LAND BANK OF THE PHILIPPINES, PETITIONER VS. COURT OF APPEALS AND JOSE PASCUAL, RESPONDENTS.

G.R. No. 128557. December 29, 1999

Ponente: BELLOSILLO, J.

Read online (full-text search, related cases, audio case brief): https://batas.org/library/g-r-no-128557/

BELLOSILLO, J.:

The lofty effort of the Government to implement an effective agrarian reform program has resulted in the massive distribution of huge tracks of land to tenant farmers. But it divested many landowners of their property, and although the Constitution assures them of just compensation its determination may involve a tedious litigation in the end. More often, land appraisal becomes a prolonged legal battle among the contending parties - the landowner, the tenant and the Government. At times the confrontation is confounded by the numerous laws on agrarian reform which although intended to ensure the effective implementation of the program have only given rise to needless confusion which we are called upon to resolve, as the case before us.

Private respondent Jose Pascual owned three (3) parcels of land located in Guttaran, Cagayan. Parcel 1 covered by TCT No. 16655 contains an area of 149,852 square meters as surveyed by the DAR but the actual land area transferred is estimated at 102,229 square meters and classified as unirrigated lowland rice; Parcel 2 covered by TCT No. 16654 contains an area of 123,043 square meters as surveyed by the DAR but the actual land area transferred is estimated at 85,381 square meters and classified as cornland; and, Parcel 3 covered by TCT No. 16653 contains an area of 192,590 square meters but the actual land area transferred is estimated at 161,338 square meters and classified as irrigated lowland rice.[1] Pursuant to the Land Reform Program of the Government under PD 27[2] and EO 228,[3] the Department of Agrarian Reform (DAR) placed these lands under its Operation Land Transfer (OLT).[4]

Under EO 228 the value of rice and corn lands is determined thus -

> Sec. 2. Henceforth, the valuation of rice and corn lands covered by P.D. 27 shall be based on the average gross production determined by the Barangay Committee on Land Production in accordance with Department Memorandum Circular No. 26, series of 1973 and related issuances and regulations of the Department of Agrarian Reform. The average gross production shall be multiplied by two and a half (2.5), the product of which shall be multiplied by Thirty-Five Pesos (P35), the government support price for one cavan of 50 kilos of palay on October 21, 1972, or Thirty-One Pesos (P31), the government support price for one cavan of 50 kilos of corn on October 21, 1972, and the amount arrived at shall be the value of the rice and corn land, as the case may be, for the purpose of determining its cost to the farmer and compensation to the landowner (emphasis supplied).

Hence, the formula for computing the Land Value (LV) or Price Per Hectare (PPH) of rice and corn lands is 2.5 x AGP x GSP = LV or PPH.

In compliance with EO 228, the Provincial Agrarian Reform Officer (PARO) of the DAR in an "Accomplished OLT Valuation Form No. 1" dated 2 December 1989 recommended that the "Average Gross Productivity" (AGP) based on "[3] Normal Crop Year" for Parcels 1 and 2 should be 25 cavans per hectare for unirrigated lowland rice

and 10 cavans per hectare for corn land.[5]

Meanwhile, the Office of the Secretary of Agrarian Reform (SAR) also conducted its own valuation proceedings apart from the PARO. On 10 October 1990 Secretary Benjamin T. Leong of the DAR using the AGP of 25.66 cavans for unirrigated rice lands[6] issued an order valuing Parcel 1 at P22,952.97[7] and requiring herein petitioner Land Bank of the Philippines (LBP) to pay the amount. On 1 February 1991 petitioner LBP approved the valuation.

In 1991 private respondent Jose Pascual, opposing the recommended AGP of the PARO, filed a petition for the annulment of the recommendation on the productivity and valuation of the land covered by OLT, subject matter hereof, with the Department of Agrarian Reform Adjudication Board (DARAB). Oscar Dimacali, Provincial Agrarian Reform Adjudicator (PARAD) of Cagayan heard the case. Despite due notice however Francisco Baculi, the PARO who issued the assailed recommendation, failed to appear at the trial. Only private respondent Jose Pascual and Atty. Eduard Javier of petitioner LBP were present.[8] Thereafter private respondent was allowed to present evidence ex-parte.

At the hearings conducted by the PARAD private respondent presented as evidence another "Accomplished OLT Valuation Form No. 1," for Parcel 3 dated 22 June 1976 to support his claim that the "OLT Valuation Form" issued by PARO Francisco Baculi extremely undervalued the AGP of his lands. In the "1976 OLT Valuation Form" the AGP based on "(3) Normal Crop Year" was 80 cavans per hectare for lowland rice unirrigated, 28 cavans per hectare for corn lands and 100 cavans per hectare for lowland rice irrigated.[9]

Private respondent also presented Tax Declarations for Parcels 1 and 2 stating that the AGP was 80 cavans for unirrigated rice lands and 28 cavans for corn lands.

On 11 June 1992 the PARAD ruled in favor of private respondent nullifying the 2 December 1989 AGP recommended by the PARO.[10] Instead, the PARAD applied the 22 June 1976 AGP and the AGP stated in private respondent’s Tax Declarations to determine the correct compensation. The PARAD also used the "Government Support Price" (GSP) of P300 for each cavan of palay and P250 for each cavan of corn.[11] He then ordered petitioner LBP to pay private respondent P613,200.00 for Parcel 1, P148,750.00 for Parcel 2, and P1,200,000.00 for Parcel 3, or a total amount of P1,961,950.00.[12]

After receiving notice of the decision of the PARAD, private respondent accepted the valuation. However, when the judgment became final and executory, petitioner LBP as the financing arm in the operation of PD 27 and EO 228 refused to pay thus forcing private respondent to apply for a Writ of Execution with the PARAD which the latter issued on 24 December 1992.[13] Still, petitioner LBP declined to comply with the order.

On 29 June 1994 Secretary Ernesto Garilao Jr. of the DAR wrote a letter to petitioner LBP requiring the latter to pay the amount stated in the judgment of the PARAD.[14] Again, petitioner LBP rejected the directive of Secretary Garilao. Petitioner’s Executive Vice President, Jesus Diaz, then sent a letter to Secretary Garilao arguing that (a) the valuation of just compensation should be determined by the courts; (b) PARAD could not reverse a previous order of the Secretary of the DAR;[15] and, (c) the valuation of lands under EO 228 falls within the exclusive jurisdiction of the Secretary of the DAR and not of the DARAB.[16]

On 23 January 1995 the Secretary of Agrarian Reform replied to petitioner -

> We agree with your contention that the matter of valuation of lands covered by P.D. 27 is a matter within the administrative implementation of agrarian reform, hence, cognizable exclusively by the Secretary.
>
> However, in this particular case, there is another operative principle which is the finality of decisions of the Adjudication Board. Since the matter has been properly threshed out in the quasi-judicial proceeding and the

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

> decision has already become final and executory, we cannot make an exception in this case and allow the non-payment of the valuation unless we are enjoined by a higher authority like the courts.
>
> Therefore at the risk of occasional error, we maintain that payment should be made in this case. However we believe situations like this would be lessened tremendously through the issuance of the attached memorandum circular[17]to the Field Offices.[18]

Despite the letter of Secretary G. Garilao, petitioner LBP remained adamant in its refusal to pay private respondent. It reiterated its stand that the PARAD had no jurisdiction to value lands covered by PD 27.[19]

On 17 June 1995 counsel for private respondent also wrote petitioner LBP demanding payment. On 20 June 1995 petitioner replied -

> x x x x Although we disagree with the foregoing view that the PARAD decision on the land valuation of a PD 27 landholding has become final for numerous legal reasons, in deference to the DAR Secretary, we informed him that we will pay the amount decided by the PARAD of Cagayan provided the tenant beneficiaries of Mr. Pascual be consulted first and the land transfer claim be redocumented to the effect that said beneficiaries re-execute the Landowner Tenant Production Agreement-Farmers Undertaking to show their willingness to the PARAD valuation and to amortize the same to this bank. This is in consonance with the legal mandate of this bank as the financing arm of PD 27/EO 228 landholdings. In other words, the beneficiaries must agree to the amount being financed, otherwise, financing may not be possible pursuant to this bank's legal mandate (emphasis supplied).[20]

Petitioner LBP having consistently refused to comply with its obligation despite the directive of the Secretary of the DAR and the various demand letters of private respondent Jose Pascual, the latter finally filed an action for Mandamus in the Court of Appeals to compel petitioner to pay the valuation determined by the PARAD. On 15 July 1996 the appellate court granted the Writ now being assailed. The appellate court also required petitioner LBP to pay a compounded interest of 6% per annum in compliance with DAR Administrative Order No. 13, series of 1994.[21] On 11 March 1997 petitioner's Motion for Reconsideration was denied;[22] hence, this petition.

Petitioner LBP avers that the Court of Appeals erred in issuing the Writ of Mandamus in favor of private respondent and argues that the appellate court cannot impose a 6% compounded interest on the value of Jose Pascual's land since Administrative Order No. 13 does not apply to his case. Three (3) reasons are given by petitioner why the Court of Appeals cannot issue the writ:

First, it cannot enforce PARAD's valuation since it cannot make such determination for want of jurisdiction hence void. Section 12, par. (b), of PD 946[23] provides that the valuation of lands covered by PD 27 is under the exclusive jurisdiction of the Secretary of Agrarian Reform. Petitioner asserts that Sec. 17 of EO 229[24] and Sec. 50 of RA No. 6657,[25] which granted DAR the exclusive jurisdiction over all agrarian reform matters thereby divesting the Court of Agrarian Relations of such power, did not repeal Sec. 12, par. (b), of PD 946. Petitioner now attempts to reconcile the pertinent laws by saying that only the Secretary of Agrarian Reform can determine the value of rice and corn lands under Operation Land Transfer of PD 27, while on the other hand, all other lands covered by RA 6657 (CARL) shall be valued by the DARAB, hence, the DARAB of the DAR has no jurisdiction to determine the value of the lands covered by OLT under PD 27.

To bolster its contention that Sec. 12, par. (b), of PD 946 was not repealed, petitioner LBP cites Sec. 76 of RA 6657.[26] It argues that since Sec. 76 of RA 6657 only repealed the last two (2) paragraphs of Sec. 12 of PD 946, it is obvious that Congress had no intention of repealing par. (b). Thus, it remains valid and effective. As a matter of fact, even the Secretary of Agrarian Reform agreed that Sec. 12, par. (b), of PD 946 still holds. Based on this

assumption, the Secretary of the DAR has opined that the valuation of rice and corn lands is under his exclusive jurisdiction and has directed all DARAB officials to refrain from valuing lands covered by PD 27.[27] Petitioner maintains that the Secretary of the DAR should conduct his own proceedings to determine the value of Parcels 2 and 3 and that his valuation of Parcel 1[28]should be upheld.

We do not agree. In Machete v. Court of Appeals[29] this Court discussed the effects on PD 946 of Sec. 17 of EO 229 and Sec. 50 of RA 6657 when it held -

> The above quoted provision (Sec. 17) should be deemed to have repealed Sec. 12 (a) and (b) of Presidential Decree No. 946 which invested the then courts of agrarian relations with original exclusive jurisdiction over cases and questions involving rights granted and obligations imposed by presidential issuances promulgated in relation to the agrarian reform program (emphasis supplied).

Thus, petitioner's contention that Sec. 12, par. (b), of PD 946 is still in effect cannot be sustained. It seems that the Secretary of Agrarian Reform erred in issuing Memorandum Circular No. I, Series of 1995, directing the DARAB to refrain from hearing valuation cases involving PD 27 lands. For on the contrary, it is the DARAB which has the authority to determine the initial valuation of lands involving agrarian reform[30] although such valuation may only be considered preliminary as the final determination of just compensation is vested in the courts.[31]

Second, petitioner LBP contends that the Court of Appeals cannot issue the Writ of Mandamus because it cannot be compelled to perform an act which is beyond its legal duty.[32] Petitioner cites Sec. 2 of PD 251,[33] which amended Sec. 75 of RA 3844,[34] which provides that it is the duty of petitioner bank "(t)o finance and/or guarantee the acquisition, under Presidential Decree No. 85 dated December 25, 1972, of farm lands transferred to the tenant farmers pursuant to Presidential Decree No. 27 (P.D. 27) dated October 21, 1972." Section 7 of PD 251 also provides that "(w)henever the Bank pays the whole or a portion of the total costs 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 lot has been transferred pursuant to Presidential Decree No. 27, dated October 21, 1972" (emphasis supplied).

Petitioner further argues that for a financing or guarantee agreement to exist there must be at least three (3) parties: the creditor, the debtor and the financier or the guarantor. Since petitioner merely guarantees or finances the payment of the value of the land, the farmer-beneficiary's consent, being the principal debtor, is indispensable and that the only time petitioner becomes legally bound to finance the transaction is when the farmer-beneficiary approves the appraised land value. Petitioner fears that if it is forced to pay the value as determined by the DARAB, the government will suffer losses as the farmer-beneficiary, who does not agree to the appraised land value, will surely refuse to reimburse the amounts that petitioner had disbursed. Thus, it asserts, that the landowner, the DAR, the Land Bank and the farmer-beneficiary must all agree to the value of the land as determined by them.

A perusal of the law however shows that the consent of the farmer-beneficiary is not required in establishing the vinculum juris for the proper compensation of the landowner. Section 18 of RA 6657 states -

> Sec. 18. Valuation and Mode of Compensation. - The LBP shall compensate the landowner in such amount as may be agreed upon by the landowner and the DAR and the LBP in accordance with the criteria provided for in Sections 16 and 17 and other pertinent provisions hereof, or as may be finally determined by the court as the just compensation for the land (emphasis supplied).

As may be gleaned from the aforementioned section, the landowner, the DAR and the Land Bank are the only parties involved. The law does not mention the participation of the farmer-beneficiary. However, petitioner insists

that Sec. 18 of RA 6657[35] does not apply in this case as it involves lands covered by PD 27. It argues that in appraising PD 27 lands the consent of the farmer-beneficiary is necessary to arrive at a final valuation. Without such concurrence, the financing scheme under PD 251 cannot be satisfied.[36]

We cannot see why Sec. 18 of RA 6657 should not apply to rice and corn lands under PD 27. Section 75 of RA 6657[37] clearly states that the provisions of PD 27 and EO 228 shall only have a suppletory effect. Section 7 of the Act also provides -

> Sec. 7. Priorities.- The DAR, in coordination with the PARC shall plan and program the acquisition and distribution of all agricultural lands through a period of (10) years from the effectivity of this Act. Lands shall be acquired and distributed as follows:
>
> Phase One: Rice and Corn lands under P.D. 27; all idle or abandoned lands; all private lands voluntarily offered by the owners for agrarian reform;xxx and all other lands owned by the government devoted to or suitable for agriculture, which shall be acquired and distributed immediately upon the effectivity of this Act, with the implementation to be completed within a period of not more than four (4) years (emphasis supplied).

This eloquently demonstrates that RA 6657 includes PD 27 lands among the properties which the DAR shall acquire and distribute to the landless. And to facilitate the acquisition and distribution thereof, Secs. 16, 17 and 18 of the Act should be adhered to. In Association of Small Landowners of the Philippines v. Secretary of Agrarian Reform[38] this Court of Appeals applied the provisions RA 6657 to rice and corn lands when it upheld the constitutionality of the payment of just compensation for PD 27 lands through the different modes stated in Sec. 18.

Having established that under Sec. 18 of RA 6657 the consent of the farmer-beneficiary is unnecessary in the appraisal of land value, it must now be determined if petitioner had agreed to the amount of compensation declared by the PARAD. If it did, then we can now apply the doctrine in Sharp International Marketing v. Court of Appeals.[39] In that case, the Land Bank refused to comply with the Writ of Mandamus issued by the Court of Appeals on the ground that it was not obliged to follow the order of the Secretary of Agrarian Reform to pay the landowner. This Court concurred with the Land Bank saying that the latter could not be compelled to obey the Secretary of Agrarian Reform since the bank did not merely exercise a ministerial function. Instead, it had an independent discretionary role in land valuation and that the only time a writ of mandamus could be issued against the Land Bank was when it agreed to the amount of compensation determined by the DAR -

> It needs no exceptional intelligence to understand the implication of this transmittal. It simply means that if LBP agrees on the amount stated in the DAS,[40] after its review and evaluation, it becomes its duty to sign the deed. But not until then. For, it is only in that event that the amount to be compensated shall have been "established" according to law.

Although the case at bar pertains to an involuntary sale of land, the same principle should apply. Once the Land Bank agrees with the appraisal of the DAR, which bears the approval of the landowner, it becomes its legal duty to finance the transaction. In the instant case, petitioner participated in the valuation proceedings held in the office of the PARAD through its counsel, Atty. Eduard Javier.[41] It did not appeal the decision of PARAD which became final and executory.[42] As a matter of fact, petitioner even stated in its Petition that "it is willing to pay the value determined by the PARAD PROVIDED that the farmer beneficiaries concur thereto."[43] These facts sufficiently prove that petitioner LBP agreed with the valuation of the land. The only thing that hindered it from paying the amount was the non-concurrence of the farmer-beneficiary. But as we have already stated, there is no need for such concurrence. Without such obstacle, petitioner can now be compelled to perform its legal duty through the issuance of a writ of mandamus.

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

Anent petitioner's argument that the government will lose money should the farmer-beneficiary be unwilling to pay, we believe such apprehension is baseless. In the event that the farmer-beneficiary refuses to pay the amount disbursed by petitioner, the latter can foreclose on the land as provided for in Secs. 8 to 11 of EO 228. Petitioner LBP would then be reimbursed of the amount it paid to the landowner.

Third, petitioner LBP asserts that a writ of mandamus cannot be issued where there is another plain, adequate and complete remedy in the ordinary course of law. Petitioner claims that private respondent had three (3) remedies. The first remedy was to ask the sheriff of the DARAB to execute the ruling of PARAD by levying against the Agrarian Reform Fund for so much of the amount as would satisfy the judgment. Another remedy was to file a motion with the DAR asking for a final resolution with regard to the financing of the land valuation. Lastly, private respondent could have filed a case in the Special Agrarian Court for the final determination of just compensation.[44]

We hold that as to private respondent the suggested remedies are far from plain, adequate and complete. After the judgment of PARAD became final and executory, private respondent applied for a writ of execution which was eventually granted. However, the sheriff was unable to implement it since petitioner LBP was unwilling to pay. The PARAD even issued an order requiring petitioner's manager to explain why he should not be held in contempt.[45] Two (2) years elapsed from the time of the PARAD ruling but private respondent's claim has remained unsatisfied. This shows that petitioner has no intention to comply with the judgment of PARAD. How then can petitioner still expect private respondent to ask the DARAB's sheriff to levy on the Agrarian Reform Fund when petitioner bank which had control of the fund[46]firmly reiterated its stand that the DARAB had no jurisdiction?

Petitioner's contention that private respondent should have asked for a final resolution from the DAR as an alternative remedy does not impress us either. When private respondent sensed that petitioner would not satisfy the writ of execution issued by the PARAD, he sought the assistance of the Secretary of Agrarian Reform who then wrote to petitioner to pay the amount in accordance with the decision of PARAD.[47] Still, petitioner refused. The Secretary then sent another letter to petitioner telling the latter to pay private respondent.[48] Obviously, the stand of the Secretary was that petitioner should pay private respondent in accordance with the PARAD valuation which had already become final. It would have been redundant for private respondent to still ask for a final resolution from the DAR.

The allegation of petitioner that private respondent should have filed a case with the Special Agrarian Court is also without merit. Although it is true that Sec. 57 of RA 6657 provides that the Special Agrarian Courts shall have jurisdiction over the final determination of just compensation cases, it must be noted that petitioner never contested the valuation of the PARAD.[49] Thus, the land valuation stated in its decision became final and executory.[50] There was therefore no need for private respondent Pascual to file a case in the Special Agrarian Court.

With regard to the decision of the Court of Appeals imposing an interest based on Administrative Order No. 13, Series of 1994, the Order should be examined to ascertain if private respondent can avail of the 6% compounded interest prescribed for unpaid landowners. As to its coverage, the Order states: These rules and regulations shall apply to landowners: (1) whose lands are actually tenanted as of 21 October 1972 or thereafter and covered by OLT; (2) who opted for government financing through Land Bank of the Philippines as mode of compensation; and, (3) who have not yet been paid for the value of their land.

At first glance it would seem that private respondent's lands are indeed covered by AO No. 13. However, Part IV shows that AO No. 13 provides a fixed formula for determining the Land Value (LV) and the additional interests

it would have earned. The formula utilizes the Government Support Price (GSP) of 1972, which is P35.00/cavan of palay and P31.00/cavan of corn. For its Increment Formula AO No. 13 states: The following formula shall apply -

> For palay: LV= (2.5 x AGP x P35) x (1.06)n
> For corn: LV= (2.5 x AGP x P31) x (1.06)n.[51]

In the decision of PARAD, however, the Land Value (LV) of private respondent's property was computed by using the GSP for 1992, which is P300.00 per cavan of palay and P250.00 per cavan of corn.[52] PARAD Dimacali used the following equations:

> For palay: LV = (2.5 x AGP x 300)
> For corn: LV = (2.5 x AGP x 250)

Hence, the formula in AO No. 13 could no longer be applied since the PARAD already used a higher GSP.

The purpose of AO No. 13 is to compensate the landowners for unearned interests.[53] Had they been paid in 1972 when the GSP for rice and corn was valued at P35.00 and P31.00, respectively, and such amounts were deposited in a bank, they would have earned a compounded interest of 6% per annum. Thus, if the PARAD used the 1972 GSP, then the product of (2.5 x AGP x P35 or P31) could be multiplied by (1.06)n to determine the value of the land plus the additional 6% compounded interest it would have earned from 1972. However, since the PARAD already increased the GSP from P35.00 to P300.00/cavan of palay and from P31.00 to P250.00/cavan of corn, there is no more need to add any interest thereon, muchless compound it. To the extent that it granted 6% compounded interest to private respondent Jose Pascual, the Court of Appeals erred.

WHEREFORE, the assailed Decision of the Court of Appeals granting the Writ of Mandamus directing petitioner Land Bank of the Philippines to pay private respondent Jose Pascual the total amount of P1,961,950.00 stated in the Decision dated 11 June 1992 of the Provincial Agrarian Reform Adjudicator (PARAD) of Cagayan is AFFIRMED, with the modification that the 6% compounded interest per annum provided under DAR Administrative Order No. 13, Series of 1994 is DELETED, the same being no longer applicable.

SO ORDERED.

Mendoza, Quisumbing, Buena, and De Leon, Jr., JJ., concur.

---

[1] Rollo, p. 29.

[2] Decreeing the Emancipation of Tenants from the Bondage of the Soil Transferring to Them the Ownership of the Land They Till and Providing the Instruments and Mechanism therefor (21 October 1972).

[3] Declaring Full Land Ownership to Qualified Farmer Beneficiaries Covered by Presidential Decree No. 27, Determining the Value of Remaining Unvalued Rice and Corn Lands Subject of P.D. No. 27, and Providing for the Manner of Payment by the Farmer Beneficiary and Mode of Compensation to the Landowner (17 July 1987).

[4] Rollo, p. 52.

[5] Records, p. 9.

[6] Determined by the Secretary of Agrarian Reform (SAR) through the Barangay Committee on Land Productivity; Records, p. 42.

[7] Determined by the SAR using the AGP of 25.66 and GSP of P35.00; Records, p. 43-45.

[8] Rollo, p. 10.

[9] Id., p. 9.

[10] While the hearing in the PARAD was ongoing, the DAR Regional Director of Region II was still conducting his own valuation proceedings for the Secretary. He was in the process of valuing Parcel 3 with TCT No 16653 when the aforementioned ruling of the PARAD was promulgated. Thus, in the "Claim Folder" sent to petitioner, the Regional Director II adopted the AGP declared by the PARAD. Abiding by the PARAD ruling, the Director also used the GSP in 1992 instead of the GSP in 1972, which the SAR used in valuing Parcel 1. As a result, Parcel 3 was estimated at P570,007.25. However, although both the PARAD and the Regional Director used the same formula, the valuation for Parcel 3 did not tally since the PARAD found that the lot actually transferred to beneficiaries was larger than what the Director had estimated.

[11] Decision of the PARAD wherein the GSP for 1992 was used to value the land in accordance with the ruling in Galeon v. Pastoral, CA-G.R. SP No. 23168; Rollo, p. 36.

[12] This valuation was computed using the AGPs stated therein and the GSP of P300.00 for rice land and P250.00 for corn land; Records, p. 18.

[13] Records, p. 19.

[14] Letter of SAR to LBP; Rollo, p. 39.

[15] The SAR valued Parcel 1 at P22,952.97; see Note 5.

[16] Rollo, p. 40.

[17] x x x 2. All land valuation cases which involve just compensation issues under Presidential Decree No. 27 may, upon proper motion, be returned to the LBP for recomputation in accordance with the mandate under Administrative Order No. 13, s. 1994. We would like to inform all Adjudicators that the DARAB does not have jurisdiction to hear valuation cases relative to PD 27, such matters being considered as part of the administrative implementation of PD 27, and therefore cognizable exclusively by the Office of the Secretary. This principle is found in Section 12 of Presidential Decree No. 946, which states the following: x x x Provided however that matters involving the administrative implementation of the transfer of land to the tenant farmer under Presidential Decree No. 27 and amendatory and related decrees, orders, instructions, rules and regulations shall be exclusively cognizable by the Secretary of Agrarian Reform, namely x x x (4) determination of the total production and value of the land to be transferred.

[18] Rollo, p. 46.

[19] Id., p.19.

[20] Id., p. 51.

[21] The Administrative Order imposed a 6% compounded interest per annum on the determined Land Value belonging to landowners who have not been paid from the time their lands were taken.

[22] Rollo, p. 77.

[23] Recognizing the Court of Agrarian Relations, Streamlining their Procedures and for Other Purposes (17 July 1976); Sec. 12. Jurisdiction over Subject Matter. - The Court of Agrarian Relations shall have original and exclusive jurisdiction over x x x b) Questions involving rights granted and obligations imposed by laws, Presidential Decrees, Orders, Instructions, Rules and Regulations issued and promulgated in relation to the

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

agrarian reform program; Provided however that matters involving the administrative implementation of the transfer of land to the tenant farmer under Presidential Decree No. 27 and amendatory and related decrees, orders, instructions, rules and regulations shall be exclusively cognizable by the Secretary of Agrarian Reform, namely x x x (4) determination of the total production and value of the land to be transferred."

[24] Providing the Mechanism for the Implementation of the Comprehensive Agrarian Reform Program (22 July 1987); Sec. 17. Quasi Judicial Power of the DAR. - The DAR is hereby vested with quasi-judicial powers to determine and adjudicate agrarian reform matters, and shall have exclusive jurisdiction over all matters involving implementation of agrarian reform, except those falling under the exclusive original jurisdiction of the DENR and the Department of Agriculture (DA).

[25] An Act Instituting the Comprehensive Agrarian Reform Program to Promote Social Justice and Industrialization; Providing the Mechanism for its Implementation, and for Other Purposes (CARL) (10 June 1988); Sec 50. Quasi-Judicial Powers of the DAR. - The DAR is hereby vested with primary jurisdiction to determine and adjudicate agrarian reform matters and shall have exclusive original jurisdiction over all matters involving the implementation of agrarian reform, except those falling under the exclusive jurisdiction of the Department of Agriculture and the Department of Environment and Na tural Resources.

[26] Sec. 76. Repealing Clause. - Section 35 of Republic Act No. 3844, Presidential Decree No. 316, the last two paragraphs of Section 12 of Presidential Decree No. 946, Presidential Decree No 1038, and all other laws and decrees, executive orders, rules and regulations, issuances or parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

[27] See Note 17.

[28] P22,952.97; see Note 7.

[29] G.R. No 109093, 20 November 1995, 250 SCRA 176, citing Quismundo v. Court of Appeals, G.R. No. 95664, 13 September 1991, 201 SCRA 609, reiterated in Tiongson v. Court of Appeals, G.R. Nos. 85403-06, 23 September 1992, 214 SCRA 197.

[30] Sec. 1, par. (b), Rule II, 1994 Revised Rules of the DARAB.

[31] Association of Small Landowners in the Philippines, Inc. v. Secretary of Agrarian Reform, G.R. No. 78742, 14 July 1989, 175 SCRA 343.

[32] Rollo, p. 197.

[33] Amending Certain Provisions of RA 3844, as amended, entitled "The Code of Agrarian Reform in the Philippines" (21 July 1973).

[34] Agricultural Land Reform Code (8 August 1963).

[35] Rollo, p. 16.

[36] Id., p. 17.

[37] Sec. 75. Suppletory Application of Existing Legislations. - The provisions of Republic Act No. 3844 as amended, Presidential Decree Nos. 27 and 266 as amended, Executive Order Nos. 228 and 229, both Series of 1987; and other laws not inconsistent with this Act shall have suppletory effect.

[38] See Note 31.

[39] G.R. No. 93661, 4 September 1991, 201 SCRA 299.

[40] Deed of Absolute Sale.

[41] Rollo, p. 30.

[42] Records, p. 63.

[43] Rollo, p. 17.

[44] Id., pp. 201-202.

[45] Records, p. 63.

[46] Rollo, p. 200.

[47] Id., p. 39.

[48] Id., p. 46.

[49] Records, p. 63.

[50] Sec. 11, Rule XIII, 1994 DARAB Rules.

[51] LV = Land Value; AGP = Average Gross Production in cavan of 50 kilos in accordance with DAR Memorandum Circular No. 26, series of 1973.

P35 = Government Support Price for palay in 1972 pursuant to Executive Order No. 228; P31 = Government Support Price for corn in 1972 pursuant to Executive Order No. 228; n = number of years of tenancy up to effectivity date of AO No. 13.

[52] See Note 10.

[53] I. Prefatory Statement. - Presidential Decree No. 27 issued on October 21, 1972 and Executive Order No. 228 dated 17 August 1987 declared the actual tenant-tillers as deemed full owners of the land they till, thereby resulting in the effective dispossession of the landowners of their lands. A number of these lands remain unpaid in view of the non-acceptance by the landowners of the compensation due to land valuation. Had the landowner been paid from the time of taking his land and the money deposited in the bank, the money would have earned the interest rate compounded annually as authorized by banking laws, rules and regulations.

Turn this case into an audio lecture - facts, issues, ruling and doctrine - at batas.org

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at https://batas.org

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.