

DELIA VALLE VDA. DE ORTIZ, NECITAS ORTIZ, FREDDIE PANGANIBAN, NANCY ORTIZ-MEJIA, AND LINO MEJIA, PETITIONERS, VS. LAND BANK OF THE PHILIPPINES AND HON. AMADOR T. VALLEJOS, AS PR...

G.R. No. L-46383. March 23, 1987

Ponente: GANCAYCO, J.

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GANCAYCO, J.

This is an appeal from the decision of the Court of First Instance of Manila, Branch XXII in Civil Case No. 99893, dismissing the complaint filed by Ildefonso Ortiz, now substituted by his heirs, herein petitioners, against respondent Land Bank of the Philippines.

Ildefonso Ortiz was the owner of some parcel of land located in Camarines Sur which where affected by Presidential Decree No. 27 entitled "Decreeing the Emancipation of Tenants from the Bondage of Soil Transferring To Them the Ownership of the Land They Till and Providing the Instrument and Mechanism Therefor. "Under this law, which was promulgated on October 21, 1972, the cost of the land shall be paid by the tenant- farmer directly to the landowner in kind or in cash depending on their agreement.[1]

On July 21, 1973, Presidential Decree no. 251 was promulgated which providedm among others, that it will be the Land Bank which would pay the landowners and the tenants shall in turn, pay the Land Bank the cost the property covered.[2] The modes of payment under any of which the Land Bank shall finance the aquisition of the farm lots were enumerated as follows:

- Cash payment of 10% and balance in 25-years tax-free 6% Land Bank bonds;
- Payment of 30% in preferred shares of stock issued by the Bank and balance in 25-year tax-free 6% Land Bank bonds;
- Full guarantee on the payment of the fifteen (15) equal annual amortization to be made by the tenant/farmer.
- Payment through the establishment of annuities or persons with insurance;
- Exchange arrangement of government stocks in government-owned or controlled corporations or private corporations where the government has holdings;
- Such other modes of settlement as may be further adopted by the Board of Directors and approved by the President of the Philippines."[3]

Ortiz elected to be paid under the first mode of settlement and the respondent on April 1, 1974, upon approval of his claim, paid him the total sum of P1,564,359.00[4] in cash and interest-bearing bonds for his landholdings. To arrive at the total acquisition price of said property, the respondent band used the computation provided for Presidential Decree No. 27 and deducted the sum of P11,141.00 — the amount of rentals paid to Ortiz by the

tenants from October 21, 1972. Said computation is as follows:

"For the purpose of determining the cost of the land to be transferred to the tenant-farmer pursuant to this Decree, the value of the land shall be equivalent to two and one-half to two and one-half (2½) times the average harvest of three normal crop years immediately preceding the promulgation of this Decree." [5]

After receiving the price for his landholdings, Ortiz executed deeds of assignment of rights [6] in favor of the Land Bank whereby he formally assigned, transferred and conveyed to the Land Bank all his claims, rights, interests and participation over his landholdings. However, on October 24, 1975, Ortiz filed a complaint with the Court of First Instance of Manila against the respondent Land Bank alleging that he is entitled to receive interests at the rate of 6% per annum from and effective October 21, 1972.

On November 23, 1976, the lower court rendered a decision dismissing the complaint. Hence this petition.

The only issue at bar is simply whether or not under the law, the respondent Land Bank is obliged to pay 6% interest on the acquisition price of Ortiz's lands for the period between October 21, 1972 the date of promulgation of Presidential Decree No. 27 and April 1, 1974, when the Land Bank paid him said acquisition price.

Petitioners contend that under Presidential Decree Nos. 27, 85 and 251, the cost of land transferred to the tenant-farmer that respondent Land Bank has to pay includes interest at the rate of 6% per annum accruing from the promulgation of Presidential Decree No. 27. In support of this posture, petitioners cite the following provisions of law:

Par. 9, Presidential Decree No. 27 —

"The total cost of the land, including interest at the rate of six (6) percentum, shall be paid by the tenant in fifteen (15) equal annual amortizations";

Section 2, Par. 1(d) of Presidential Decree No. 251 —

"7. To finance and/or guarantee the acquisition, under Presidential Decree No. 85 dated December 25, 1972, of farm lots transferred to tenant-farmers pursuant to Presidential Decree No. 27 dated October 21, 1972."

The provisions of Presidential Decree No. 27 and Presidential Decree No. 85 cited by petitioners deal with the relationship between the tenant-farmer and the landowner alone. Paragraph 9 of Presidential Decree No. 27 only refers to the manner of payment set to be followed by the tenant-farmer in paying for the total cost of the land transferred to him, that is, in 15 years of 15 equal annual amortizations. Sec. 2, paragraph 19d) of Presidential Decree No. 85, on other hand, fully guarantees such payment by the tenant-farmer. Nowhere in Presidential Decree No. 27 was the Land Bank ever mentioned. Neither is there any indication in both Presidential Decree No. 27 and 85 that payment of interest should begin on October 21, 1972. Accordingly, We hold that the assertion that under these laws, the respondent Land Bank is obliged to pay for a 6% interest beginning the promulgation of Presidential Decree No. 27. is devoid of merit.

It is clear that Presidential Decree No. 27. is the law applicable to this case as it is this law which gives the Land Bank the power to finance and/or guarantee the acquisition of farm lots transferred to tenant-farmers pursuant to Presidential Decree No. 27. [7] Section 7 which deals, among others, with the modes of payment under which the Land Bank shall finance the acquisition of farm lots is the more specific provision of the said law, pertinent to this case.

Petitioner's ascendant Ortiz admitted in his complaint that he close to be paid under the first mode of settlement, [8] by which he would receive 10 % in cash and the balance in Land Bank bonds, and nothing more. Such bonds would be earning 6% interest per year maturing in 25 years. Respondent Land Bank paid him in

accordance with the law and in conformity with what he freely chose among the modes of payment enumerated.

Petitioners do not question the cash payment nor the issuance of the bonds. But then, they insist on their right to receive interests due from October 21, 1972. Yet the law is very clear — there is not even a hint of the alleged obligation of the Land Bank to pay such interests.

The mere fact that respondent Land Bank admits, as is shown in the deeds of assignment,[9] that it will be subrogated to the right of the landowner to collect and receive yearly amortizations from the tenant-farmer does not at all mean that respondent Land Bank should pay the aforementioned interests. Such subrogatio is clearly provided for in Presidential Decree No. 251, to wit:

"Whenever the Bank pays the whole or a portion of the total cost of farm lots, the Bank shall be subrogated by reason thereof, to the right of the landowner to collect and receive the yearly amortizations on farm lots or the amount paid including interest thereon, from tenant farmers in whose favor said farm lots had been transferred pursuant to Presidential Decree No. 27, dated October 21, 1972." [10]

Nor can the above-mentioned provision be construed to imply that respondent Land Bank should pay interests beginning October 21, 1972. One of the established rules of statutory construction is that Courts may not make an implication which the language of the statute may not warrant.[11] Also, it has been repeatedly declared that where the law speaks in clear and categorical language, there is no room for interpretation or construction, there is only room for application.[12] In the particular law under consideration, no ambiguity can be found.

Furthermore, there is absolutely nothing wrong with the respondent Land Bank's deduction from the total payment on the landholdings of the amount of P11,141.00 corresponding to the rentals paid by the tenants to Ortiz since October 21, 1972. This was done in compliance with Department Memorandum Circular No. 8 issued by the Department of Agrarian Reform in 1974.[13]

Finally, this Court took note of the fact that petitioner's predecessor, Ortiz executed the following affidavits in which he stated:

"That I/we hereby agree that the bond certificates which form part of the proceeds of my landholdings shall begin to earn interest only on the date of approval of my/our claim for payment and not earlier;

"That I/we hereby further warrant and guarantee that all payments/proceeds received by me/us from the Land Bank as settlement/compensation under Land Transfer Claim No. 74-018A and 74-018-R shall absolutely and render the Land Bank forever free of liability for any pending and/or new claims and liens on the land transferred under P.D. No. 27, and that I/we shall well and truly defend the Land Bank at my/our own cost and expenses against any and all claims of third person(s) asserting themselves to be the rightful claimant of the payment/proceeds received by me/us from the Land Bank, and shall well and truly pay in full any and claims or assertions of said nature which may be established as valid and well-founded by the final judgment of any court of competent jurisdiction.

"That I/we shall abide with all existing policy, rules and regulations of the Land Bank and with those that may be issued in the future affecting my/our landholdings." (Italics types supplied)

(Affidavits executed on October 3, 1975 and October 22, 1975)" [14]

Upon the foregoing, the decision appealed from must be, as it is hereby affirmed, with the costs against herein petitioners.

IT IS SO ORDERED.

Yap(Chairman), Narvasa, Cruz, and Sarmiento, JJ., concur.

Melecio-Herrera and Feleciano, JJ., on leave.

[1] Rights and Obligations Under the Emancipation Decree (P.D. 27) and Rental Related Issuances, from Agrarian Reform and Law, U.P.L.C. Law Institute series, 1974, p. 74.

[2] Ibid.

[3] Section 7, Presidential Decree No. 251.

[4] p. 39, Rollo.

[5] Par. 6. Presidential Decree No. 27

[6]p. 40, Rollo.

[7]Section 2, Presidential Decree No. 251.

[8]p. 29, Rollo.

[9]p.12, Petitioner's Brief.

[10]Sec. 7, Presidential Decree No. 251.

[11]p. 238, 50 Am. Jur.

[12]Cebu Portland Cement Co. vs. Mun. of Naga, G.R. Nos, L-24116-17, August 22, 1978.

[13]Department Memorandum Circular No. 8 (Series of 1974) of the Department of Agrarian Reform provides among others "3. Tenant-farmers are deemed owners of the land they will as of October 21, 1972, subject to the rules and regulations to be hereafter promulgated. On lands already covered by Operation Land Transfer, the leasehold system shall be provisionally maintained and the lease rentals paid by the tenants-farmers to the landowner to be credited as amortization payments. Payment of rentals shall be stopped when the Land Bank shall have paid the landowner the cost of the land. On lands not yet covered by Operation Land Transfer, leasehold shall continue to govern the relationship between the landowner and his tenant-tillers."

[14]p. 31, Respondents' Brief.

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