



Republic of the Philippines
Supreme Court
 Manila

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Wilverdo V. Lapitan
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 Division Clerk of Court
 Third Division
 OCT 06 2017

THIRD DIVISION

**NATIONAL HOUSING
 AUTHORITY,**

G.R. No. 191657

Petitioner,

Present:

- versus -

VELASCO, JR., J.,
Chairperson,
 BERSAMIN,
 JARDELEZA,
 TIJAM,
 REYES, JR., JJ.

**DOMINADOR LAURITO,
 HERMINIA Z. LAURITO,
 NIEVES A. LAURITO,
 NECITAS LAURITO VDA. DE
 DE LEON, ZENAIDA D.
 LAURITO, CORNELIA
 LAURITO VDA. DE MANGA,
 AGRIPINA T. LAURITO,
 VITALIANA P. LAURITO,
 represented by: DOMINADOR
 LAURITO,**

Respondents.

X-----X

**HEIRS OF RUFINA MANARIN,
 Namely: CONSUELO M. LOYOLA-
 BARUGA, ROSY M. LOYOLA-
 GONZALES, BIENVENIDO L.
 RIVERA, REYNALDO L. RIVERA,
 ISABELITA A. LOYOLA,
 LIWAYWAY A. LOYOLA,
 LOLITA A. LOYOLA, LEANDRO
 A. LOYOLA, PERLITO L.
 LOYOLA, GAVINA L. LOYOLA,
 ZORAIDA L. PURIFICACION,
 PERLITA L. DIZON, LUCENA R.
 LOYOLA, ANITA L. REYES,
 VISITACION L. ZAMORA,**

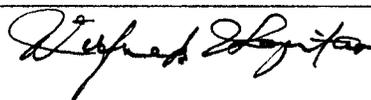
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CRISTINA L. CARDONA, NOEL P. LOYOLA, ROMEO P. LOYOLA, JR., FERDINAND P. LOYOLA, EDGARDO A. LOYOLA, DIONISA L. BUENA, SALUD L. MAPALAD, CORAZON L. SAMBILLO, VIDAL A. LOYOLA, and MILAGROS A. LOYOLA, represented by their Attorney-in-Fact ZOSIMO A. LOYOLA,

Petitioner-Intervenors.

Promulgated:

July 31, 2017



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DECISION

TIJAM, J.:

This Petition for Review¹ under Rule 45 seeks to reverse the Decision² dated November 26, 2009 of the Court of Appeals (CA) in CA-G.R. CV No. 86484 which affirmed the Decision³ dated May 27, 2004 of the Regional Trial Court (RTC) of Bacoor, Cavite, Branch 19, in Civil Case No. BCV-2001-95, confirming respondents' ownership over a parcel of land located at Carmona, Cavite.

The Facts

Lying at the core of the instant controversy is a parcel of land identified as Lot F-3 of the subdivision plan Psd-12274 situated in Carmona, Cavite with an area of 224,287 square meters. Petitioner National Housing Authority (NHA) and respondents heirs of the Spouses Domingo Laurito and Victorina Manarin (Spouses Laurito) claim conflicting rights of ownership over the subject property based on different transfer certificates of title, registered on likewise varying dates.

Prompted by their discovery that title to the property had been subdivided and later on transferred to NHA, with the latter subdividing and offering the same to the public, respondents sent demand letters dated April 29, 1991,⁴ September 9, 1992⁵ and November 30, 1992⁶ for NHA to recall the subdivision scheme plan it submitted to the Register of Deeds (RD) for registration. When said demands went unheeded, respondents filed the

¹ *Rollo*, pp. 10-31.
² Penned by Associate Justice Pampio A. Abarintos, concurred in by Associate Justices Juan Q. Enriquez, Jr. and Francisco P. Acosta; *id.* at 33-45.
³ Penned by Judge Novato T. Cajigal; *id.* at 90-95.
⁴ *Id.* at 91.
⁵ *Id.* at 62-65.
⁶ *Id.* at 75-76.



complaint *a quo*⁷ for quieting of title, annulment of title and recovery of possession against NHA.

In their Complaint, they alleged that their parents Spouses Laurito, were the registered owners of the subject property and covered by Transfer Certificate of Title (TCT) No. T-9943 registered with the RD for the Province of Cavite on September 7, 1956. The title of the Spouses Laurito was a transfer from TCT No. T-8237.⁸

The Spouses Laurito mortgaged the subject property on September 27, 1956 to the Philippine National Bank (PNB) but was able to redeem the same and thereby secured the release of the mortgage on January 10, 1977.⁹ When the RD was gutted by fire in 1959, the Spouses Laurito caused the administrative reconstitution of their title and a replacement title, TCT No. (T-9943) RT-8747 was issued on March 23, 1962. The source of reconstitution was the owner's duplicate certificate of title.¹⁰

Upon the death of the Spouses Laurito, respondents, as surviving children, continued paying real estate taxes on the property.¹¹

As aforesaid, during the lifetime of their mother, respondents discovered that the subject property was subdivided into two lots, *i.e.*, Lot F-3-A measuring 136,105 sq m and F-3-B measuring 88,182 sq m, and that NHA was able to register the subdivided lots in its name under TCT Nos. T-3717¹² and T-3741,¹³ respectively. Respondents also discovered that NHA had caused the preparation of a subdivision plan PCS-04-00324 and after subdividing the property into several lots, transferred the same to third parties.¹⁴

NHA initially moved to dismiss the complaint but its motion¹⁵ was denied by the RTC, in its Order¹⁶ dated November 26, 2011. When required to answer, NHA averred that TCT No. T-3717 covering an area of 136,105 sq m and registered under its previous name, People's Homesite and Housing Corporation, was derived from TCT No. 3445¹⁷ registered in the name of Carolina Corpus (Corpus). Corpus, in turn, acquired the property from Petronila Cabreira (Cabreira) under TCT No. 984.¹⁸ Cabreira, in turn, acquired the property from Vicente Santos (Santos) under TCT No. 943.¹⁹

⁷ Id. at 50-54.

⁸ Id. at 57-58.

⁹ Id. at 67.

¹⁰ Id. at 66.

¹¹ Id. at 51.

¹² Id. at 60.

¹³ Id. at 61.

¹⁴ Id. at 51-52.

¹⁵ Id. at 77-84.

¹⁶ Id. at 85-86.

¹⁷ Id. at 70.

¹⁸ Id. at 69.

¹⁹ Id. at 68.

On the other hand, the parcel of land covered by TCT No. T-3741 with an area of 88,182 sq m and likewise registered in the name of People's Homesite and Housing Corporation, was allegedly derived from Spouses Lope Gener under TCT No. 1859.²⁰ NHA argued that it is not required to look beyond these derivative titles, having acquired the two parcels of land from its registered owners.²¹

Upon examination of the documents presented before it, the RTC discovered that the title of the Spouses Laurito was issued by the RD of Cavite on September 7, 1956 and that TCT No. (T-9943) RT-8747 has not been cancelled and was certified to be existing and intact in the registry. The RTC also found that the derivative titles of TCT No. T-8237 upon which NHA based its titles were registered on the following dates: the title of Corpus covering Lot F-3-A was registered on August 7, 1961, the title of Cabreira was registered on February 16, 1961²² and the title of Santos was registered on February 5, 1961;²³ and the title of Spouses Lope Gener covering Lot F-3-B was registered on August 22, 1960.²⁴

The RTC further observed that the certificates of title from which NHA claims to have derived its title over the subject property, have been administratively reconstituted in 1960 and 1961, or at a time when the owner's duplicate certificate of title in the names of the Spouses Laurito was in the possession of PNB as mortgagee. The RTC held that while the same property was covered by different titles, preference should be given to the title of the Spouses Laurito as it was registered earlier in time, or on September 7, 1956, compared to the earliest derivative titles of NHA which were issued on February 5, 1961²⁵ for Lot F-3-A and on August 22, 1960 for Lot F-3-B. Finally, the RTC noted that while NHA claims to be a buyer in good faith, it nonetheless failed to demonstrate how it acquired the subject property.²⁶

In disposal, the RTC held:

WHEREFORE, premises considered, plaintiffs having proven by preponderance of evidence its [sic] allegations in the Complaint, judgment is hereby rendered in favor of the plaintiffs and against the defendants. This Court hereby affirms and confirms the ownership of the plaintiffs over the parcel of land located at Carmona, Cavite, covered by and embraced in Transfer Certificate of Title No. (T-9943) RT-8747 registered in the name of Domingo Laurito married to Victorina Manarin. Consequently Transfer Certificate of Title Nos. T-3717 and T-3741 in the name of defendant National Housing Authority (formerly People's

²⁰ Id. at 72.

²¹ Id. at 87-89.

²² A examination of TCT No. T-984 reveals that the same was issued to Cabreira on February 16, 1960 and not February 16, 1961. Id. at 69.

²³ An examination of TCT No. T-943 reveals that the same was issued to Santos on February 5, 1960 and not February 5, 1961. Id. at 68.

²⁴ Id. at 92-93.

²⁵ Should be February 5, 1960. See note 23.

²⁶ Id. at 93-94.

Homesite and Housing Corporation) are hereby declared null and void together with the derivative and subsequent titles issued therefrom. The Office of the Register of Deeds for the Province of Cavite is ordered to cancel T.C.T. Nos. T-3717 and T-3741 as well as all the subsequent titles emanating from them.

Defendant National Housing Authority is hereby ordered to vacate and remove all the structures and improvements constructed and existing on the parcel of land covered by TCT No. (T-9943) RT-8747 registered in the name of Domingo Laurito married to Victorina Manarin and peacefully surrender and turn-over possession and occupancy of the said parcel of land to the plaintiffs.

However, in the event that it is no longer feasible for defendant NHA to deliver and surrender possession of the property to the plaintiffs, it is hereby ordered in the alternative to pay plaintiffs the value of the property it occupied which is hereto assessed at One Thousand Two Hundred Pesos (Php1,200.00) per square meter with interest thereon at the legal rate from the time demand was first made on April 29, 1991 until the same is fully paid.

The claim for damages by the plaintiffs and the counter-claims of the defendants are hereby DENIED for lack of basis.

SO ORDERED.²⁷

From this adverse decision, NHA appealed.

NHA argued that the RTC failed to take into account that the title of the Spouses Laurito, *i.e.*, TCT No. T-9943 (RT-8747), was reconstituted only on March 23, 1962 and as such, was reconstituted later than NHA's derivative titles which were registered on February 5, 1960 (for Lot F-3-A) and on August 22, 1960 (for Lot F-3-B). NHA also emphasized that the Spouses Lope Gener were able to mortgage Lot F-3-B to Union Bank of the Philippines on February 27, 1961 which mortgage was cancelled on September 27, 1961 which shows that the property indeed exists and that it was not burdened by any liens or encumbrances.²⁸ Penultimately, NHA argued that it is a buyer in good faith since it acquired a property that is duly registered. Finally, NHA questioned the valuation of the property for being mere hearsay.²⁹

In discrediting NHA's appeal, the CA held that as between respondents' transfer certificate of title and NHA's derivative titles which were administratively reconstituted, more weight should be given to the former. The CA further held that the reconstitution of the title of the Spouses Laurito on March 23, 1962 does not afford preference in favor of NHA's derivative titles, as the fact remains that the title of the Spouses Laurito was registered earlier in time, *i.e.* on September 7, 1956. As regards

²⁷ Id. at 94-95.

²⁸ Id. at 108-112.

²⁹ Id. at 118.

the valuation of the property, the CA found no reason to reverse the ruling of the RTC as the same was based on the testimony of one of the respondents heirs engaged in real estate business whose testimony was never refuted by NHA.³⁰

The CA thus disposed:

WHEREFORE, IN VIEW OF THE FOREGOING, the appeal is **DISMISSED**. The decision dated May 27, 2004 of the Regional Trial Court at Bacoor, Cavite, Branch 19, in Civil Case No. BCV-2001-95 is hereby **AFFIRMED** *in toto*.

SO ORDERED.³¹

Upon subsequent denial of its motion for reconsideration by the CA, in its Resolution³² dated March 17, 2010, NHA resorted to the filing of the instant petition.

While the present petition was pending final resolution, intervenors filed a motion to file their so called petition-in-intervention wherein they essentially claim to be the heirs of Rufina Manarin (Rufina), the registered owner of TCT No. T-2409 covering a property located in Pasong Saguing, Cabilang Baybay, Carmona, Cavite with an area of 504,287 sq m and registered on May 18, 1956.³³ Intervenors allege that the subject property is but a portion of the property registered in the name of their predecessor-in-interest, Rufina. They also claim that they caused the judicial reconstitution of TCT No. T-2409 when the owner's duplicate certificate of title as well as the original thereof went missing in 1999. The court granted the reconstitution on September 6, 2005. The replacement title TCT No. (T-2409) RT-20604 was subsequently registered on May 4, 2009.³⁴ Respondent and NHA filed their respective comments on the petition-in-intervention which contained the common argument that the petition-in-intervention ought to be denied as it would only cause undue and inordinate delay in the disposal of the instant case.³⁵

The Issues

Confronting the Court are the following issues: (1) should the petition-in-intervention be given due course; and (2) who between the parties has a better right over the subject property.

³⁰ Id. at 42-44.

³¹ Id. at 44-45.

³² Id. at 47-48.

³³ Id. at 218-221.

³⁴ Id. at 223-228.

³⁵ Id. at 280-295.

The Ruling of the Court

The petition-in-intervention filed by intervenors is denied for failure to comply with the requirements of Sections 1 and 2 of Rule 19. NHA's petition for review is likewise denied for lack of reversible error committed by the CA in affirming the decision of the RTC.

Intervention is an ancillary remedy restricted in purpose and in period

Intervention is a remedy by which a third party, not originally impleaded in the proceedings, becomes a litigant therein for a certain purpose – to enable the third party to protect or preserve a right or interest that may be affected by those proceedings.³⁶

Nevertheless, the remedy of intervention is not a matter of right but rests on the sound discretion of the court upon compliance with the first requirement on legal interest and the second requirement that no delay and prejudice should result as spelled under Section 1 of Rule 19, as follows:

Sec. 1. *Who may intervene.* — A person who has a legal interest in the matter in litigation, or in the success of either of the parties, or an interest against both, or is so situated as to be adversely affected by a distribution or other disposition of property in the custody of the court or of an officer thereof may, with leave of court, be allowed to intervene in the action. The court shall consider whether or not the intervention will unduly delay or prejudice the adjudication of the rights of the original parties, and whether or not the intervenor's rights may be fully protected in a separate proceeding.

If only to ensure that delay does not result from the granting of a motion to intervene, the Rules further require that intervention may be allowed only before rendition of judgment by the trial court. Thus, Section 2 of Rule 19 provides:

Sec. 2. *Time to intervene.* — The motion to intervene may be filed at any time before rendition of judgment by the trial court. A copy of the pleading-in-intervention shall be attached to the motion and served on the original parties.

Intervenors in this case claim to be the heirs of Rufina who, in turn, was alleged to be the registered owner of a property encompassing the subject land. Apart from this naked allegation, intervenors failed to establish the required legal interest over the subject property to the Court's satisfaction. Their status as supposed heirs was merely perfunctorily alleged. Further, the mother title upon which they anchor their claim pertains to another property covered by another title which was not examined and appreciated by the courts below.

³⁶ *Hi-Tone Marketing Corporation v. Baikal Realty Corporation*, 480 Phil. 545 (2004).

Furthermore, the petition-in-intervention was filed only in this petition for review on *certiorari*, well after the RTC rendered its judgment. By itself, such inexcusable delay is a sufficient ground to deny the petition-in-intervention. The reason for imposing such restriction is that the court, before it renders judgment, may still allow the presentation of additional evidence. As such, the subject matter of the intervention may still be resolved together with all the claims and would not require an overall reassessment of the case.³⁷ An overall reassessment of the instant case, including their newly introduced evidence, is precisely what the intervenors aim to accomplish which the Court cannot, for obvious reasons, undertake in a petition for review on *certiorari* limited in scope.

The RTC as affirmed by the CA correctly affirmed the title of Spouses Laurito over the subject property and consequently, respondents' right thereto as compulsory heirs

As above intimated, a petition for review on *certiorari* is one that is limited in purpose. Time and again, the Court stresses that petitions for review on *certiorari* shall only raise questions of law, as questions of fact are not reviewable by this Court. The pivotal issue of who has a better right over the disputed property is not only a question of law but one that requires a thorough review of the presented evidence, in view particularly of the respondents' allegation that NHA's titles were derived from spurious titles covering inexistent lands. Thus, in the usual course, the instant petition is outrightly dismissible for violating Section 1 of Rule 45.

In any case, the issue as to who, between two holders of a torrens title over the same property, should be preferred is not entirely novel but which has been jurisprudentially settled. There can be no argument that the claimant whose transfer certificate of title was issued earlier in time, absent any anomaly or irregularity in the registration, prevails.

However, before the Court even begins to apply the above rule which the RTC and the CA used to resolve the issue presented in this case, We deem it proper to first place the conflicting claims of the parties in the proper perspective.

The earliest available title over the disputed property, from which both the respondents and the NHA trace their respective titles, is TCT No. T-8237. The said parent title covers a parcel of land identified as Lot F-3, described in plan Psd-12274 and measuring 224,267 sq m and registered in the name of one Rufina.

³⁷*Ongco v. Dalisay*, G.R. No. 190810, July 18, 2012, citing FLORENZ D. REGALADO, REMEDIAL LAW COMPENDIUM, Vol. I, 319-320 (9th rev. ed. 2005).

How TCT No. 8237 became the source of the parties' respective titles is where the conflict begins.

According to the respondents, the Spouses Laurito acquired Lot F-3, for which TCT No. 8237 was cancelled and a new title in favor of the Spouses Laurito was issued on September 7, 1956. On March 23, 1962, the title of the Spouses Laurito was administratively reconstituted as TCT No. (T-9943) RT-8747. The heirs of the Spouses Laurito claim that no transfer or conveyance was thereafter made by them or by their parents concerning the property.

On the other hand, NHA recounts how it supposedly acquired ownership over the property covered by TCT No. T-8237 as follows:

1. Lot F-3 covered by TCT No. T-8237 was subdivided into two: Lot F-3-A and Lot F-3-B. The former was assigned to Rufina while the latter was assigned to Domingo;

2. The RD of Cavite City was gutted by fire in 1959. Thus, on February 5, 1960, TCT No. T-8237 was administratively reconstituted and was replaced by TCT No. (T-8237) RT 3909;

3. On February 5, 1960, or exactly the same date that TCT No. (T-8237) RT 3909 was administratively reconstituted, said title was subdivided into two and the following titles were concurrently issued: TCT No. T-943 (covering Lot F-3-A) and TCT No. 944 (covering Lot F-3-B);

4. TCT No. T-943 covering Lot F-3-A measuring 136,105 sq m was issued in favor of Santos. On its face, TCT No. T-943 shows that it is a transfer from the administratively reconstituted title, TCT No. (T-8237) RT 3909;

5. From Santos, Lot F-3-A was transferred to Cabreira. Thus, TCT No. T-943 was cancelled and a new one, TCT No. T-984 was issued on February 16, 1960, or a mere 11 days after the parent title was administratively reconstituted;

6. From Cabreira, Lot F-3-A was then transferred to Corpus. Thus, TCT No. T-984 was cancelled and a new one, TCT No. T-3445 was issued on August 7, 1961;

7. Barely a month after, Lot F-3-A was transferred to People's Homesite and Housing Corporation, now NHA, and TCT No. T-3717 was issued on September 22, 1961;

8. Lot F-3-B covered by TCT No. 944 was transferred to the Spouses Lope Gener. Thus, TCT No. 944 was cancelled and a new one, TCT No. T-1859 was issued on August 22, 1960; and

9. From the Spouses Lope Gener, Lot F-3-B was transferred to the People's Homesite and Housing Corporation, now NHA, and TCT No. T-3741 was issued on September 29, 1961, or merely seven days after title over Lot F-3-A was issued in favor of NHA.³⁸

As can be gleaned from these allegations, what the Court confronts is a claim based on a transfer certificate of title possessed by respondents, on one hand, and a claim based on an administratively reconstituted title, on the other. As between the two, We give more weight and preference to the former.

The title of the Spouses Laurito, on its face, shows that it was a transfer from the parent title, TCT No. T-8237. The reconstituted title, TCT No. (T-9943) RT-8747, on its face, likewise shows that the source of the reconstitution was the owner's duplicate certificate of title. On the other hand, it is not clear from the records where the reconstituted TCT No. (T-8237) RT 3909, upon which NHA traces its title, was sourced from. It likewise did not help NHA's cause that the owner's duplicate copy of TCT No. T-8237 as a possible source document for TCT No. (T-8237) RT 3909 was never presented. Worse, it only gives rise to questions of jurisdiction on the part of the RD to issue such reconstituted title.

Instead, what is clear is that as early as September 7, 1956, TCT No. T-8237 had already been cancelled and a new title was issued in favor of the Spouses Laurito. In other words, as early as 1956, there was no such TCT No. T-8237 to reconstruct. Thus, on this point alone, it is evident that the Spouses Laurito's transfer certificate of title prevails over NHA's title which was derived from a dubious administrative reconstitution of TCT No. T-8237.

Even assuming that TCT No. T-8237 was indeed administratively reconstituted in due course and replaced by TCT No. (T-8237) RT 3909, preference still lies with the title of the Spouses Laurito for having been registered earlier in time.

The rule is that where two certificates of title are issued to different persons covering the same parcel of land in whole or in part, the earlier in date must prevail as between the original parties and, in case of successive registration where more than one certificate is issued over the land, the person holding title under the prior certificate is entitled to the property as against the person who relies on the second certificate.³⁹

³⁸ Id. at 18-19.

³⁹ *Iglesia ni Cristo v. CFI of Nueva Ecija*, 208 Phil. 441 (1983); *Director of Lands v. CA*, G.R. No. L-45168, January 27, 1981, 102 SCRA 370.

Otherwise stated, where more than one certificate is issued in respect of a particular estate or interest in land, the person claiming under the prior certificate is entitled to the estate or interest; and that person is deemed to hold under the prior certificate who is the holder of, or whose claim is derived directly or indirectly from, the person who was the holder of the earliest certificate.⁴⁰ Registration as it is herein used should be understood in its juridical aspect, that is, the entry made in a book or public registry of deeds.⁴¹

To recall, the title of the Spouses Laurito was registered in 1956 while the earliest derivative titles of NHA were registered in 1960. To be precise, the title of the Spouses Laurito preceded Santos' title and the Spouses Lope Gener's title by four years. Therefore, as between the respective sources of NHA's titles and the title of the Spouses Laurito, that of the latter prevails.

Despite this, NHA insists that its titles over the property should be preferred over the title of the Spouses Laurito because the former's earliest derivative titles, *i.e.*, TCT No. T-943 (for Lot F-3-A) and TCT No. T-1859 (for Lot F-3-B) which were respectively registered on February 5, 1960⁴² and August 22, 1960, were already in existence when the title of the Spouses Laurito was administratively reconstituted on March 23, 1962. NHA claims priority because its derivative titles were registered earlier than the registration of the administratively reconstituted title of the Spouses Laurito. In other words, NHA claims preference on the basis of prior date of reconstitution of title.

However, the above rule cannot be stretched to mean giving preference to the party who was merely the first to successfully reconstitute his title.

The reconstitution of a certificate of title 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.⁴³ Reconstitution does not pass upon the ownership of the land covered by the lost or destroyed title.⁴⁴

The lost or destroyed document referred to is the one that is in the custody of the RD. When reconstitution is ordered, this document is replaced with a new one, the reconstituted title that basically reproduces the original. After the reconstitution, the owner is issued a duplicate copy of the

⁴⁰ *Realty Sales Enterprise, Inc. v. Intermediate Appellate Court*, G.R. No. L-67451, September 28, 1987, 154 SCRA 328.

⁴¹ *Po Sun Tun v. Price and Provincial Government of Leyte*, 54 Phil. 192 (1929).

⁴² See note 23.

⁴³ *Republic v. Tuastumban*, G.R. No. 173210, April 24, 2009, 586 SCRA 600, 614.

⁴⁴ *Heirs of De Guzman Tuazon v. Court of Appeals* G.R. No. 125758, January 20, 2004, 420 SCRA 219, 228.

reconstituted title.⁴⁵ This procedure is provided under Section 16 of Republic Act (R.A.) No. 26,⁴⁶ which states:

Sec. 16. After the reconstitution of a certificate of title under the provisions of this Act, the register of deeds shall issue the corresponding owner's duplicate and the additional copies of said certificates of title, if any had been previously issued, where such owner's duplicate and/or additional copies have been destroyed or lost. This fact shall be noted on the reconstituted certificate of title.

Reconstitution is not and should not be made synonymous to the issuance of title. When reconstituting, a new title is not thereby issued; rather, the title alleged to have been previously issued but is now lost or destroyed, is merely reproduced to reflect the way it was before. Hence, that the Spouses Laurito administratively reconstituted the original of its title only in 1962 does not detract from the fact that their title was registered as early as 1956.

The titles upon which NHA based its titles bear badges of spuriousness

As earlier observed, at the time TCT No. T-8237 was claimed to have been administratively reconstituted, TCT No. T-8237 was in fact already cancelled and a new title was issued in favor of the Spouses Laurito. As such, the claimed administrative reconstitution of TCT No. T-8237 on February 5, 1960 to TCT No. (T-8237) RT 3909 was not only highly irregular, but void. Indeed, if a reconstituted title is secured through fraud, deceit, misrepresentation, or other machination, the said title cannot be the source of legitimate rights and benefits. Section 11 of R.A. No. 6732⁴⁷ provides that “[a] reconstituted title obtained by means of fraud, deceit or other machination is void *ab initio* as against the party obtaining the same and all persons having knowledge thereof.”

What is more, the derivative titles over Lot F-3-A upon which NHA bases its claim all appear to have been administratively reconstituted on the same date, *i.e.*, February 16, 1960, which was only over a year before the property was conspicuously acquired by NHA. NHA even claims that one of the derivative titles, TCT No. T-3445, in the name of Corpus, was issued to the latter on August 7, 1961 but that said title was administratively reconstituted on an even earlier date – February 16, 1960. It is quite

⁴⁵ *Republic of the Philippines v. Vergel De Dios*, G.R. No. 170459, February 9, 2011.

⁴⁶ AN ACT PROVIDING A SPECIAL PROCEDURE FOR THE RECONSTITUTION OF TORRENS CERTIFICATES OF TITLE LOST OR DESTROYED. Approved on September 25, 1946.

⁴⁷ AN ACT ALLOWING ADMINISTRATIVE RECONSTITUTION OF ORIGINAL COPIES OF CERTIFICATES OF TITLES LOST OR DESTROYED DUE TO FIRE, FLOOD AND OTHER FORCE MAJEURE, AMENDING FOR THE PURPOSE SECTION ONE HUNDRED TEN OF PRESIDENTIAL DECREE NUMBERED FIFTEEN TWENTY-NINE AND SECTION FIVE OF REPUBLIC ACT NUMBERED TWENTY-SIX. Approved on July 17, 1989.



puzzling how such administrative reconstitution can take place before the actual issuance of the title it seeks to reconstitute.

There was likewise no showing whatsoever how NHA's predecessors-in-interest acquired the subject property. Neither was there any sufficient explanation offered by NHA on how it itself acquired the property. In the ordinary course of things, the owner uses deeds or voluntary instruments for purposes of conveying or otherwise dealing with a registered land. These deeds or voluntary instruments shall be registered in order to take effect as a conveyance or bind the land. Otherwise, such deed or voluntary instrument shall operate only as a contract between the parties and will not bind third persons.⁴⁸ In a peculiar departure from this prescribed and usual practice, the course of transfers affecting the subject property even up until the same was acquired by NHA are practically indeterminable. Even NHA is at a loss as to how it acquired the property. Instead, what conspicuously appears is that title over the property was swiftly and successively cancelled, and a new one vigorously issued in favor of another person until it reached NHA.

Despite these red flags, NHA insists that it should not be required to look beyond the titles of the previous owners, the same having been registered under the Torrens System.

Well-settled is the rule that a purchaser or mortgagee cannot close his eyes to facts which should put a reasonable man upon his guard, and then claim that he acted in good faith under the belief that there was no defect in the title of his vendor or mortgagor. This requirement applies with greater force to NHA whose mandate as the sole government agency engaged in direct shelter production⁴⁹ to develop and undertake housing development or settlement projects⁵⁰ is so impressed with public interest, and as such, is expected to exercise more care and prudence than a private individual in its dealings, even those involving registered lands.

Thus, along this line, We cannot regard NHA as a buyer in good faith entitled to protection under the law. NHA's title undoubtedly came from a dubious source exhibiting badges of spuriousness and hence, could not have transferred a better right in favor of NHA. Indeed, the spring cannot rise higher than its source.

⁴⁸ Section 51 of P.D. No. 1529 provides:

Section 51. *Conveyance and other dealings by registered owner.* An owner of registered land may convey, mortgage, lease, charge or otherwise deal with the same in accordance with existing laws. He may use such forms of deeds, mortgages, leases or other voluntary instruments as are sufficient in law. But no deed, mortgage, lease, or other voluntary instrument, except a will purporting to convey or affect registered land shall take effect as a conveyance or bind the land, but shall operate only as a contract between the parties and as evidence of authority to the Register of Deeds to make registration.

The act of registration shall be the operative act to convey or affect the land insofar as third persons are concerned, and in all cases under this Decree, the registration shall be made in the office of the Register of Deeds for the province or city where the land lies.

⁴⁹ Executive Order No. 90, December 17, 1986.

⁵⁰ Presidential Decree No. 757, July 31, 1975.



Finally, We find no reason to deviate from the market value of the property as determined by the RTC and confirmed by the CA. Testimony to this effect was offered by respondents' witness and no objection thereto was timely raised by NHA, despite opportunity to do so. NHA cannot now be heard to complain for the first time on appeal.

WHEREFORE, the petition is **DENIED**. The Decision dated November 26, 2009 of the Court of Appeals in CA-G.R. CV No. 86484 which affirmed the Decision dated May 27, 2004 of the Regional Trial Court in Civil Case No. BCV-2001-95: (1) confirming respondents' ownership over the parcel of land located at Carmona, Cavite, covered by and embraced in Transfer Certificate of Title No. (T-9943) RT-8747 registered in the name of Domingo Laurito married to Victorina Manarin; (2) declaring void the Transfer Certificate of Title Nos. T-3717 and T-3741 in the name of petitioner National Housing Authority (formerly People's Homesite and Housing Corporation) and the subsequent titles issued therefrom; (3) ordering the Office of the Register of Deeds for the Province of Cavite to cancel Transfer Certificate of Title Nos. T-3717 and T-3741 as well as all the subsequent titles emanating from them; (4) ordering petitioner National Housing Authority to vacate and remove all the structures and improvements constructed and existing on the parcel of land covered by TCT No. (T-9943) RT-8747 registered in the name of Domingo Laurito married to Victorina Manarin and peacefully surrender and turn over possession and occupancy of the said parcel of land to respondents; and alternatively, in case delivery and surrender of possession of the property is no longer feasible; (5) ordering petitioner National Housing Authority to pay respondents the value of the property it occupied assessed at One Thousand Two Hundred Pesos (Php 1,200) per square meter with interest at the rate of twelve percent (12%) *per annum* from the time of demand or on April 29, 1991 until June 30, 2013 and with interest at the rate of six percent (6%) *per annum* from July 1, 2013 until fully paid; and (6) denying the parties' claims and counter-claims for damages are **AFFIRMED**.

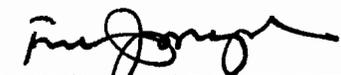
SO ORDERED.


NOEL GIMENEZ TIJAM
Associate Justice

WE CONCUR:


PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson


LUCAS P. BERSAMIN
Associate Justice


FRANCIS H. JARDELEZA
Associate Justice


ANDRES B. REYES, JR.
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

CERTIFIED TRUE COPY

WILFREDO V. LAITAN
Division Clerk of Court
Third Division
OCT 05 2017


MARIA LOURDES P. A. SERENO
Chief Justice