

SECOND DIVISION

[G.R. No. 115101, March 02, 1998]

**FIDELA MANANZALA, PETITIONER, VS. COURT OF APPEALS, AND
CORAZON ARAÑEZ, RESPONDENTS.**

D E C I S I O N

MENDOZA, J.:

This is a petition for review on *certiorari* of the decision^[1] of the Court of Appeals in C.A.-G.R. CV No. 31546, reversing the decision of the Regional Trial Court, Branch 106, Quezon City, dismissing the complaint for specific performance brought by private respondent. The appellate court instead ordered petitioner to convey the property in question to private respondent.

The background of this case is as follows.

Petitioner Fidela Mananzala is the registered owner of a parcel of land located at Bagong Pagasa, Quezon City, under Transfer Certificate of Title No. 32314, issued on January 15, 1985. Petitioner had been in actual possession of the land since 1955 by virtue of a conditional sale made in her favor by the Philippine Homesite and Housing Corporation (PHHC), now the National Housing Authority (NHA). In 1960, however, the PHHC awarded the land to Nestor and Elisea Mercado who took possession of the land in that year.

Petitioner contested the award in court. She claimed precedence not only in actual occupation of the land but also in application for its purchase. Her right to the land was upheld by the Court of First Instance of Quezon City, whose decision was later affirmed by the Intermediate Appellate Court. Consequently, the PHHC cancelled the award made to the Mercado spouses.

On December 14, 1984, petitioner paid in full the price of the land under the deed of conditional sale. The NHA therefore executed a deed of sale in her favor on January 14, 1985.^[2] The next day a transfer certificate of title to the lot was issued in the name of petitioner.^[3]

On January 31, 1985, private respondent Corazon Aranez brought this action below for specific performance against petitioner to enforce a deed of sale covering the same lot allegedly entered into between her and petitioner on March 22, 1960. The contract^[4] stipulated that title to the land shall be transferred to private respondent within 30 days after full payment of the purchase price by petitioner to the PHHC.^[5] The deed was notarized by Atty. Pio Lopez, who was petitioner's counsel in her case against the Mercado spouses.^[6] Private respondent alleged that petitioner refused, despite repeated demands made by her, to comply with the stipulation in their contract. She prayed that petitioner be ordered to transfer ownership of the land to her.

Petitioner denied selling the land to private respondent. She contended that the deed was a forgery and that her signature was secured through fraud by private respondent and by Atty. Pio Lopez. In the alternative, she averred that the deed of sale was void because it was made before the actual award of the land to her and that it was made in violation of the prohibition in the rules and regulations of the PHHC against the subsequent disposition of the land within one year of the issuance of the title.

The trial court dismissed the complaint. Although finding petitioner's signature on the deed to be genuine, it nevertheless ruled that there was no perfected contract of sale because petitioner never really intended to sell the land. Furthermore, the trial court also found the alleged contract to be null and void because, at the time of the sale, petitioner was not yet the owner thereof.^[7]

On appeal, the Court of Appeals reversed.^[8] It held that there was a meeting of the minds between the parties as evidenced by the signature of the petitioner on the deed of sale which the National Bureau of Investigation found to be genuine. The notarization of the deed gave rise to the presumption of its regularity.^[9] The Court of Appeals further held that petitioner could validly sell the land even before the actual award to her pursuant to Art. 1461 of the Civil Code, which provides that things having a potential existence may be the object of a contract of sale. Consequently, the court ordered petitioner to transfer ownership of the land to private respondent. Hence this petition.

Petitioner alleges two grounds for her petition, to wit:

I.

THE RESPONDENT COURT OF APPEALS ERRED IN VALIDATING A CONTRACT EXECUTED IN VIOLATION OF LAW AND PUBLIC POLICY.

II.

THE CHALLENGED NOTARIAL DOCUMENT, APART FROM BEING CONTRARY TO LAW AND PUBLIC POLICY, DOES NOT SERVE THE PRESUMPTION OF REGULARITY.

We shall deal with these questions in inverse order.

First. Petitioner avers that the appellate court erred in relying on the presumption of regularity accorded to notarial documents in holding the deed of sale between her and private respondent to be valid.

This is not true. The decision of the appellate court shows that the court also took into account the evidence of the parties. It relied on the report of the National Bureau of Investigation which found the signature of the petitioner on the questioned document to be genuine.^[10] The NBI report was based on a comparison of the signature on the deed and ten specimen signatures of petitioner's. The trial court itself arrived at the same conclusion as to the genuineness and due execution of the deed.^[11] Indeed, petitioner's claim that her signature on the deed had been procured through fraud is contradicted by her allegation in court that the signature on the deed was not hers. As she claimed in her testimony, "That is not my signature."^[12] If the signature on the deed was not her signature, then it could not have been procured by fraud.

Anyway, that the signature of petitioner in the deed in question is genuine is a factual finding of both the trial court and the Court of Appeals which, in the absence of very