his initial inaction with regard the improvements introduced by the spouses and Mrs. Lanzuela can not be construed as conformity in them and to a waiver of his right to the subject property.
>
> Also, it must be recalled that the parties in this case are first-degree cousins. The Supreme Court declared that the existence of a confidential relationship between the parties is an important circumstance for consideration in determining whether a delay in seeking to enforce a right constitutes laches. When a delay occurs under such circumstances, it should not be so strictly regarded as where the parties are strangers to each other. Stated differently, the doctrine of laches is not strictly applied between close relatives, and the fact that the parties are connected by ties of blood tends to excuse an otherwise unreasonable delay.[13]

ACCORDINGLY, the Court **AFFIRMS** the decision promulgated on September 25, 2002 by the Court of Appeals; and **ORDERS** the petitioner to pay the costs of suit.

SO ORDERED." **SERENO, C.J.**, on official travel; **JARDELEZA, J.**, designated acting member per S.O. No. 1952 dated March 18, 2015.

Very truly yours,

EDGAR O. ARICHETA
Division Clerk of Court

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[13] Id. at 141-143.