

## **THIRD DIVISION**

**[ G.R. No. 191657, July 31, 2017 ]**

**NATIONAL HOUSING AUTHORITY, PETITIONER, VS. 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.**

**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, 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.**

### **DECISION**

**TIJAM, J.:**

This Petition for Review<sup>[1]</sup> under Rule 45 seeks to reverse the Decision<sup>[2]</sup> dated November 26, 2009 of the Court of Appeals (CA) in CA-G.R. CV No. 86484 which affirmed the Decision<sup>[3]</sup> 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,<sup>[4]</sup> September 9, 1992<sup>[5]</sup> and November 30, 1992<sup>[6]</sup> 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 complaint *a quo*<sup>[7]</sup> 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.<sup>[8]</sup>

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.<sup>[9]</sup> 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.<sup>[10]</sup>

Upon the death of the Spouses Laurito, respondents, as surviving children, continued paying real estate taxes on the property.<sup>[11]</sup>

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-3717<sup>[12]</sup> and T-3741,<sup>[13]</sup> 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.<sup>[14]</sup>

NHA initially moved to dismiss the complaint but its motion<sup>[15]</sup> was denied by the RTC, in its Order<sup>[16]</sup> 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. 3445<sup>[17]</sup> registered in the name of Carolina Corpus (Corpus). Corpus, in turn, acquired the property from Petronila Cabreira (Cabreira) under TCT No. 984.<sup>[18]</sup> Cabreira, in turn, acquired the property from Vicente Santos (Santos) under TCT No. 943.<sup>[19]</sup> 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.<sup>[20]</sup> NHA argued that it is not required to look beyond these derivative titles, having acquired the two parcels of land from its registered owners.<sup>[21]</sup>

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, 1961<sup>[22]</sup> and the title of Santos was registered on February 5, 1961,<sup>[23]</sup> and the title of Spouses Lope Gener covering

Lot F-3-B was registered on August 22, 1960.<sup>[24]</sup>

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, 1961<sup>[25]</sup> 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.<sup>[26]</sup>

In disposal, the RTC held:

WHEREFORE, premises considered, plaintiffs having proven by preponderance of evidence it's [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 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.<sup>[27]</sup>

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.<sup>[28]</sup> 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.<sup>[29]</sup>

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 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.<sup>[30]</sup>

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.**<sup>[31]</sup>

Upon subsequent denial of its motion for reconsideration by the CA, in its Resolution<sup>[32]</sup> 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.<sup>[33]</sup> 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.<sup>[34]</sup> 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.<sup>[35]</sup>

## **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.

### **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.<sup>[36]</sup>

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.

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