LAND BANK OF THE PHILIPPINES, PETITIONER, VS. HEIR OF TRINIDAD S. VDA. DE ARIETA, REPRESENTED BY THE SOLE AND ONLY HEIR, ALICIA ARIETA TAN, RESPONDENT.

G.R. No. 161834. August 11, 2010

Ponente: VILLARAMA, JR., J.

Read online (full-text search, related cases, audio case brief): https://batas.org/library/g-r-no-161834/

VILLARAMA, JR., J.:

Before us is a petition for review on certiorari filed by petitioner under Rule 45 of the 1997 Rules of Civil Procedure, as amended, to reverse and set aside the Decision[1] dated August 8, 2003 of the Court of Appeals (CA) in CA-G.R. SP No. 76572 denying its petition for certiorari and sustaining the Orders dated December 12, 2002 and February 17, 2003 of the Regional Trial Court (RTC) (Special Agrarian Court [SAC]) of Tagum City, Davao del Norte, Branch 2 in DAR Case No. 79-2002.

The antecedents are set forth in the CA Decision:

> Private respondent is the registered owner of a parcel of agricultural land situated in Sampao, Kapalong, Davao del Norte with an approximate area of 37.1010 hectares covered by Transfer Certificate of Title No. T-49200, 14.999 hectares of which was covered by RA No. 6657 through the Voluntary Offer to Sell (VOS) scheme of the Comprehensive Agrarian Reform Program (CARP).
>
> Private respondent offered to the Department of Agrarian Reform (DAR) the price of P2,000,000.00 per hectare for said portion of the land covered by CARP.
>
> Petitioner Land Bank of the Philippines (LBP) valued and offered as just compensation for said 14.999 hectares the amount of P1,145,806.06 or P76,387.57 per hectare. The offer was rejected by private respondent.
>
> In accordance with Section 16 of RA No. 6657, petitioner LBP deposited for the account of private respondent P1,145,806.06 in cash and in bonds as provisional compensation for the acquisition of the property.
>
> Thereafter, the DAR Adjudication Board (DARAB), through the Regional Adjudicator (RARAD) for Region XI conducted summary administrative proceedings under DARAB Case No. LV-XI-0330-DN-2002 to fix the just compensation.
>
> On June 26, 2002, the DARAB rendered a decision fixing the compensation of the property at P10,294,721.00 or P686,319.36 per hectare.
>
> Petitioner LBP filed a motion for reconsideration of the above decision but the same was denied on September 4, 2002.
>
> Petitioner LBP filed a petition against private respondent for judicial determination of just compensation before the Special Agrarian Court, Regional Trial Court, Branch 2, Tagum City, docketed as DAR Case No. 78-2002, which is the subject of this petition.
>
> Private respondent, on the other hand, filed a similar petition against DAR before the same Special Agrarian Court docketed as DAR Case No. 79-2002, to which petitioner LBP filed its answer and moved for the

dismissal of the petition for being filed out of time.

Private respondent filed a Motion for Delivery of the Initial Valuation praying that petitioner LBP be ordered to deposit the DARAB determined amount of P10,294,721.00 in accordance with the Supreme Court ruling in "Land Bank of the Philippines vs. Court of Appeals, Pedro L. Yap, Et Al., G.R. No. 118712, October 6, 1995".

Petitioner LBP filed a Manifestation praying that the amount of the deposit should only be the initial valuation of the DAR/LBP in the amount of P1,145,806.06 and not P10,294,721.00 as determined by the DARAB.

On December 12, 2002, public respondent rendered the assailed resolution ordering petitioner LBP to deposit for release to the private respondent the DARAB determined just compensation of P10,294,721.00.

On December 13, 2002, petitioner LBP filed a motion for reconsideration of the said order to deposit.

On December 17, 2002, private respondent filed a motion to cite Romeo Fernando Y. Cabanal and Atty. Isagani Cembrano, manager of petitioner LBP's Agrarian Operations Office in Region XI and its handling lawyer, respectively, for contempt for failure to comply with the order to deposit.

After the filing of private respondent's comment to the motion for reconsideration and petitioner LBP's explanation and memorandum to the motion for reconsideration, public respondent rendered the assailed resolution dated February 17, 2003, denying petitioner LBP's motion for reconsideration.

Petitioner LBP filed a motion to admit a second motion for reconsideration which still remains unacted upon by public respondent.

Hence, this petition based on the following grounds:

"I. THE SAC ORDER TO DEPOSIT HAD NO LEGAL BASIS, CONSIDERING THAT THE REQUIREMENT FOR THE PROMPT PAYMENT OF JUST COMPENSATION TO THE PRIVATE RESPONDENT WAS SATISFIED BY THE DEPOSIT OF THE PROVISIONAL COMPENSATION OF P1,145,806.06 REQUIRED UNDER SECTION 16 (E) OF RA 6657 AND THE RULING IN THE CASE OF `LAND BANK OF THE PHILIPPINES V. COURT OF APPEALS, PEDRO L. YAP, ET AL.', G.R. NO. 118712, OCTOBER 6, 1995 AND JULY 5, 1996.

II. THE SPECIAL AGRARIAN COURT IS NOT AN APPELLATE COURT FOR DARAB DECISIONS ON COMPENSATION AND HAS NO JURISDICTION TO REVIEW, ADOPT, OR ORDER THE EXECUTION OF DARAB DECISIONS ON COMPENSATION PENDING FINAL DETERMINATION OF JUST COMPENSATION OR TO PREJUDGE THE CASE IN VIOLATION OF PETITIONER'S RIGHT TO DUE PROCESS OF LAW."[2]

On August 8, 2003, the CA dismissed the petition holding that the assailed orders of the SAC are correct and within the parameters of Republic Act (R.A.) No. 6657, thus:

Section 16 (a) refers to an "offer" of the DAR to pay a corresponding value of the land. Facts of the case show that P1,145,806.06 was the offered price which was rejected by the private respondent.

In cases of rejection of the offer, Section 16(d) states that there shall be a summary administrative proceedings to determine the compensation for the land. Hence, the proceedings before the DARAB, through the RARAD for Region XI as in this case.

Note that in Sections 16(a) to (d), or, during the offer until its rejection, there was no reference to a deposit of the compensation.

The reference to a deposit of the compensation appears only in Section 16(e) or after the DAR, in a summary administrative proceedings, had determined or decided the case relative to the compensation of the land.

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

> If it had been the intention of the law to require the deposit of the compensation based on the offer or in the amount of P1,145,806.06, the law should have stated such.
>
> The reference to the "deposit" right after [the] decision of the DARAB shall have been rendered, obviously means that the amount of the deposit should be based on the DARAB decision. Otherwise, there would be no need to institute an administrative proceeding before the DARAB, before a deposit shall be required.
>
> In the case of Association of Small Landowners in the Philippines, Inc. vs. Secretary of Agrarian Reform, the Supreme Court held that the determination made by the DAR is only preliminary unless accepted by all parties concerned.
>
> Apropos, it was held in the case of Land Bank of the Philippines vs. Court of Appeals and Jose Pascual that it is the DARAB which has the authority to determine the initial valuation of lands involving agrarian reform although such valuation may only be considered preliminary as the final determination of just compensation is vested in the courts.
>
> Therefore, the deposit of the initial valuation referred to in Section 16 of RA No. 6657 is the DAR-determined amount or in this case, the amount of P10,294,721.00.
>
> The assailed orders of the SAC are correct and within the parameters of RA No. 6657.[3] [italics supplied.]

Petitioner LBP filed a motion for reconsideration but the same was denied by the CA on January 21, 2004.[4]

In this recourse from the appellate court's ruling, petitioner alleges that:

> THE COURT OF APPEALS GRAVELY ERRED ON A QUESTION OF LAW IN DENYING AND/OR DISMISSING THE PETITION FOR CERTIORARI FILED BY LBP, THEREBY AFFIRMING THE ORDER OF THE SAC A QUO THAT THE DEPOSIT OF THE INITIAL VALUATION REFERRED TO IN SECTION 16 OF RA 6657 IS THE NON-FINAL DAR ADJUDICATION BOARD (DARAB)-DETERMINED AMOUNT OR IN THIS CASE, THE AMOUNT OF P10,294,721.00.[5]

Petitioner argues that a reading of Section 16 shows that the "rejection" by the landowner refers to the "offer" of the DAR as compensation for the land as initially valued by LBP pursuant to Executive Order (EO) No. 405, and not the compensation award contained in the decision of the DARAB/RARAD. It contends that the CA's interpretation would only inject obscurity and vagueness in the law, which is otherwise clear and unambiguous. The over-stretching of the connotation and meaning of "rejection" as relating to the decision of the DARAB/RARAD, as the CA would have it, is utterly wrong and not within the intendment of Section 16. Obviously, sub-paragraph (e) does not make any reference at all to the decisions of quasi-judicial bodies. If the law so intended to attach connotation to the word "rejection" in sub-paragraph (e) in relation to the decisions of the DARAB/RARAD, or the word "deposit" in relation to the compensation award of the DARAB/RARAD, sub-paragraph (e) should have stated it plain and clear.[6]

Petitioner points out that the amount it deposited as provisional compensation is the starting point for the cancellation of the title of the landowner in favor of the Government, while the administrative proceeding for the determination of just compensation is ongoing with the DARAB. Thus, if the amount to be deposited is the amount as determined by the PARAD, RARAD or DARAB, then the implementation of the CARP will be adversely affected since the cancellation of the landowner's title will now depend on how fast the decision would be rendered by said quasi-judicial bodies. Logic, therefore, dictates that the amount that should be deposited is the amount initially offered by the DAR and not the amount as determined by a quasi-judicial body like the PARAD, RARAD or DARAB.[7]

Citing DAR Administrative Order (AO) No. 02, series of 1996, which converted all existing trust deposits and

instituted a new procedure on the direct deposit in cash and bonds, petitioner asserts that the provisional compensation consists of the original DAR/LBP valuation offered to the landowner, following the correct interpretation of Section 16 (e) of R.A. No. 6657. This deposit is done only once, that is, after the landowner rejects the original valuation offered by DAR/LBP. It must also be noted from the procedure provided in DAR AO No. 02, the request by the DAR to the DARAB/RARAD/PARAD to conduct administrative proceedings is done only after a request to deposit the initial/original compensation proceeds had been made by the DAR to LBP; the amount to be deposited is that offered initially by the DAR based on the valuation made by LBP pursuant to EO No. 405.[8]

Petitioner further points out that with thousands of cases involving compensation of lands, if LBP were to implement the SAC order that the PARAD/RARAD valuation is the one (1) to be deposited but thereafter the valuation by LBP is finally upheld by the Court as the just compensation due to the landowner, petitioner will be faced with an enormous responsibility of filing recovery suits against thousands of landowners. It stressed that once deposited, the inordinately high valuation would be under the complete disposal of the landowner, the withdrawal thereof, pending final determination by the Court of just compensation, is only made subject to compliance with payment release requirements of petitioner. Indeed, the SAC misinterpreted the law and if its erroneous order is implemented, it will create financial havoc to the already scarce Agrarian Reform Fund (ARF) because every victorious party before the RARAD/PARAD/DARAB will surely move for a similar "order to deposit" their compensation award even if the cases for judicial determination of just compensation are still pending before the SAC.[9]

On the other hand, respondent points out that petitioner did not appeal the decision of the RARAD to the Board, and hence, the administrative proceeding for determination of just compensation is over. The proceeding before the SAC is not an appeal from the decision of the RARAD. Consequently, what is to be deposited is not the initial valuation by petitioner but that of the RARAD. Moreover, if petitioner's interpretation of Section 16 is upheld, it will render the proceedings before the DARAB useless, for after all it is the LBP's valuation which will be followed.[10]

The lone issue in this controversy is the correct amount of provisional compensation which the LBP is required to deposit in the name of the landowner if the latter rejects the DAR/LBP's offer. Petitioner maintains it should be its initial valuation of the land subject of Voluntary Offer to Sell (VOS) while respondent claims it pertains to the sum awarded by the PARAD/RARAD/DARAB in a summary administrative proceeding pending final determination by the courts.

The petition is meritorious.

Section 16 of R.A. No. 6657 reads:

> SEC. 16. Procedure for Acquisition of Private Lands. -- For purposes of acquisition of private lands, the following procedures shall be followed:
>
> (a) After having identified the land, the landowners and the beneficiaries, the DAR shall send its notice to acquire the land to the owners thereof, by personal delivery or registered mail, and post the same in a conspicuous place in the municipal building and barangay hall of the place where the property is located. Said notice shall contain the offer of the DAR to pay a corresponding value in accordance with the valuation set forth in Sections 17, 18, and other pertinent provisions hereof.
>
> (b) Within thirty (30) days from the date of receipt of written notice by personal delivery or registered mail, the landowners, his administrator or representative shall inform the DAR of his acceptance or rejection of the offer.

> (c) If the landowner accepts the offer of the DAR, the LBP shall pay the landowner the purchase price of the land within thirty (30) days after he executes and delivers a deed of transfer in favor of the Government and surrenders the Certificate of Title and other muniments of title.
>
> (d) In case of rejection or failure to reply, the DAR shall conduct summary administrative proceedings to determine the compensation for the land by requiring the landowner, the LBP and other interested parties to submit evidence as to the just compensation for the land, within fifteen (15) days from the receipt of the notice. After the expiration of the above period, the matter is deemed submitted for decision. The DAR shall decide the case within thirty (30) days after it is submitted for decision.
>
> (e) Upon receipt by the landowner of the corresponding payment or in case of rejection or no response from the landowner, upon the deposit with an accessible bank designated by the DAR of the compensation in cash or in LBP bonds in accordance with this Act, the DAR shall take immediate possession of the land and shall request the proper Register of Deeds to issue a Transfer Certificate of Title (TCT) in the name of the Republic of the Philippines. The DAR shall thereafter proceed with the redistribution of the land to the qualified beneficiaries.
>
> (f) Any party who disagrees with the decision may bring the matter to the court of proper jurisdiction for final determination of just compensation. [emphasis supplied.]

According to the CA, the deposit of provisional compensation mentioned in sub-paragraph (e) pertains to that amount awarded by the DAR in the summary administrative proceeding under the preceding sub-paragraph (d). It noted that the word "deposit" was not mentioned until after sub-paragraph (d), when the DAR is tasked to conduct a summary administrative proceeding. Otherwise, said the appellate court, there would be no need to institute an administrative proceeding before the DARAB, before a deposit is required.

We find the foregoing as a strained interpretation of a simple and clear enough provision on the procedure governing acquisition of lands under CARP, whether under the compulsory acquisition or VOS scheme. Indeed, it would make no sense to mention anything about the provisional deposit in sub-paragraphs (a) and (b) - the landowner is sent a notice of valuation to which he should reply within a specified time, and in sub-paragraph (c) - when the landowner accepts the offer of the DAR/LBP as compensation for his land. Sub-paragraph (d) provides for the consequence of the landowner's rejection of the initial valuation of his land, that is, the conduct of a summary administrative proceeding for a preliminary determination by the DARAB through the PARAD or RARAD, during which the LBP, landowner and other interested parties are required to submit evidence to aid the DARAB/RARAD/PARAD in the valuation of the subject land. Sub-paragraph (e), on the other hand, states the precondition for the State's taking of possession of the landowner's property and the cancellation of the landowner's title, thus paving the way for the eventual redistribution of the land to qualified beneficiaries: payment of the compensation (if the landowner already accepts the offer of the DAR/LBP) or deposit of the provisional compensation (if the landowner rejects or fails to respond to the offer of the DAR/LBP). Indeed, the CARP Law conditions the transfer of possession and ownership of the land to the government on receipt by the landowner of the corresponding payment or the deposit of the compensation in cash or LBP bonds with an accessible bank.[11]

It was thus erroneous for the CA to conclude that the provisional compensation required to be deposited as provided in Section 16 (e) is the sum determined by the DARAB/PARAD/RARAD in a summary administrative proceeding merely because the word "deposit" appeared for the first time in the sub-paragraph immediately succeeding that sub-paragraph where the administrative proceeding is mentioned (sub-paragraph d). On the contrary, sub-paragraph (e) should be related to sub-paragraphs (a), (b) and (c) considering that the taking of possession by the State of the private agricultural land placed under the CARP is the next step after the DAR/LBP has complied with notice requirements which include the offer of just compensation based on the initial valuation

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

by LBP. To construe sub-paragraph (e) as the appellate court did would hamper the land redistribution process because the government still has to wait for the termination of the summary administrative proceeding before it can take possession of the lands. Contrary to the CA's view, the deposit of provisional compensation is made even before the summary administrative proceeding commences, or at least simultaneously with it, once the landowner rejects the initial valuation ("offer") by the LBP. Such deposit results from his rejection of the DAR offer (based on the LBP's initial valuation). Both the conduct of summary administrative proceeding and deposit of provisional compensation follow as a consequence of the landowner's rejection under both the compulsory acquisition and VOS. This explains why the words "rejection or failure to reply" and "rejection or no response from the landowner" are found in sub-paragraphs (d) and (e). Such "rejection"/"no response from the landowner" could not possibly refer to the award of just compensation in the summary administrative proceeding considering that the succeeding sub-paragraph (f) states that the landowner who disagrees with the same is granted the right to petition in court for final determination of just compensation. As it is, the CA's interpretation would have loosely interchanged the terms "rejected the offer" and "disagrees with the decision", which is far from what the entire provision plainly conveys.

We also find the CA's conclusion that petitioner's interpretation of Section 16 (e) would render unnecessary the filing of an administrative proceeding before the deposit is made, as untenable. Said court raised a perceived inconsistency or contradiction not found in the law. Precisely, the deposit of provisional compensation is required to be made because the landowner has rejected the initial valuation or amount offered by the DAR, which is then mandated to conduct a summary administrative proceeding for preliminary determination of just compensation. It may be that the confusion in reading the provision stems from the words "offer of the DAR"/"rejection or acceptance of the offer" used in Section 16 (b) and (c), which seemingly leaves out the active role of the LBP at the early stage of the land acquisition procedure, whether under compulsory acquisition or VOS.

Section 18 of R.A. No. 6657 provides:

> SECTION 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.
>
> x x x x

Under the law, the LBP is charged with the initial responsibility of determining the value of lands placed under land reform and the compensation to be paid for their taking.[12] Once an expropriation proceeding or the acquisition of private agricultural lands is commenced by the DAR, the indispensable role of LBP begins. EO No. 405, issued on June 14, 1990, provides that the DAR is required to make use of the determination of the land valuation and compensation by the LBP as the latter is primarily responsible for the determination of the land valuation and compensation. In fact, the LBP can disagree with the decision of the DAR in the determination of just compensation, and bring the matter to the RTC designated as SAC for final determination of just compensation.[13]

The amount of "offer" which the DAR gives to the landowner as compensation for his land, as mentioned in Section 16 (b) and (c), is based on the initial valuation by the LBP.[14] This then is the amount which may be accepted or rejected by the landowner under the procedure established in Section 16. Perforce, such initial valuation by the LBP also becomes the basis of the deposit of provisional compensation pending final determination of just compensation, in accordance with sub-paragraph (e).

> The procedure for the determination of compensation cases under Republic Act No. 6657, as devised by this

> Court, commences with the valuation by the LBP of the lands taken by the State from private owners under the land reform program. Based on the valuation of the land by the LBP, the DAR makes an offer to the landowner through a written notice. In case the landowner rejects the offer, a summary administrative proceeding is held and, afterwards, depending on the value of the land, the Provincial Agrarian Reform Adjudicator (PARAD), the Regional Agrarian Reform Adjudicator (RARAD), or the DARAB, fixes the price to be paid for the said land. If the landowner still does not agree with the price so fixed, he may bring the matter to the RTC, acting as Special Agrarian Court.[15] [emphasis supplied.]

DAR AO No. 02, series of 1996, "Revised Rules and Procedures Governing the Acquisition of Agricultural Lands Subject of Voluntary Offer to Sell and Compulsory Acquisition Pursuant to Republic Act No. 6657" reinforces the view that it is the initial valuation of the LBP which becomes the basis of the provisional compensation deposit. The following procedural steps on Valuation and Compensation under DAR AO No. 02 clearly show that such deposit of provisional compensation is to be made by LBP either before or simultaneously with the conduct of the summary administrative proceedings, without awaiting the termination of the proceedings or rendition of judgment/decision by the DARAB/RARAD/PARAD. Consequently, the amount of just compensation determined by the DARAB/RARAD/PARAD cannot be the deposit contemplated in Section 16 (e).

> Steps
>
> Responsible Agency/Unit
>
> Activity
>
> Forms/Documents (Requirements)
>
> D. Land Valuation and Compensation
>
> 13
>
> LBP-LVLCO
>
> Receives and evaluates the CF for completeness, consistency and document sufficiency. Gathers additional valuation documents.
>
> 14
>
> LBP-LVLCO
>
> Determine land valuation based on valuation inputs Note: CFs where the land valuation amounts to more than P3 million shall be forwarded to LBP-HO.
>
> Claims Valuation and Processing Form (CVPF)
>
> 15
>
> LBP-LVLCO
>
> Prepares and sends Memo of Valuation, Claim Folder Profile and Valuation Summary (MOV-CFPVS) to PARO
>
> CARP Form No. 9 (Memorandum of Valuation and Claim Folder Profile and Valuation Summary)
>
> 16
>
> DARPO
>
> Receives LBP's MOV-CFPVS and ascertains the completeness of the data and information therein.

17

DARPO

Sends Notice of Land Valuation and Acquisition to LO by personal delivery with proof of service or by registered mail with return card, attaching copy of MOV-CFPVS and inviting LO's attention to the submission of documents required for payment of claim.

CARP Form No. 10 (Notice of Land Valuation and Acquisition)

18

DARPO

Posts a copy of the Notice of Land Valuation (NLVA) for at least seven (7) working days on the bulletin board of the provincial capitol, municipal and barangay halls where the property is located and issues a Certification of Posting Compliance.

CARP Form No. 11 (Certification of Posting Compliance)

19

LO

Replies to Notice of Land Valuation and Acquisition and submits documents required for payment of compensation claim. If LO accepts, proceed to D.1. If LO rejects or fails to reply, proceed to D.2.

x x x x

D.2. Where LO rejects the Land Valuation

20

DARPO

If the LO rejects the offered price or fails to reply within thirty (30) days from receipt of the Notice of Land Valuation and Acquisition, forwards to LBP the Request to Deposit the compensation proceeds in cash and in bonds in the name of the LO

CARP Form No. 10.a (LO's Reply to NLVA) CARP Form No. 15 (Request for Deposit)

21

DARPO

Requests the DARAB/RARAD/ PARAD to conduct administrative proceedings pursuant to DARAB guidelines, as the case maybe, furnishing therein a copy each of the LO's Letter of Rejection, Notice of Land Valuation and Acquisition and LBP's Memorandum of Valuation.

CARP Form No. 14 Advice to DARAB/ RARAD/PARAD

22

LBP-LVO LBP-HO

Deposits the compensation proceeds in the name of the LO and issues Certification of Deposit to DAR through the PARO, copy furnished the LO. The entire deposit may be withdrawn by the LO; however, actual release of same shall be subject to LO's submission of all requirements for payment and execution of Confirmation of Coverage and Transfer.

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

CARP Form No. 17 (Certification of Deposit) CARP Form No. 17.a (Confirmation of Coverage and Transfer For Claims of Individual LOs - Still Pending with DARAB) CARP Form No. 17.b (Confirmation of Coverage and Transfer For Claims of Corporate LOs - Still Pending with DARAB)

23

DARPO

Upon receipt of the Certification of Deposit from LBP, transmits the same to the Register of Deeds concerned, including the approved segregation/subdivision plan of subject property, if partially covered and simultaneously requests the ROD to issue TCT in the name of RP.

CARP Form No. 18 (Request to Issue TCT in the name of RP)

24

ROD

Issues new TCT in the name of RP and forwards owner's duplicate certificate of title in the name of RP to LBP-LVO which furnishes the PARO a certified xerox copy of the same.

New TCT in the name of RP and owner's duplicate copy of title in the name of RP.

25

DARAB/ RARAD/ PARAD

Simultaneously with Activity Nos. 22-24 above, the DARAB/ RARAD/PARAD conducts summary administrative proceedings, renders decision and informs parties concerned of the same.

26

DARPO

Upon receipt of the Certificate of Finality of the DARAB Order, requests LBP to pay the LO in accordance with the DARAB decision; requests LBP to prepare Confirmation of Coverage and Transfer for LO to accomplish. Thereafter, LBP follows Activity Nos. 25-26 under D.1. In case the LO still rejects DARAB decision, he may go to the Special Agrarian Reform Court (SAC) for the final determination of just compensation.

CARP Form No. 17.c (Confirmation of Coverage and Transfer For Claims of Individual LOs - Already decided by DARAB) CARP Form No. 17.d (Confirmation of Coverage and Transfer) For Claims of Corporate LOs - Already decided by DARAB)

It must also be noted that under the DARAB 2003 Rules of Procedure, there is no requirement of delivery or deposit of provisional compensation based on the judgment or award by the PARAD/RARAD or DARAB. Section 10, Rule XIX of the DARAB 2003 Rules only allows execution of judgments for compensation which have become final and executory.[16] This only underscores the primary responsibility of the LBP to submit an initial valuation at which DAR would offer to purchase the land, and to deposit said amount after the landowner has rejected the offer.

There is still another reason why we cannot agree with the appellate court's interpretation of Section 16, R.A. No. 6657. Petitioner had assumed a more significant role as financial intermediary for the CARP after 1989, primarily due to scandals and anomalies, which stalled its implementation during the Aquino administration, involving overvalued private haciendas voluntarily offered by big landowners in collusion with DAR officers and

employees. The most notorious of these land scams even became the subject of a joint inquiry conducted by the Senate and House of Representatives committees on agrarian reform. With government acquisition of large landholdings at inflated prices, the farmers are at a losing end, as they can hardly afford the overpriced land.[17]

Against this backdrop of exposed irregularities and to ensure the success of the CARP, former President Corazon C. Aquino issued EO No. 405 which transferred the primary responsibility of determining land valuation and compensation for all lands covered under CARP from the DAR to the LBP, a specialized government bank. The intent is to accelerate program implementation by tapping the LBP's professional expertise, as expressed in the EO's whereas clause:

> WHEREAS, the Land Bank of the Philippines employs commercial banking personnel whose professional expertise includes appraisal of agricultural properties for purposes of granting loans;
>
> WHEREAS, the implementation of the Comprehensive Agrarian Reform Program, particularly on the matter of acquisition and distribution of private agricultural lands, may be accelerated by streamlining certain administrative procedures in land valuation and compensation;
>
> NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:
>
> SECTION 1. The Land Bank of the Philippines shall be primarily responsible for the determination of the land valuation and compensation for all private lands suitable for agriculture under either the Voluntary Offer to Sell (VOS) or Compulsory Acquisition (CA) arrangements as governed by Republic Act No. 6657. The Department of Agrarian Reform shall make use of the determination of the land valuation and compensation by the Land Bank of the Philippines, in the performance of [its] functions.

The objective of the procedures on land valuation provided by the Comprehensive Agrarian Reform Law (CARL) as amplified by the issuances of the DAR/DARAB is to enforce the constitutional guarantee of just compensation for the taking of private agricultural lands placed under the CARP. It must be stressed that the DAR's authority to determine just compensation is merely preliminary. On the other hand, under Section 1 of EO No. 405, series of 1990, the LBP is charged with the initial responsibility of determining the value of lands placed under land reform and the just compensation to be paid for their taking.

In both voluntary and compulsory acquisitions, wherein the landowner rejects the offer, the DAR opens an account in the name of the landowner and conducts a summary administrative proceeding. If the landowner disagrees with the valuation, the matter may be brought to the RTC, acting as a special agrarian court. But as with the DAR-awarded compensation, LBP's valuation of lands covered by CARL is considered only as an initial determination, which is not conclusive, as it is the RTC, sitting as a Special Agrarian Court, that should make the final determination of just compensation, taking into consideration the factors enumerated in Section 17 of R.A. No. 6657 and the applicable DAR regulations.[18] It is now settled that the valuation of property in eminent domain is essentially a judicial function which is vested with the RTC acting as Special Agrarian Court. The same cannot be lodged with administrative agencies and may not be usurped by any other branch or official of the government.[19]

Although under the CARL of 1988, the landowners are entitled to withdraw the amount deposited in their behalf pending the final resolution of the case involving the final valuation of his property,[20] the SAC may not, as in this case, order the petitioner to deposit or deliver the much higher amount adjudged by the RARAD considering that it already complied with the deposit of provisional compensation by depositing the amount of its initial valuation which was rejected by the respondent. And while the DARAB Rules of Procedure provides for execution pending appeal upon "meritorious grounds,"[21] respondent has not established such meritorious

reasons for allowing execution of the RARAD decision pending final determination of just compensation by the court.

As the Court had previously declared, the LBP is primarily responsible for the valuation and determination of compensation for all private lands. It has the discretion to approve or reject the land valuation and just compensation for a private agricultural land placed under the CARP. In case the LBP disagrees with the valuation of land and determination of just compensation by a party, the DAR, or even the courts, the LBP not only has the right, but the duty, to challenge the same, by appeal to the CA or to this Court, if appropriate.[22] Both LBP and respondent filed petitions before the SAC disputing the RARAD judgment awarding compensation in the amount of P10,294,721.00. In view of the substantial difference in the valuations -- the initial valuation by the LBP being only P1,145,806.06 -- the more prudent course is to await the final resolution of the issue of just compensation already filed with said court.

Lastly, the Court finds no merit in the contention of respondent that the RARAD's decision had already become final due to failure of the petitioner to appeal the same to the Board, in accordance with Section 5, Rule XIX of the 2003 DARAB Rules of Procedure. It must be noted that said Rules was adopted only on January 17, 2003. Section 1, Rule XXIV of the 2003 DARAB Rules explicitly states that:

> SECTION 1. Transitory Provisions. These rules shall govern all cases filed on or after its effectivity. All cases pending with the Board and the Adjudicators, prior to the date of effectivity of these Rules, shall be governed by the DARAB Rules prevailing at the time of their filing.

The applicable rule is Section 2, Rule XIV (Judicial Review) of the Revised Rules of the Department of Agrarian Reform Adjudication Board which provides:

Section 2. Just Compensation Cases to the Special Agrarian Courts. -- The decision, resolution or order of the Adjudicator or the Board on land valuation or determination of just compensation, may be brought to the proper Special Agrarian Court for final judicial determination.

WHEREFORE, the petition is GRANTED. The assailed Decision dated August 8, 2003 of the Court of Appeals in CA-G.R. SP No. 76572 is hereby REVERSED and SET ASIDE. The Land Bank of the Philippines is hereby declared to have duly complied with the requirement of deposit of provisional compensation under Section 16 (e) of R.A. No. 6657 and DAR AO No. 02, series of 1996.

No costs.

SO ORDERED.

Carpio Morales, (Chairperson), Brion, Bersamin, and Abad,[*] JJ., concur.

---

[*] Designated additional member per Special Order No. 843 dated May 17, 2010.

[1] Rollo, pp. 52-61. Penned by Associate Justice Remedios A. Salazar-Fernando and concurred in by Associate Justices Godardo A. Jacinto and Edgardo F. Sundiam.

[2] Id. at 53-56.

[3] Id. at 59-60.

[4] Id. at 64.

[5] Id. at 32.

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

[6] Id. at 33-36.

[7] Id. at 37-38.

[8] Id. at 41-43.

[9] Id. at 43-45.

[10] Id. at 94-98.

[11] See Association of Small Landowners in the Philippines, Inc. v. Secretary of Agrarian Reform, G.R. Nos. 78742, 79310, 79744 & 79777, July 14, 1989, 175 SCRA 343, 391.

[12] Republic v. Court of Appeals, G.R. No. 122256, October 30, 1996, 263 SCRA 758, 764.

[13] Gabatin v. Land Bank of the Philippines, G.R. No. 148223, November 25, 2004, 444 SCRA 176, 187, citing Landbank of the Philippines v. Banal, G.R. No. 143276, July 20, 2004, 434 SCRA 543, 548-549; Land Bank of the Philippines v. Wycoco, G.R. Nos. 140160 and 146733, January 13, 2004, 419 SCRA 67, 76; and Republic v. Court of Appeals, supra at 764.

[14] See Landbank of the Philippines v. Banal, supra at 548.

[15] Land Bank of the Philippines v. Kumassie Plantation Company, Incorporated, G.R. Nos. 177404 & 178097, June 25, 2009, 591 SCRA 1, 9.

[16] SECTION 10. Execution of Judgments for Just Compensation which have become Final and Executory. The Sheriff shall enforce a writ of execution of a final judgment for compensation by demanding for the payment of the amount stated in the writ of execution in cash and bonds against the Agrarian Reform Fund in the custody of the LBP in accordance with RA 6657, and the LBP shall pay the same in accordance with the final judgment and the writ of execution within five (5) days from the time the landowner accordingly executes and submits to the LBP the corresponding deed/s or transfer in favor of the government and surrenders the muniments of title to the property in accordance with Section 16 (c) of R.A. 6657.

[17] See "The Garchitorena Land Scam" by GMA NewsTV at <http://www.gmanews.tv/story/182211/the-garchitorena-land-scam>. See also "Philippines: Over-valuation of Land Awarded Under Agrarian Reform Program" posted by Emergency Network at <http://www.fian.org/cases/letter-campaigns/philippines-over-valuation-of-land-awarded-under-agrarian-reform-program?set_language=en>; Not "the biggest distribution in history" by Albert M. Lagliva, published in the July 2002 issue of the Intersect, article posted at <http://www.jesuits.ph/ignaciana/Ministries/FINAL%20ICSI%20WEB/agri-cont.htm>; and "Land Reform for the Elite: Voluntary Offers to Sell" by David Wurfel, University of Windsor, posted at <http://davidwurfel.ca/philippines/land-reform-for-the-elite-voluntary-offers-to-sell-under-carp>.

[18] See Land Bank of the Philippines v. Luciano, G.R. No. 165428, November 25, 2009, 605 SCRA 426, 439.

[19] Apo Fruits Corporation v. Court of Appeals, G.R. No. 164195, February 6, 2007, 514 SCRA 537, 560, citing Land Bank of the Phils. v. Wycoco, 464 Phil. 83, 94 (2004); Export Processing Zone Authority v. Dulay, No. L-59603, April 29, 1987, 149 SCRA 305, 316; Belen v. Court of Appeals, No. L-45390, April 15, 1988, 160 SCRA 291, 295; Land Bank of the Philippines v. Natividad, G.R. No. 127198, May 16, 2005, 458 SCRA 441, 451; Phil. Veterans Bank v. Court of Appeals, 379 Phil. 141, 147 (2000) and Association of Small Landowners in the Philippines, Inc. v. Secretary of Agrarian Reform, G.R. Nos. 78742, 79310, 79744 & 79777, July 14, 1989, 175 SCRA 343, 376.

Study hands-free: podcast-style lessons with read-along highlighting - batas.org

[20] See Land Bank of the Philippines v. Court of Appeals, G.R. Nos. 118712 & 118745, October 6, 1995, 249 SCRA 149, 160.

[21] Sec. 2, Rule XX, 2003 DARAB Rules of Procedure.

[22] Land Bank of the Philippines v. AMS Farming Corporation, G.R. No. 174971, October 15, 2008, 569 SCRA 154, 177.

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.