



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

CITA C. PEREZ,
Petitioner,

G.R. No. 217799

- versus -

FIDEL D. AQUINO,
Respondent.

Present:

SERENO, C.J., Chairperson,
LEONARDO-DE CASTRO,
BERSAMIN,
PERLAS-BERNABE, and
CAGUIOA, JJ.

Promulgated:

MAR 16 2016

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DECISION

PERLAS-BERNABE, J.:

Before the Court is a petition for review on *certiorari*¹ assailing the Decision² dated July 31, 2014 and the Resolution³ dated March 5, 2015 of the Court of Appeals (CA) in CA-G.R. SP No. 134178, which reversed and set aside the Decision⁴ dated November 29, 2013 of the Department of Agrarian Reform Adjudication Board (DARAB) in DARAB Case No. 17676, and reinstated the Decision⁵ dated January 7, 2005 of the Office of the Provincial Agrarian Reform Adjudicator (PARAD) of Tarlac City in DARAB Case No. III-T-2163-01 declaring respondent Fidel D. Aquino (respondent) entitled to redeem the subject land.

¹ *Rollo*, pp. 8-18.

² Id. at 23-33. Penned by Associate Justice Isaias P. Dicedican with Associate Justices Michael P. Elbinias and Victoria Isabel A. Paredes concurring.

³ Id. at 43-44.

⁴ Id. at 93-102. Penned by Member Jim G. Coletto with Members Gerundio C. Madueño, Alex G. Almario and Ma. Patricia Rualo-Bello concurring. Chairman Virgilio R. Delos Reyes and Members Anthony N. Paruñgao and Mary Frances Pesayco-Aquino took no part.

⁵ Id. at 70-74. Penned by Provincial Adjudicator Judita M. Tungol.

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The Facts

Respondent is the *bona fide* tenant⁶ of a 5,000-square meter (sq. m.) parcel of land situated in Barangay Pinasling, Gerona, Tarlac (subject land), which was originally owned by the late Luis Cardona (Luis), and later transferred to the latter's heirs (Cardona heirs).⁷

Sometime in 1994, the Cardona heirs sold the subject land to petitioner Cita C. Perez (petitioner) for the amount of ₱20,000.00 who was, thereafter, issued a new certificate of title.⁸

On January 15, 2002, respondent filed a complaint⁹ for redemption against petitioner before the PARAD, docketed as DARAB Case No. III-T-2163-01, averring that: (a) the sale in favor of petitioner violated his right of pre-emption as the legitimate agricultural lessee; and (b) petitioner was not a purchaser in good faith, considering that she had prior knowledge that the subject land was already occupied by him.¹⁰

For her part, petitioner claimed,¹¹ *inter alia*, that respondent: (a) had not cultivated the subject land and allowed it to remain idle; (b) had not been paying lease rentals since 1983; (c) had allowed his children and relatives to construct residential houses thereon in violation of agrarian laws; and (d) was fully aware of her acquisition from the Cardona heirs, but failed to avail of his right of redemption within the prescribed period.¹²

The PARAD Ruling

In a Decision¹³ dated January 7, 2005, the PARAD ruled that respondent is entitled to redeem the subject land, considering: (a) his status as the legitimate or *de jure* tenant which continues unless declared terminated by order of the court;¹⁴ and (b) the lack of the required written notice of the sale to him¹⁵ pursuant to Sections 11 and 12 of Republic Act No. (RA) 3844,¹⁶ as amended by RA 6389,¹⁷ otherwise known as the "Code

⁶ Id. at 95.

⁷ See id. at 24.

⁸ Id.

⁹ Dated January 14, 2002. Id. at 48-51.

¹⁰ See id. at 50-51.

¹¹ See Answer with Affirmative Defenses and Counterclaim dated March 19, 2002; id. at 56-61.

¹² See id. at 71. See also id. at 86.

¹³ Id. at 70-74.

¹⁴ Id. at 73.

¹⁵ Id.

¹⁶ Entitled "AN ACT TO ORDAIN THE AGRICULTURAL LAND REFORM CODE AND TO INSTITUTE LAND REFORMS IN THE PHILIPPINES, INCLUDING THE ABOLITION OF TENANCY AND THE CHANNELING OF CAPITAL INTO INDUSTRY, PROVIDE FOR THE NECESSARY IMPLEMENTING AGENCIES, APPROPRIATE FUNDS THEREFOR AND FOR OTHER PURPOSES," approved on August 8, 1963.

¹⁷ Entitled "AN ACT AMENDING REPUBLIC ACT NUMBERED THIRTY-EIGHT HUNDRED AND FORTY-FOUR, AS AMENDED, OTHERWISE KNOWN AS THE AGRICULTURAL LAND REFORM CODE, AND FOR OTHER PURPOSES," approved on September 10, 1971.

of Agrarian Reforms of the Philippines” (RA 3844, as amended), in light of the denial by the Provincial Agrarian Reform Officer of the Department of Agrarian Reform (DAR) of Tarlac of having affixed his signature on the DAR clearance utilized by petitioner for the transfer of the subject land.¹⁸ The PARAD emphasized that the written notice is indispensable, otherwise, the prescribed period of redemption shall not commence to run.¹⁹ Accordingly, it directed: (a) respondent to pay petitioner the redemption price of ₱20,000.00, as well as the lease rentals-in-arrears from 1999 to 2002 and those accruing up to the present; (b) the Municipal Agrarian Reform Office (MARO) of Gerona, Tarlac to conduct the necessary accounting of harvests made by respondent from 1999 to present; and (c) the Registry of Deeds of Tarlac to issue a new title in favor of respondent over the subject land upon execution of the corresponding deed of transfer/reconveyance.²⁰

Dissatisfied, petitioner moved for reconsideration,²¹ which was, however, denied in a Resolution²² dated February 8, 2012, prompting her to file an appeal²³ before the DARAB, docketed as DARAB Case No. 17676.

The DARAB Ruling

In a Decision²⁴ dated November 29, 2013, the DARAB declared that respondent did not validly exercise his right of redemption as he failed to validly tender or consign the “reasonable purchase price of the [subject] land at the time of the sale”²⁵ which is mandatory for such exercise. However, it upheld the PARAD’s directive to pay the rentals-in-arrears for the three-year period prior to the filing of the complaint in 2002 to be proper under the circumstances.²⁶ It, thus, affirmed the orders of the PARAD directing: (a) respondent to pay petitioner the lease rentals-in-arrears from 1999 to 2002 and those accruing up to the present; and (b) the MARO to conduct the necessary accounting of harvests made by respondent from 1999 to present.²⁷ Furthermore, the DARAB directed the MARO to assist in the execution of a new agricultural leasehold contract between the parties.²⁸

Aggrieved, respondent appealed *via* petition for review²⁹ to the CA, maintaining his right to redeem the subject land, which was docketed as CA-G.R. SP No. 134178.

¹⁸ *Rollo*, p. 73.

¹⁹ *Id.*

²⁰ *Id.* at 74.

²¹ Dated March 28, 2005. See *id.* at 75-79.

²² *Id.* at 80-83. Penned by Provincial Adjudicator Richelle Lou S. Boling-Sanchez.

²³ See Notice of Appeal dated April 16, 2012; *id.* at 84.

²⁴ *Id.* at 93-102.

²⁵ *Id.* at 99.

²⁶ *Id.* at 100.

²⁷ *Id.* at 101.

²⁸ *Id.* at 102.

²⁹ Dated March 19, 2014. *Id.* at 103-121.

The CA Ruling

In a Decision³⁰ dated July 31, 2014, the CA reversed and set aside the DARAB's ruling, and reinstated the PARAD's Decision holding that respondent is entitled to redeem the subject land. It ruled that in the absence of the mandatory written notice of the sale to respondent, the prescriptive period to file a petition for redemption never commenced to run.³¹

Aggrieved, petitioner moved for reconsideration,³² which was, however, denied in a Resolution³³ dated March 5, 2015; hence, this petition.

The Issue Before the Court

The essential issue for the Court's resolution is whether or not the CA erred in ruling that respondent is entitled to redeem the subject land.

The Court's Ruling

The petition is meritorious.

An agricultural lessor has the right to sell his land, with or without the knowledge of the agricultural lessee, subject, however, to the latter's right of redemption over the said land.³⁴ In this relation, Section 12 of RA 3844, as amended, pertinently provides:

Section 12. Lessee's Right of Redemption. – In case the landholding is sold to a third person without the knowledge of the agricultural lessee, the latter shall have the right to redeem the same at a reasonable price and consideration: *Provided*, That where there are two or more agricultural lessees, each shall be entitled to said right of redemption only to the extent of the area actually cultivated by him. **The right of redemption under this Section may be exercised within one hundred eighty days from notice in writing which shall be served by the vendee on all lessees affected and the Department of Agrarian Reform upon the registration of the sale, and shall have priority over any other right of legal redemption. The redemption price shall be the reasonable price of the land at the time of the sale. (Emphases and underscoring supplied)**

Pursuant to the foregoing provision, the right of redemption is validly exercised upon compliance with the following requirements: (a) the

³⁰ Id. at 23-33.

³¹ See id. at 29-30.

³² See Motion for Reconsideration dated August 27, 2014; id. at 34-41.

³³ Id. at 43-44.

³⁴ See *Planters Development Bank v. Garcia*, 513 Phil. 294, 308-309 (2005).

redemptioner must be an agricultural lessee or share tenant; (b) the land must have been sold by the owner to a third party without prior written notice of the sale given to the lessee or lessees and the DAR; (c) only the area cultivated by the agricultural lessee may be redeemed; and (d) the right of redemption must be exercised within 180 days from written notice of the sale by the vendee.³⁵

Case law further holds that tender or consignation is an indispensable requirement to the proper exercise of the right of redemption by the agricultural lessee.³⁶ **Thus, an offer to redeem can be properly effected through: (a) a formal tender with consignation, or (b) a complaint filed in court coupled with consignation of the redemption price** within the prescribed period. It must be stressed that in making a repurchase, it is not sufficient that a person offering to redeem merely manifests his desire to repurchase. This statement of intention must be accompanied by an actual and simultaneous tender of payment of the full amount of the repurchase price, *i.e.*, the consideration of the sale, **otherwise the offer to redeem will be held ineffectual.**³⁷ In *Quiño v. CA*, the Court explained the rationale for the consignation of the full amount of the redemption price:

It is not difficult to discern why the *full* amount of the redemption price should be consigned in court. Only by such means can the buyer become certain that the offer to redeem is one made seriously and in good faith. **A buyer cannot be expected to entertain an offer of redemption without the attendant evidence that the redemptioner can, and is willing to accomplish the repurchase immediately.** A different rule would leave the buyer open to harassment by speculators or crackpots, as well as to unnecessary prolongation of the redemption period, contrary to the policy of the law in fixing a definite term to avoid prolonged and anti-economic uncertainty as to ownership of the thing sold. Consignation of the entire price would remove all controversies as to the redemptioner's ability to pay at the proper time.³⁸ (Emphasis and underscoring supplied)

Applying the foregoing parameters to the present case, the Court finds that respondent was not able to validly exercise his right of redemption pursuant to Section 12 of RA 3844, as amended.

In this case, it is undisputed that respondent is the *bona fide* tenant of the subject land³⁹ which was sold by the landowner, the Cardona heirs, to a third party, *i.e.*, petitioner, without any written notice of the sale to respondent and the DAR.⁴⁰ As such, respondent has the right to redeem the same from petitioner within the prescriptive period of 180 days from written notice of the sale by the latter pursuant to Section 12 of RA 3844, as

³⁵ See *Rupa, Sr. v. CA*, 380 Phil. 112, 123 (2000).

³⁶ *Sps. Mallari v. Arcega*, 464 Phil. 584, 603 (2004).

³⁷ *Quiño v. CA*, 353 Phil. 449, 457-458 (1998).

³⁸ *Id.* at 458-459.

³⁹ *Rollo*, p. 95.

⁴⁰ See *id.* at 30 and 73.

amended.⁴¹ Since it has been established that respondent was never notified by petitioner of the sale in her favor, then there is no prescription to speak of in the instant case. As such, respondent has the right to redeem the subject land.⁴²

Nonetheless, having elected to exercise his right to redeem the subject land by filing a complaint in court, it behooved upon respondent to comply with the requirements for a valid and effective exercise of such right, *i.e.*, the filing of the complaint should have been coupled with the consignment of the redemption price to show his willingness and ability to pay. Considering that respondent failed to consign the redemption price of ₱20,000.00 when he filed the complaint for redemption before the PARAD on January 15, 2002, there was no valid exercise of the right to redeem the subject land. It bears stressing that while the right of redemption under Section 12 of RA 3844, as amended, is an essential mandate of the agrarian reform legislation to implement the State's policy of owner-cultivatorship and to achieve a dignified, self-reliant existence for small farmers, such laudable and commendable policy is never intended to unduly transgress the corresponding rights of purchasers of land.⁴³ Consequently, the dismissal of the complaint for redemption is in order.

This notwithstanding, petitioner, as the new owner, is bound to respect and maintain respondent as tenant of the subject land because of the latter's tenancy right attached to the land regardless of who its owner may be.⁴⁴ Under the law, the existence of an agricultural leasehold relationship is not terminated by changes in ownership in case of sale,⁴⁵ as in this case, since the purpose of the law is to strengthen the security of tenure of tenants. Thus, in *Planters Development Bank v. Garcia*,⁴⁶ the Court held:

[In] case of transfer [x x x], the tenancy relationship between the landowner and his tenant should be preserved in order to insure the well-being of the tenant or protect him from being unjustly dispossessed by the transferee or purchaser of the land; in other words, **the purpose of the law in question is to maintain the tenants in the peaceful possession and cultivation of the land or afford them protection against unjustified dismissal from their holdings.**⁴⁷ (Emphasis and underscoring supplied)

⁴¹ See *Springsun Management Systems Corp. v. Camerino*, 489 Phil. 769, 789 (2005).

⁴² *Id.* at 790.

⁴³ *Sps. Mallari v. Arcega*, *supra* note 36 at 603.

⁴⁴ See *Planters Development Bank v. Garcia*, *supra* note 34, at 308 (2005).

⁴⁵ RA 3844, Section 10. *Agricultural Leasehold Relation Not Extinguished By Expiration of Period, etc.* – The agricultural leasehold relation under this Code shall not be extinguished by mere expiration of the term or period in a leasehold contract nor by the sale, alienation or transfer of the legal possession of the landholding. **In case the agricultural lessor sells, alienates or transfers the legal possession of the landholding, the purchaser or transferee thereof shall be subrogated to the rights and substituted to the obligations of the agricultural lessor.** (Emphasis supplied)

⁴⁶ *Supra* note 34.

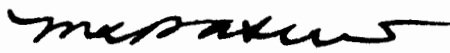
⁴⁷ *Id.* at 308.

WHEREFORE, the petition is **GRANTED**. The Decision dated July 31, 2014 and the Resolution dated March 5, 2015 of the Court of Appeals in CA-G.R. SP No. 134178 are hereby **REVERSED and SET ASIDE**. The Decision dated November 29, 2013 of the Department of Agrarian Reform Adjudication Board in DARAB Case No. 17676 is **REINSTATED**.

SO ORDERED.

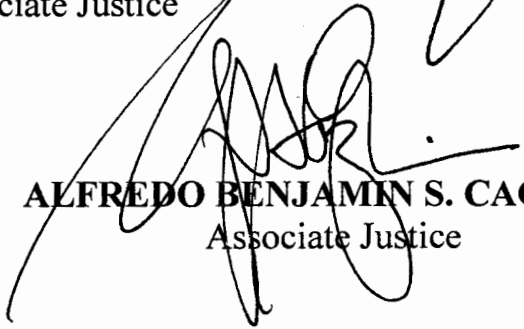

ESTELA M. PERLAS-BERNABE
 Associate Justice

WE CONCUR:


MARIA LOURDES P. A. SERENO
 Chief Justice
 Chairperson



TERESITA J. LEONARDO-DE CASTRO
 Associate Justice


LUCAS P. BERSAMIN
 Associate Justice


ALFREDO BENJAMIN S. CAGUIOA
 Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.


MARIA LOURDES P. A. SERENO
 Chief Justice