

FOURH DIVISION

[CA-G.R. CV NO. 76816, August 29, 2006]

**LAND BANK OF THE PHILIPPINES, PETITIONER-APPELLEE, VS.
FORTUNE SAVINGS AND LOAN ASSOCIATION, INC.,
REPRESENTED BY THE PDIC AS RECEIVER, RESPONDENT-
APPELLANT.**

DECISION

BARRIOS, J.:

The Department of Agrarian Reform Adjudication Board (or DARAB for brevity) of the Office of the Provincial Adjudicator of Batangas, in a summary administrative proceedings determined the just compensation of a .4230 hectare agricultural land in San Gregorio, Malvar, Batangas owned by the appellant Fortune Savings and Loan Association, Inc. (or Fortune Savings), to be in the amount of P93,060.00.

Since the valuation of the land by DARAB varied with its own assessment, the appellee Land Bank of the Philippines (or Land Bank) filed an original action for *Determination of Just Compensation* before the Regional Trial Court stationed in Batangas City. This was raffled to Branch 13 sitting as a Special Agrarian Court. Said court found no error in the valuation of P6,796.00 fixed by Land Bank as the just compensation, hence in its decision dated May 30, 2002 it disposed:

WHEREFORE, foregoing premises considered, this Court hereby affirms the valuation of P6,796.00 as just compensation for the .4230 – hectare landholding of respondent Fortune Savings and Loan Association, Inc. (p. 138, record)

Fortune Savings assails this in this appeal, assigning that the following errors were committed by the court *a quo*:

The court *a quo* erred in taking cognizance of the petition for determination of just compensation considering that the decision of the DARAB has already reached finality prior to the filing of the petition. The court *a quo* erred in fixing the amount of P6,796.00 as the just compensation for the property of appellant. (p. 13, rollo)

As security for a loan of P71,500.00 she obtained from Fortune Savings, Juliana Manalo mortgaged to it the subject lot including an owner-type jeep. For her failure to pay the loan, foreclosure of mortgage was initiated by Fortune Savings where it was declared as the highest bidder at P80,200.00 in the foreclosure sale.

Now its owner, Fortune Savings offered the property for P100,000.00 to the Department of Agrarian Reform for coverage under Comprehensive Agrarian Reform Program. The Land Bank by authority under Executive Order No. 405, however fixed

the valuation of the property at P6,796.00 only. Fortune Savings rejected this, hence a summary administrative proceedings for the determination of just compensation was conducted by the DARAB. On March 3, 1999 said office rendered its decision the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered declaring the sum of NINETY THREE SIXTY PESOS and 00/100 (P93,060.00) as the just compensation for the .4230 hectares covered by title No. T-33051, accordingly the following orders are issued:

1] Ordering the Land Bank of the Philippines to pay Fortune Savings and Loan Association to sum of NINETY THREE THOUSAND SIXTY PESOS and 0/100 (P93,060.00) in accordance with the mode of payment under Section 18 of RA. 6657.

2] Ordering the Provincial Agrarian Reform Officer (PARO) of Batangas to observe paragraph IV (32) of A.O. No. 01, series of 1993.

3] Ordering the Clerk of the Board to forward the Claim folder to the Office of the Provincial Agrarian Reform Officer of Batangas (PARO) upon finality of this decision.

4] This decision shall become final and executory after the lapse of fifteen (15) days from receipt hereof and no original action is filed with the Special Agrarian Court.

5] Ordering the parties or counsel to inform this Board of the fact of filing of an original action with the Special Agrarian Court immediately upon filing. (p. 3, record)

On April 7, 2000, Land Bank filed an *Original Petition* for determination of just compensation before the court *a quo*. Summons was served on Fortune Savings through its Records Officer (p. 36, record). No responsive pleading having been submitted, Land Bank filed a motion to declare Fortune Savings in default which was set for hearing on February 7, 2001 but where the counsel of Fortune Savings failed to appear. The court *a quo* deferred ruling on the said motion and required Fortune Savings to submit appropriate pleadings. Thereafter, it filed a Comment (pp. 66-72, record). In its Order dated February 27, 2001 the court *a quo* declared:

This treats of petitioner's Motion to Declare Respondent in Default.

Instead of filing an Opposition, respondent filed a pleading which, although captioned as "Comment", appears to be an "Answer".

Considering that respondent has not disputed the Motion and has not advanced any justification why it failed to answer within the period fixed by law, the Motion is hereby granted.

WHEREFORE, respondent is declared in default and petitioner is hereby allowed to present evidence *ex parte* x x x (p. 78, record)