FLORENCIA PARIS, PETITIONER, VS. DIONISIO A. ALFECHE, JUAN L. ALFECHE, MAXIMO N. PADILLA, DIONISIO Q. MATILOS, HEIRS OF GREG A. ALFECHE, DIONISIO W. MATILO, SIMPLICIO L. ADAYA, ...

G.R. No. 139083. August 30, 2001

Ponente: PANGANIBAN, J.

Read online (full-text search, related cases, audio case brief): https://batas.org/library/g-r-no-139083/

PANGANIBAN, J.:

Homesteads are not exempt from the operation of the Land Reform Law. The right to retain seven hectares of land is subject to the condition that the landowner is actually cultivating that area or will cultivate it upon the effectivity of the said law.

The Case

The Petition for Review before us assails the June 4, 1999 Decision of the Court of Appeals[1] (CA), in CA-GR SP No. 45738, which affirmed the ruling of the Department of Agrarian Reform Adjudication Board (DARAB). The decretal portion of the CA Decision reads:

> "WHEREFORE, [there being] no grave abuse of discretion x x x committed by DARAB, the instant petition is hereby DENIED DUE COURSE and DISMISSED. Costs against the petitioner."[2]

The Decision of the DARAB, which was affirmed by the CA, had disposed as follows:

> "WHEREFORE, premises considered, the assailed Decision dated March 19, 1992 is hereby REVERSED and SET ASIDE, and a new one is entered:
>
> 1. Declaring the private respondents to be full owners of the land they till pursuant to Presidential Decree No. 27 and Executive Order No. 228;
>
> 2. Declaring the validity of the Emancipation Patents issued to private respondents; and
>
> 3. Dismissing the case."[3]

The Facts

The Court of Appeals narrates the facts thus:

> "Petitioner is the registered owner of a parcel of land situated at Paitan, Quezon, Bukidnon with an area of 10.6146 hectares, more or less, covered by Transfer Certificate of Title No. T-8275 and another property with an area of 13.2614 hectares covered by Original Certificate of Title No. P-4985, also located at Paitan, Quezon, Bukidnon; the said parcels are fully tenanted by private respondents herein who are recipients of Emancipation Patents in their names pursuant to Operation Land Transfer under P.D. 27 (Annexes `A', A-1' to A-18) notwithstanding the fact that neither the tenants nor the Land Bank of the Philippines (LBP) [has] paid a single centavo for the said land. Petitioner and the tenants have not signed any Land Transfer Production Agreement. Petitioner and her children have been deprived of their property without due process of law and without just compensation, especially so that the tenants have already stopped paying rentals as of December 1988 to the

damage and prejudice of petitioner.

"Petitioner contends that since she is entitled to a retention of seven (7) hectares under P.D. 27 and/or 5 hectares and 3 hectares each for her children under the Comprehensive Agrarian Reform Law (CARL), the tenants are not supposed to acquire the subject land and the Emancipation Patents precipitately issued to them are null and void for being contrary to law. Petitioner further alleged that she owns the subject property covered by OCT No. P-4985 as original homestead grantee who still owned the same when Republic Act No. 6657 was approved, thus she is entitled to retain the area to the exclusion of her tenants. As regards TCT No. 8275, petitioner has applied for retention of seven hectares per Letter of Retention attached as Annex `B', that the lands subject of the instant petition are covered by Homestead Patents, and as decided by the Supreme Court in the cases of Patricio vs. Bayug (112 SCRA 41) and Alita vs. Court of Appeals (170 SCRA 706), the homesteaders and their heirs have the right to cultivate their homesteads personally, which is a superior right over that of tenant-farmers.

"Petitioner moved for the cancellation and recall of the Emancipation Patents issued to private respondents-farmers and to restore to petitioner and her children the ownership and cultivation of the subject lots plus payment of back rentals from the time they stopped paying the same until ejected therefrom.

"Respondents filed their answer dated May 29, 1991 and admitted the generation and issuance of Emancipation Patents to private respondents as tenant-farmers thereof and the Supreme Court rulings on the Bayug and Alita cases relative to homestead patents, but denied the rest of the material allegations for want of knowledge or information as to the truth relative thereto. Respondents alleged that when the subject lands were covered under P.D. 27, the petitioner was repeatedly informed and invited by the DAR Office at Valencia, Bukidnon to thresh out the matter; that petitioner's right to retain seven (7) hectares is not absolute since she owns other agricultural landholdings, thus disqualifying her to retain the area, aside from the fact that she has other properties sufficient to support her family as shown in the Certification of the Provincial Assessor's Office listing down the petitioner's landholdings (Annex `2'). By way of special affirmative defenses, respondents averred that the criteria set forth under P.D. 27 were observed before the generation of the Emancipation Patents; that under Executive Order No. 228, the tenant-farmers under P.D. 27 are deemed full owners of the lands they till and the lease rentals paid by them should be considered as amortization payments; that under LOI 474, petitioner who owns more than seven (7) hectares of lands are not entitled to retention. Respondents prayed for the dismissal of the case. They likewise prayed that the Emancipation Patents issued to private respondents and their peaceful possession of their farm lots be respected.

"The Adjudicator a quo conducted a hearing and afforded the parties their day in court and the opportunity to present their evidence. On August 13, 1991, the Adjudicator a quo issued an Order for the parties to submit their respective position papers with evidence to buttress their allegations. On March 10, 1992, the Adjudicator a quo rendered the decision, thus:

"`WHEREFORE, in the light of the foregoing, this Adjudicator declares the following:

- That all the Emancipation Patents issued to tenants-respondents shall be cancelled and recalled;

- That the Register of Deeds of Malaybalay, Bukidnon shall cancel all Emancipation Patents registered under the names of the herein tenants-respondents; and

- That back rentals due to the petitioners, which were given to the LBP as amortizations, shall be given to the said petitioner.'"[4]

On appeal, the DARAB reversed the adjudicator.

Ruling of the Court of Appeals

The CA rejected the claim of petitioner. It ruled that she could not retain her homesteads, since she was not the

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

actual cultivator thereof. It also held that she and her heirs had not been deprived of their right to retain the area mandated by law, because the records showed that they had other agricultural landholdings. Finally, it ruled that she had not been deprived of her properties without just compensation, since "Section 2 of Executive Order 228 declared that tenant-farmers of agricultural lands under P.D. 27 are deemed owners of the land they till and the lease rentals paid by them shall be considered as amortization payments."[5]

Hence, this Petition.[6]

The Issues

In her Memorandum, petitioner submits the following issues for our consideration:

> "I. Whether or not the original homesteads issued under the public land act [are] exempted from the operation of land reform.
>
> "II. Granting arguendo that homesteads are not exempt, whether or not the Emancipation Patents issued to the respondents are valid notwithstanding lack of payment of just compensation.
>
> "III. On the assumption that homesteads are exempt from land reform and/or the emancipation patents are illegally issued hence, void, can the respondents be ejected from the premises in question?"[7]

The Court's Ruling

The Petition is partly meritorious. Respondents are entitled to the lands they till, subject to the determination and payment of just compensation to petitioner.

First Issue:
Petitioner's Homesteads Not
Exempt from Land Reform

Petitioner contends that because the subject properties are covered by homestead patents, they are exempt from the operation of land reform. In support of her position, she cites the cases Alita v. CA[8] and Patricio v. Bayug,[9] in which the Court ruled that homesteaders had a superior right to cultivate their homesteads as against their tenants.

Petitioner's contention is without legal basis. Presidential Decree (PD) No. 27, under which the Emancipation Patents sought to be cancelled here were issued to respondents, "applies to all tenanted private agricultural lands primarily devoted to rice and corn under a system of share-crop or lease-tenancy, whether classified as landed estate or not."[10] The law makes no exceptions whatsoever in its coverage. Nowhere therein does it appear that lots obtained by homestead patents are exempt from its operation.

The matter is made even clearer by Department Memorandum Circular No. 2, Series of 1978, which states: "Tenanted private agricultural lands primarily devoted to rice and/or corn which have been acquired under the provisions of Commonwealth Act 141, as amended, shall also be covered by Operation Land Transfer." Unquestionably, petitioner's parcels of land, though obtained by homestead patents under Commonwealth Act 141, are covered by land reform under PD 27.

Petitioner's claimed entitlement to retain seven (7) hectares is also untenable. PD 27, which provides the retention limit, states:

> "In all cases, the landowner may retain an area of not more than seven (7) hectares if such landowner is cultivating such area or will now cultivate it."

Clearly, the right to retain an area of seven hectares is not absolute. It is premised on the condition that the

landowner is cultivating the area sought to be retained or will actually cultivate it upon effectivity of the law.

In the case at bar, neither of the conditions for retention is present. As admitted by petitioner herself, the subject parcels are fully tenanted; thus, she is clearly not cultivating them, nor will she personally cultivate any part thereof. Undoubtedly, therefore, she has no right to retain any portion of her landholdings.

Even under the current primary law on agrarian reform, Republic Act (RA) No. 6657, to which the application of PD 27 is suppletory, petitioner's lands are subject to land reform. The said Act lays down the rights of homestead grantees as follows:

> "SEC. 6. Retention Limits. - Except as otherwise provided in this Act, no person may own or retain, directly or indirectly, any public or private agricultural land, the size of which shall vary according to factors governing a viable family-sized farm, such as commodity produced, terrain, infrastructure, and soil fertility as determined by the Presidential Agrarian Reform Council (PARC) created hereunder, but in no case shall retention by the landowner exceed five (5) hectares. Three (3) hectares may be awarded to each child of the landowner, subject to the following qualifications: (1) that he is at least fifteen (15) years of age; and (2) that he is actually tilling the land or directly managing the farm; Provided, That landowners whose lands have been covered by PD 27 shall be allowed to keep the area originally retained by them thereunder; Provided, further, That original homestead grantees or their direct compulsory heirs who still own the original homestead at the time of the approval of this Act shall retain the same areas as long as they continue to cultivate said homestead." (italics supplied)

Indisputably, homestead grantees or their direct compulsory heirs can own and retain the original homesteads, only for "as long as they continue to cultivate" them. That parcels of land are covered by homestead patents will not automatically exempt them from the operation of land reform. It is the fact of continued cultivation by the original grantees or their direct compulsory heirs that shall exempt their lands from land reform coverage.

In the present case, as previously pointed out, neither petitioner nor her heirs are personally cultivating the subject homesteads. The DAR and the CA found that respondents were the ones who had been cultivating their respective portions of the disputed properties.

However, petitioner can retain five (5) hectares in accordance with Section 6 of RA 6657, which requires no qualifying condition for the landowner to be entitled to retain such area. This ruling is in line with Association of Small Landowners in the Philippines, Inc. v. Secretary of Agrarian Reform, from which we quote:

> "x x x. In any event, assuming that the petitioners have not yet exercised their retention rights, if any, under PD No. 27, the Court holds that they are entitled to the new retention rights provided for by RA No. 6657, which in fact are on the whole more liberal than those granted by the decree."

Petitioner's heirs, however, are not entitled to awards of three (3) hectares each, since they are not actually tilling the parcels or directly managing the farm.

Patricio v. Bayug and Alita v. CA
Not Applicable

Petitioner insists that the appellate court ignored the ruling of the Court in Patricio v. Bayug[11] and Alita v. CA.[12] She relies on the following pronouncement in Patricio: "We hold that the more paramount and superior policy consideration is to uphold the right of the homesteader and his heirs to own and cultivate personally the land acquired from the State without being encumbered by tenancy relations."[13] She also cites the statement in Alita that "the inapplicability of P.D. 27 to lands covered by homestead patents like those of the property in question" finds support in the aforecited Section 6 of RA 6657.[14] A closer look at these cases shows that they are not applicable to the issues in the present case.

In Patricio, the owner and his heirs had previously cultivated the homestead, which was later sold but subsequently reconveyed to the former. After the reconveyance, the owner's heirs wanted to resume their cultivation of the homestead, but the previous buyer's tenants did not want to leave it. In Alita, the owner was also desirous of personally cultivating the homestead; but the tenants, not wanting to relinquish it, were asserting their own right to continue cultivating it. Thus, under these circumstances, the Court upheld the right of the homestead owners over that of the tenants.

In the case at bar, petitioner herself has not personally cultivated the parcels of land. Neither has she or her heirs expressed, at any time, any desire to cultivate them personally. She is invoking, yet is clearly not intending to ever actually exercise, her alleged right as homesteader to own and personally cultivate them.

Thus, the rulings in both Patricio and Alita, which are in line with the state objective of fostering owner cultivatorship[15] and of abolishing tenancy,[16] would be inapplicable to the present case. Since petitioner and her heirs have evinced no intention of actually cultivating the lands or even directly managing the farm, they will undoubtedly continue to be absentee landlords. Therefore, to blindly and indiscriminately apply the ruling in the cited cases would be tantamount to encouraging feudalistic practices and going against the very essence of agrarian reform. This we cannot sanction.

Second Issue: Just Compensation

It is undisputed that the subject parcels were covered by Operation Land Transfer under PD 27, and that private respondents were identified as beneficiaries. In fact, Emancipation Patents have already been issued to them.

Petitioner, however, claims that she was not paid just compensation and, thus, prays for the cancellation of the Emancipation Patents issued to respondents under PD 27. She contends that "it is illegal for the DAR to take property without full payment of just compensation[;] until full payment is done the title and ownership remain with the landholder."[17]

Petitioner's contention has merit. Section 2 of PD 266 states:

> "After the tenant-farmer shall have fully complied with the requirements for a grant of title under Presidential Decree No. 27, an Emancipation Patent and/or Grant shall be issued by the Department of Agrarian Reform on the basis of a duly approved survey plan."

On the other hand, paragraphs 8 and 9 of PD 27 reads 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 (2 ½) times the average harvest of three normal crop years immediately preceding the promulgation of this Decree;
>
> "The total cost of the land, including interest at the rate of six (6) per centum per annum, shall be paid by the tenant in fifteen (15) years of fifteen (15) equal annual amortizations[.]"

Although, under the law, tenant farmers are already deemed owners of the land they till, they are still required to pay the cost of the land, including interest, within fifteen years before the title is transferred to them. Thus, the Court held in Association of Small Landowners in the Philippines v. Secretary of Agrarian Reform:[18]

> "It is true that PD 27 expressly ordered the emancipation of tenant-farmers as of October 21, 1972 and declared that he shall `be deemed the owner' of a portion of land consisting of a family-sized farm except that `no title to the land owned by him was to be actually issued to him unless and until he had become a full-fledged member of a duly recognized farmers' cooperative.' It was understood, however, that full payment of the just compensation also had to be made first, conformably to the constitutional requirement."

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

In the case at bar, there is no showing that respondents complied with the requirement of full payment of the cost of the parcels of land. As they themselves admitted,[19] their value had not even been determined yet. In the absence of such determination, the Court cannot rule that just compensation has already been fully paid.

Presidential Decree 27 and subsequently Executive Order (EO) 228, which recognized the rights acquired by tenant-farmers under PD 27, provide in detail the computation to be used in arriving at the exact total cost of the parcels of land. Evidently, therefore, the law recognizes that their exact value, or the just compensation to be given to the landowner, cannot just be assumed; it must be determined with certainty before the land titles are transferred.

Although EO 228 provides that the total lease rentals paid for the lands from October 21, 1972 shall be considered as advance payment, it does not sanction the assumption that such rentals are automatically considered as equivalent to just compensation for the land. The provision significantly designates the lease rentals as advance, not full, payment. The determination of the exact value of the lands cannot simply be brushed aside, as it is fundamental to the determination of whether full payment has been made.

Necessarily, the lease rentals admittedly paid by respondents until December 1988 cannot, at this point, be considered as full settlement of the value of the lands or as just compensation for them. The value of the subject lands was never determined; thus, there is no amount that can be used as basis for applying the lease rentals.

Under the circumstances, actual title to the subject lands remains with petitioner. Clearly then, under PD 27 and EO 228, the application of the process of agrarian reform to the subject lands is still incomplete.

Considering the passage of RA 6657 before the completion of the application of the agrarian reform process to the subject lands, the same should now be completed under the said law, with PD 27 and EO 228 having only suppletory effect. This ruling finds support in Land Bank of the Philippines v. CA,[20] wherein the Court stated:

> `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 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; x x x 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 this Court applied the provisions (of) 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."

In determining the amount to be paid petitioner, all lease rentals paid by respondents to her after October 21, 1972 should be deducted therefrom. This formula is intended to put into effect the provision of Section 2 of EO 228.

Third Issue: Tenants Cannot Be Ejected

Petitioner submits that aside from cancelling the Emancipation Patents issued to respondents, the ejectment of the

latter from the premises should be ordered by the Court, in accordance with the doctrine in Patricio.

Petitioner's position is unfounded. As earlier explained, Patricio finds no application to the case at bar. Thus, there is no justification for ejecting respondents. Besides, Section 22 of RA 6657 expressly states that "actual tenant-tillers in the landholding shall not be ejected or removed therefrom." Furthermore, there is no reason for ejecting the tillers with respect to the area of five hectares, which petitioner may choose to retain. Section 6 of RA 6657 further states:

> "The right to choose the area to be retained, which shall be compact or contiguous, shall pertain to the landowner; Provided, however, That in case the area selected for retention by the land owner is tenanted, the tenant shall have the option to choose whether to remain therein or be a beneficiary in the same or another agricultural land with similar or comparable features. In case the tenant chooses to remain in the retained area, he shall be considered a lease holder and shall lose his right to be a beneficiary under this Act. In case the tenant chooses to be a beneficiary in another agricultural land, he loses his right as a lease-holder to the land retained by the landowner. The tenant must exercise this option within a period of one (1) year from the time the landowner manifests his choice of the area for retention."
>
> "In all cases, the security of tenure of the farmers or farm workers on the land prior to the approval of this Act shall be respected."

The current provision on retention removes the necessity, present under PD 27, of ejecting actual tillers. Under the current law, landowners who do not personally cultivate their lands are no longer required to do so in order to qualify for the retention of an area not exceeding five hectares. Instead, they are now required to maintain the actual tiller of the area retained, should the latter choose to remain therein.

WHEREFORE, the Petition is partially GRANTED. The assailed Decision of the Court of Appeals is hereby SET ASIDE. The Decision of the provincial agrarian reform adjudicator is REINSTATED with the modification that the lease rentals, which respondents have already paid to petitioner after October 21, 1972, are to be considered part of the purchase price for the subject parcels of land.

SO ORDERED.

Melo, (Chairman), Vitug, Gonzaga-Reyes, and Sandoval-Gutierrez, JJ., concur.

---

[1] Fourteenth Division. The Decision was written by J. Demetrio G. Demetria with the concurrence of JJ Ramon A. Barcelona (Division chairman) and Mariano M. Umali (member).

[2] CA Decision, p. 6; rollo, p. 22.

[3] Rollo, p. 38.

[4] CA Decision, pp. 2-4; rollo, pp. 18-20.

[5] CA Decision, p. 6; rollo, p. 22.

[6] The case was deemed submitted for resolution on November 17, 2000, upon receipt by this Court of the Office of Solicitor General's Memorandum/Comment signed by Sol. Gen. Ricardo P. Galvez, Asst. Sol. Gen. Roman G. Del Rosario and Sol. Ma. Theresa Dolores C. Gomez-Estoesta. Respondents' Memorandum, signed by Atty. Francisco H. Albarracin Jr. of the Department of Agrarian Reform Legal Services Division, was received on February 7, 2000.

[7] Petitioner's Memorandum, p. 6; rollo, p. 41.

[8] 170 SCRA 706, February 27, 1989.

[9] 112 SCRA 41, February 16, 1982.

[10] Ministry Memorandum Circular No. 18-81.

[11] 112 SCRA 41, February 16, 1982.

[12] 170 SCRA 706, February 27, 1989.

[13] Supra, p. 45, per Aquino, J.

[14] Supra, p. 710; per Paras, J.

[15] RA 6657.

[16] PD 152.

[17] Petitioner's Memorandum, p. 9; rollo, p. 44.

[18] 175 SCRA 343,390, July 14, 1989; per Cruz, J.

[19] Comment, p. 5; rollo, p. 31.

[20] 321 SCRA 629, 641, December 29, 1999; per Bellosillo, J.

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