

## FIRST DIVISION

[ G.R. No. 182704, April 23, 2014 ]

### LAND BANK OF THE PHILIPPINES, PETITIONER, VS. VICTORINO T. PERALTA, RESPONDENT.

#### DECISION

##### VILLARAMA, JR., J.:

Before us is a petition for review on certiorari which seeks to reverse and set aside the Decision<sup>[1]</sup> dated July 5, 2007 and Resolution<sup>[2]</sup> dated April 24, 2008 of the Court of Appeals (CA) Mindanao Station in CA-G.R. SP No. 00161. The CA affirmed with modification the Decision<sup>[3]</sup> December 14, 2004 of the Regional Trial Court (RTC) of Malaybalay City, Bukidnon, Branch 9 in Civil Case No. 3015.

Victorino T. Peralta (respondent) is the registered owner of two parcels of agricultural land located at Sinangguyan, Don Carlos, Bukidnon covered by Original Certificate of Title No. P-9623<sup>[4]</sup> and Transfer Certificate of Title No. T-10957.<sup>[5]</sup> Of the total area of more than 8 hectares, 2.73 hectares were placed under the Operation Land Transfer (OLT) program and distributed to tenant-beneficiaries pursuant to Presidential Decree (PD) No. 27.

On October 17, 2000, respondent filed with the RTC, acting as Special Agrarian Court (SAC), a petition<sup>[6]</sup> for judicial determination of just compensation for his landholding which he claimed was valued by the Department of Agrarian Reform Adjudication Board (DARAB) at the price of only P17,240.00. Respondent alleged that based on his own investigation, the true valuation of lands sold within the vicinity is P200,000/ha. while the valuation made by petitioner as affirmed by the DARAB was fixed at only P6,315.02/ha., or 63 centavos per square meter which is highly unconscionable.

Petitioner filed its Answer<sup>[7]</sup> stating that the subject land was valued wayback in 1981 as evidenced by the Landowner-Tenant Production Agreement (LTPA). It maintained that having agreed to the stipulated price in the LTPA, respondent had waived his claim for a higher compensation. Also, petitioner claimed that respondent's cause of action has already prescribed under Article 1144 of the Civil Code.

In his Reply,<sup>[8]</sup> respondent asserted that he had objected to petitioner's valuation during the adjudication proceedings. As to the LTPA, respondent said he signed it merely for the purpose of terminating the collection of rentals from the tenant-beneficiaries. He insisted that there was no waiver of his right to be paid the just and equitable value of his landholding.

Upon agreement of the parties, a panel of commissioners was constituted composed

of Branch Clerk Domingo L. Apostol, Jr. (Chairman), Municipal Assessor Filoteo Sanchez and LBP Field Investigation-Agrarian Reform Operation Center Chief Engr. Jacinto Ritardo (Members).<sup>[9]</sup>

On January 25, 2002, the commissioners conducted an inspection of the subject land and reported the following findings:

1. That the property is along the National Sayre Highway situated at barangay Sinangguyan, Don Carlos, Bukidnon one kilometer away more or less from Poblacion Norte, Don Carlos, Bukidnon.
2. That it has generally flat or plain terrain suitable for any uses like Agricultural, Residential, Commercial or Industrial.
3. That it is fully planted with sugarcane which is the actual use of the property.<sup>[10]</sup>

Engr. Ritardo recommended the amount of P17,240.00 as compensation, pursuant to the formula provided under PD 27 and using the values agreed upon in the LTPA. On the other hand, Municipal Assessor Sanchez reported that the current market value for taxation purposes of agricultural lands-sugarcane in Sinangguyan, Don Carlos, Bukidnon is P119,000/ha. but the actual prevailing fair market value of surrounding properties is not less than P200,000/ha. for agricultural lands.<sup>[11]</sup>

In his Report submitted to the SAC, Chairman Apostol, Jr. made the following recommendation:

This commissioner as chairman of the panel, after evaluating the reports of the commissioners of the plaintiff and the defendant and on the basis of his appreciation of the value of the property, taking into consideration its accessibility to the town proper, potentiality (ideal for residential use) productivity (planted to sugar cane which is a high-yielding crop), physical features (flat topography, well-drained and rich top soil) and the buying price of similar properties in the area (per interview conducted) is sustaining the value submitted by the plaintiff's commissioner in the amount of P200,000.00 per hectare. As Municipal Assessor of the Municipality of Don Carlos, Bukidnon for many years, he has personal knowledge of the value of the properties in the area. The defendant's commissioner is duty-bound to apply the valuation under Presidential Decree No. 27 because the property is covered under this program, even if the Decree was signed in 1972 at the advent of Martial Law by then President Ferdinand E. Marcos, some 30 years ago.

This commissioner however, in order to "socialize" the valuation and make it more convenient for the farmer-beneficiaries to pay the value of the land they till is recommending the amount of P150,000.00 per hectare for the 2.7300 hectare prop[er]ty of the plaintiff or a total just compensation of P409,500.00.<sup>[12]</sup>

Before the case was submitted for decision petitioner was allowed to present its two witnesses, after which it formally offered its documentary evidence. Respondent opted not to present any witness and neither did it submit documentary evidence.

On December 14, 2004, the SAC rendered its decision, the dispositive portion of which reads:

WHEREFORE, judgment is rendered in favor of the plaintiff, declaring the amount of FOUR HUNDRED NINE THOUSAND FIVE HUNDRED (P409,500.00) PESOS as just compensation for the property of the plaintiff consisting of 2.7300 hectares portion of TCT No. T-10957 and OCT No. P-9623 in the name of petitioner Victorino T. Peralta located at Sinanguyan, Don Carlos, Bukidnon; ordering the defendant Land Bank of the Philippines to pay the said amount exclusive of the amounts of THIRTY THOUSAND (P30,000.00) PESOS as attorney's fee and TEN THOUSAND (P10,000.00) as cost of litigation, payable in cash and in bonds, pursuant to the mode of payment under the agrarian reform program.

SO ORDERED.<sup>[13]</sup>

In its Order dated February 23, 2005, the SAC likewise denied petitioner's motion for reconsideration, stating that "[e]ven if the amount payable to the landowner is already Php73,604.95 as of September 16, 2004 after adding the compounded interest of 6% per annum to the Php17,240.00 valuation by the LBP, the amount is still considered not fair and just from the time of the 'taking' in 1972 which is 33 years ago, considering the devaluation of the peso and the landowner's lost income opportunity for such long period of time."<sup>[14]</sup>

Petitioner appealed to the CA arguing that respondent's act of filing a petition for judicial determination of just compensation with the SAC was in repudiation of the LTPA executed more than 19 years ago. If indeed, respondent had a valid ground to repudiate the aforesaid agreement and being a written agreement, the same should have been done within ten years from its execution on September 15, 1981, pursuant to Article 1144 of the Civil Code. Petitioner reiterated that respondent's suit is likewise barred on the ground that the period to elevate the matter of just compensation to the court from the DARAB had already lapsed. Not only did respondent fail to indicate in his complaint before the RTC his date of receipt of the DARAB decision, more than 30 days had already lapsed before he brought the action in court.

By Decision dated July 5, 2007, the CA affirmed with modification the judgment of the SAC by deleting the award of attorney's fees and litigation costs. The CA found that petitioner has not shown that it complied with the requirement of full payment of the cost of respondent's landholding. While it is true that petitioner had made a valuation of the property as stated in the LTPA, using the formula provided under P.D. No. 27, the CA stressed that the effort has not gone beyond that point as no just compensation, as thus evaluated, had ever been made to the respondent prompting the latter to file, sometime in 2000, a summary administrative

proceeding before the DARAB, and eventually a petition with the SAC praying for the fixing of just compensation pursuant to Republic Act No. 6657. The CA thus ruled that since the application of the process of agrarian reform to the subject land has remained incomplete as of the advent of R.A. No. 6657, actual title remains with respondent and the completion of the agrarian reform process should now be undertaken under R.A. No. 6657, in accordance with this Court's ruling in *Paris v. Alfeche*<sup>[15]</sup> and as reiterated in *Land Bank of the Philippines v. Natividad*.<sup>[16]</sup>

Petitioner's motion for reconsideration was likewise denied by the CA.

Hence, this petition raising the following issues:

A.

WHETHER OR NOT THE HONORABLE COURT OF APPEALS ERRED IN ITS DECISION AS IT HAD MANIFESTLY OVERLOOKED THEREIN RELEVANT FACTS WHICH WOULD HAVE JUSTIFIED A DIFFERENT CONCLUSION.

B.

WHETHER OR NOT THE CARP LAW (R.A. 6657) HAS RENDERED INOPERATIVE THE VALUATION FORMULA AND FACTORS PRESCRIBED IN PRESIDENTIAL DECREE NO. 27, EXECUTIVE ORDER NO. 228.<sup>[17]</sup>

Petitioner faults the CA in failing to appreciate that the LTPA valuation was agreed upon between respondent and tenant-beneficiaries in September 1981, which valuation was confirmed and validated for payment by DAR and LBP in 1982. Since the amount of the agreed compensation has since then been made available to respondent, petitioner avers that no delay can be imputed to the government.

Additionally, petitioner points out that the DAR resolution sustaining the LTPA valuation was *ipso facto* rendered final and executory after the lapse of fifteen days from respondent's notice thereof, without the matter of just compensation being elevated to the SAC pursuant to Section 51 in relation to Section 16(f) of R.A. No. 6657. The matter of valuation had thus become *res judicata*. It was only after 50 days from rendition of the DAR resolution and almost 20 years from execution of the LTPA, that respondent petitioned the SAC for determination of just compensation.

Lastly, petitioner argues that assuming that the SAC's giving due course to respondent's petition was proper, the just compensation determined by said court was not in accord with Section 17 of R.A. No. 6657, which pursuant to Section 5 of R.A. No. 9700<sup>[18]</sup> which took effect on July 1, 2009, shall be the applicable law for "all previously acquired lands wherein valuation is subject to challenge by landowners."

The petition is partly meritorious.

Under Section 1 (b), Rule II of the 1994 Rules of Procedure of the Department of Agrarian Reform Adjudication Board (1994 DARAB Rules), which is applicable in the present case, the DARAB is vested with primary and exclusive jurisdiction over cases

involving the valuation of land and the preliminary determination and payment of just compensation, fixing and collection of lease rentals, disturbance compensation, amortization payments, and similar disputes concerning the functions of the LBP.

Rule XIII, Section 11 of the 1994 DARAB Rules provides:

**Section 11. Land Valuation and Preliminary Determination and Payment of Just Compensation.** The decision of the Adjudicator on land valuation and preliminary determination and payment of just compensation shall not be appealable to the Board but shall be brought directly to the Regional Trial Courts designated as Special Agrarian Courts ***within fifteen (15) days from receipt of the notice thereof.*** Any party shall be entitled to only one motion for reconsideration. (Emphasis supplied.)

In *Phil. Veterans Bank v. Court of Appeals*,<sup>[19]</sup> we explained that the consequence of the said rule is that the adjudicator's decision on land valuation attains finality after the lapse of the 15-day period. *Republic v. Court of Appeals*<sup>[20]</sup> and subsequent cases<sup>[21]</sup> clarified that the determination of the amount of just compensation by the DARAB is merely a preliminary administrative determination which is subject to challenge before the SACs which have original and exclusive jurisdiction over all petitions for the determination of just compensation under Section 57, R.A. No. 6657.

The Court in *Soriano v. Republic*<sup>[22]</sup> summarized the 15-day period rule for challenging the DAR valuation in just compensation cases, as follows:

The Court notes that although the petition for determination of just compensation in *Republic v. Court of Appeals* was filed beyond the 15-day period, *Republic v. Court of Appeals* does not serve as authority for disregarding the 15-day period to bring an action for judicial determination of just compensation. *Republic v. Court of Appeals*, it should be noted, was decided at a time when Rule XIII, Section 11 was not yet present in the DARAB Rules. Further, said case did not discuss whether the petition filed therein for the fixing of just compensation was filed out of time or not. The Court merely decided the issue of whether cases involving just compensation should first be appealed to the DARAB before the landowner can resort to the SAC under Section 57 of R.A. No. 6657. In any event, any speculation as to the validity of Rule XIII, Section 11 was foreclosed by our ruling in *Philippine Veterans Bank* where we affirmed the order of dismissal of a petition for determination of just compensation for having been filed beyond the 15-day period under said Section 11. In said case, we explained that Section 11 is not incompatible with the original and exclusive jurisdiction of the SAC. In *Land Bank of the Philippines v. Martinez*, we reaffirmed this ruling and stated for the guidance of the bench and bar that **"while a petition for the fixing of just compensation with the SAC is not an appeal from the agrarian reform adjudicator's decision but an original action, the same has to be filed within the 15-day period stated in**