

LAND BANK OF THE PHILIPPINES, PETITIONER, VS. YATCO AGRICULTURAL ENTERPRISES, RESPONDENT.

G.R. No. 172551. January 15, 2014

Ponente: BRION, J.

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BRION, J.:

We resolve the Land Bank of the Philippines' (LBP's) Rule 45 petition for review on certiorari[1] challenging the decision[2] dated January 26, 2006 and the resolution[3] dated May 3, 2006 of the Court of Appeals (CA) in CA-G.R. SP No. 87530. This CA decision affirmed the decision[4] dated July 30, 2004 of the Regional Trial Court, Branch 30, San Pablo City, acting as a Special Agrarian Court (RTC-SAC), in Agrarian Case No. SP-064(02).

The Factual Antecedents

Respondent Yatco Agricultural Enterprises (Yatco) was the registered owner of a 27.5730-hectare parcel of agricultural land (property) in Barangay Mabato, Calamba, Laguna, covered by Transfer Certificate of Title No. T-49465.[5] On April 30, 1999,[6] the government placed the property under the coverage of its Comprehensive Agrarian Reform Program (CARP).

Pursuant to Executive Order (E.O.) No. 405,[7] the LBP valued the property at P1,126,132.89.[8] Yatco did not find this valuation acceptable and thus elevated the matter to the Department of Agrarian Reform (DAR) Provincial Agrarian Reform Adjudicator (PARAD) of San Pablo City, which then conducted summary administrative proceedings for the determination of just compensation.[9]

The PARAD computed the value of the property at P16,543,800.00;[10] it used the property's current market value (as shown in the tax declaration[11] that Yatco submitted) and applied the formula "MV x 2." The PARAD noted that the LBP did not present any verified or authentic document to back up its computation; hence, it brushed aside the LBP's valuation.

The LBP did not move to reconsider the PARAD's ruling. Instead, it filed with the RTC-SAC a petition for the judicial determination of just compensation.[12]

The RTC-SAC's Decision

The RTC-SAC fixed the just compensation for the property at P200.00 per square meter.[13] The RTC-SAC arrived at this valuation by adopting the valuation set by the RTC of Calamba City, Branch 35 (Branch 35) in Civil Case No. 2326-96-C,[14] which, in turn, adopted the valuation that the RTC of Calamba City, Branch 36 (Branch 36) arrived at in Civil Case No. 2259-95-C[15] (collectively, civil cases). The RTC-SAC did not give weight to the LBP's evidence in justifying its valuation, pointing out that the LBP failed to prove that it complied with the prescribed procedure and likewise failed to consider the valuation factors provided in Section 17 of the Comprehensive Agrarian Reform Law of 1988 (CARL).[16]

The RTC-SAC subsequently denied the LBP's motion for reconsideration.[17] The LBP appealed to the CA.[18]

The CA's Ruling

The CA dismissed the LBP's appeal.[19] Significantly, it did not find the LBP's assigned errors – the RTC-SAC's reliance on the valuation made by Branches 35 and 36 in the civil cases – to be persuasive. First, according to the CA, the parcels of land in the civil cases were the very same properties in the appealed agrarian case. Second, Branch 36's valuation was based on the report of the duly appointed commissioners and was arrived at after proper land inspection. As the determination of just compensation is essentially a judicial function, the CA thus affirmed the RTC-SAC's valuation which was founded on factual and legal bases.

The LBP filed the present petition after the CA denied its motion for reconsideration[20] in the CA's May 3, 2006 resolution.[21]

The Petition

The LBP argues in the present petition that the CA erred when it affirmed the RTC-SAC's ruling that fixed the just compensation for the property based on the valuation set by Branches 35 and 36.[22] The LBP pointed out that the property in the present case was expropriated pursuant to its agrarian reform program; in contrast, the land subject of the civil cases was expropriated by the National Power Corporation (NAPOCOR) for industrial purposes.

The LBP added that in adopting the valuation fixed by Branches 35 and 36, the RTC-SAC completely disregarded the factors enumerated in Section 17 of R.A. No. 6657 and the guidelines and procedure laid out in DAR AO 5-98.

Finally, the LBP maintains that it did not encroach on the RTC-SAC's prerogative when it fixed the valuation for the property as it only followed Section 17 of R.A. No. 6657 and DAR AO 5-98, and merely discharged its mandate under E.O. No. 405.

The Case for the Respondent

Yatco argues that the RTC-SAC correctly fixed the just compensation for its property at P200.00 per square meter.[23] It points to several reasons for its position. First, the RTC-SAC's valuation was not only based on the valuation fixed by Branch 36 (as adopted by Branch 35); it was also based on the property's market value as stated in the current tax declaration that it presented in evidence before the RTC-SAC. Second, the RTC-SAC considered the evidence of both parties; unfortunately for the LBP, the RTC-SAC found its evidence wanting and in total disregard of the factors enumerated in Section 17 of R.A. No. 6657. And third, the RTC-SAC considered all of the factors enumerated in Section 17 when it set the property's value at P200.00 per square meter.

Procedurally, Yatco claims that the present petition's issues and arguments are purely factual and they are not allowed in a petition for review on certiorari and the LBP did not point to any specific error that the CA committed when it affirmed the RTC-SAC's decision.

The Issue

Based on the parties' submissions, only a single issue is before us, i.e., the question of whether the RTC-SAC's determination of just compensation for the property was proper.

The Court's Ruling

Preliminary considerations: factual-
issue-bar rule; issues raised are not

factual

As a general rule, the Court's jurisdiction in a Rule 45 petition is limited to the review of pure questions of law.[24] A question of law arises when the doubt or difference exists as to what the law is on a certain state of facts. Negatively put, Rule 45 does not allow the review of questions of fact. A question of fact exists when the doubt or difference arises as to the truth or falsity of the alleged facts.

The test in determining whether a question is one of law or of fact is "whether the appellate court can determine the issue raised without reviewing or evaluating the evidence, in which case, it is a question of law[.]"[25] Any question that invites calibration of the whole evidence, as well as their relation to each other and to the whole, is a question of fact and thus proscribed in a Rule 45 petition.

The LBP essentially questions in the present petition the RTC-SAC's adoption of the valuation made by Branch 36 in fixing the just compensation for the property. The LBP asks the question: was the just compensation fixed by the RTC-SAC for the property, which was based solely on Branch 36's valuation, determined in accordance with law?

We find the presented issue clearly one of law. Resolution of this question can be made by mere inquiry into the law and jurisprudence on the matter, and does not require a review of the parties' evidence. We, therefore, disagree with Yatco on this point as we find the present petition compliant with the Rule 45 requirement.

The determination of just compensation is essentially a judicial function that the Judiciary exercises within the parameters of the law.

The determination of just compensation is fundamentally a judicial function.[26] Section 57 of R.A. No. 6657[27] explicitly vests the RTC-SAC the original and exclusive power to determine just compensation for lands under CARP coverage.

To guide the RTC-SAC in the exercise of its function, Section 17 of R.A. No. 6657 enumerates the factors required to be taken into account to correctly determine just compensation. The law (under Section 49 of R.A. No. 6657[28]) likewise empowers the DAR to issue rules for its implementation. The DAR thus issued DAR AO 5-98 incorporating the law's listed factors in determining just compensation into a basic formula that contains the details that take these factors into account.

That the RTC-SAC must consider the factors mentioned by the law (and consequently the DAR's implementing formula) is not a novel concept.[29] In *Land Bank of the Philippines v. Sps. Banal*,[30] we said that the RTC-SAC must consider the factors enumerated under Section 17 of R.A. No. 6657, as translated into a basic formula by the DAR, in determining just compensation.

We stressed the RTC-SAC's duty to apply the DAR formula in determining just compensation in *Landbank of the Philippines v. Celada*[31] and reiterated this same ruling in *Land Bank of the Philippines v. Lim*,[32] *Land Bank of the Philippines v. Luciano*,[33] and *Land Bank of the Philippines v. Colarina*,[34] to name a few.

In the recent case of *Land Bank of the Philippines v. Honeycomb Farms Corporation*,[35] we again affirmed the need to apply Section 17 of R.A. No. 6657 and DAR AO 5-98 in just compensation cases. There, we considered the CA and the RTC in grave error when they opted to come up with their own basis for valuation and completely disregarded the DAR formula. The need to apply the parameters required by the law cannot be doubted; the DAR's administrative issuances, on the other hand, partake of the nature of statutes and have in their favor a

presumption of legality.[36] Unless administrative orders are declared invalid or unless the cases before them involve situations these administrative issuances do not cover, the courts must apply them.[37]

In other words, in the exercise of the Court's essentially judicial function of determining just compensation, the RTC-SACs are not granted unlimited discretion and must consider and apply the R.A. No. 6657-enumerated factors and the DAR formula that reflect these factors. These factors and formula provide the uniform framework or structure for the computation of the just compensation for a property subject to agrarian reform. This uniform system will ensure that they do not arbitrarily fix an amount that is absurd, baseless and even contradictory to the objectives of our agrarian reform laws as just compensation. This system will likewise ensure that the just compensation fixed represents, at the very least, a close approximation of the full and real value of the property taken that is fair and equitable for both the farmer-beneficiaries and the landowner.

When acting within the parameters set by the law itself, the RTC-SACs, however, are not strictly bound to apply the DAR formula to its minute detail, particularly when faced with situations that do not warrant the formula's strict application; they may, in the exercise of their discretion, relax the formula's application to fit[38] the factual situations before them.[39] They must, however, clearly explain the reason for any deviation from the factors and formula that the law and the rules have provided.[40]

The situation where a deviation is made in the exercise of judicial discretion should at all times be distinguished from a situation where there is utter and blatant disregard of the factors spelled out by law and by the implementing rules. For in such a case, the RTC-SAC's action already amounts to grave abuse of discretion for having been taken outside of the contemplation of the law.[41]

Gonzales v. Solid Cement Corporation[42] teaches us that the use of the wrong considerations by the ruling tribunal in deciding the case or a particular matter in issue amounts to grave abuse of discretion. In Gonzales, the CA reversed the NLRC's ruling that ordered the payment of interest on the total monetary award. In reversing this CA ruling and reinstating the NLRC's award of interest, the Court pointed out that the CA relied solely on the doctrine of immutability of judgments, a consideration that was completely erroneous particularly in light of the other attendant and relevant factors, i.e., the law on the legal interests that final orders and rulings on forbearance of money should bear, which the CA utterly ignored. Accordingly, the Court considered the CA in grave abuse of discretion as it used the wrong considerations and thereby acted outside the contemplation of the law.

This use of considerations that were completely outside the contemplation of the law is the precise situation we find in the present case, as fully explained below.

The rules allow the courts to take
judicial notice of certain facts; the
RTC-SAC's valuation is erroneous

The taking of judicial notice is a matter of expediency and convenience for it fulfills the purpose that the evidence is intended to achieve, and in this sense, it is equivalent to proof.[43] Generally, courts are not authorized to "take judicial notice of the contents of the records of other cases even when said cases have been tried or are pending in the same court or before the same judge." [44] They may, however, take judicial notice of a decision or the facts prevailing in another case sitting in the same court if: (1) the parties present them in evidence, absent any opposition from the other party; or (2) the court, in its discretion, resolves to do so.[45] In either case, the courts must observe the clear boundary provided by Section 3, Rule 129 of the Rules of Court.

We note that Yatco offered in evidence copies of the decisions in the civil cases,[46] which offer the LBP

opposed.[47] These were duly noted by the court.[48] Even assuming, however, that the April 21, 2004 order[49] of the RTC-SAC (that noted Yatco's offer in evidence and the LBP's opposition to it) constitutes sufficient compliance with the requirement of Section 3, Rule 129 of the Rules of Court, still we find the RTC-SAC's valuation – based on Branch 36's previous ruling – to be legally erroneous.

- The RTC-SAC fully disregarded
Section 17 of R.A. No. 6657
and DAR AO 5-98 and thus acted
outside the contemplation of the law.

Section 17 of R.A. No. 6657 reads:

Section 17. Determination of Just Compensation. – In determining just compensation, the cost of acquisition of the land, the current value of like properties, its nature, actual use and income, the sworn valuation by the owner, the tax declarations, and the assessment made by government assessors shall be considered. The social and economic benefits contributed by the farmers and the farmworkers and by the Government to the property as well as the non-payment of taxes or loans secured from any government financing institution on the said land shall be considered as additional factors to determine its valuation.

While DAR AO 5-98[50] pertinently provides:

A. There shall be one basic formula for the valuation of lands covered by VOS or CA:

$$LV = (CNI \times 0.6) + (CS \times 0.3) + (MV \times 0.1)$$

Where:

LV = Land Value

CNI = Capitalized Net Income

CS = Comparable Sales

MV = Market Value per Tax Declaration

The above formula shall be used if all three factors are present, relevant, and applicable.

A1. When the CS factor is not present and CNI and MV are applicable, the formula shall be:

$$LV = (CNI \times 0.9) + (MV \times 0.1)$$

A2. When the CNI factor is not present, and CS and MV are applicable, the formula shall be:

$$LV = (CS \times 0.9) + (MV \times 0.1)$$

A3. When both the CS and CNI are not present and only MV is applicable, the formula shall be:

$$LV = MV \times 2$$

In no case shall the value of idle land using the formula $MV \times 2$ exceed the lowest value of land within the same estate under consideration or within the same barangay or municipality (in that order) approved by LBP within one (1) year from receipt of claimfolder.

After considering these factors and formula, we are convinced that the RTC-SAC completely disregarded them and simply relied on Branch 36's valuation. For one, the RTC-SAC did not point to any specific evidence or cite the values and amounts it used in arriving at the P200.00 per square meter valuation. It did not even consider the property's market value based on the current tax declaration that Yatco insists the RTC-SAC considered in addition to Branch 36's valuation. Assuming that the RTC-SAC considered the property's market value (which, again, we find that it did not), this alone will not suffice as basis, unless justified under Item II.A.3 of DAR AO 5-98 (as provided above). Then too, it did not indicate the formula that it used in arriving at its valuation or which

led it to believe that Branch 36's valuation was applicable to this case. Lastly, the RTC-SAC did not conduct an independent assessment and computation using the considerations required by the law and the rules.

To be exact, the RTC-SAC merely relied on Branch 36's valuation as it found the LBP's evidence on the matter of just compensation inadequate. While indeed we agree that the evidence presented by the LBP was inadequate and did not also consider the legally prescribed factors and formula, the RTC-SAC still legally erred in solely relying on Yatco's evidence^[51] which we find equally irrelevant and off-tangent to the factors enumerated in Section 17 of R.A. No. 6657.

- The valuation fixed by Branches 35 and 36 was inapplicable to the property

Under these laws, the NAPOCOR was tasked to carry out the state policy of providing electricity throughout the Philippines, specifically, "to undertake the development of hydroelectric generation of power and the production of electricity from nuclear, geothermal and other sources, as well as the transmission of electric power on a nationwide basis[.]"^[56]

In its decision in Civil Case No. 2259-95-C, Branch 36 accordingly recognized the NAPOCOR's authority to enter the property of the defendant GP Development Corporation and to acquire the "easement of right of way" in the exercise of its powers. Thus, in disposing of the case, Branch 36 adopted the recommendation of the appointed commissioners and ordered the NAPOCOR to pay easement fee of P20.00 per square meter. Similarly recognizing this authority of NAPOCOR, Branch 35 in Civil Case No. 2326-96-C likewise ordered NAPOCOR to pay easement fee of P20.00 per square meter.

Evidently, the civil cases were not made under the provisions of the CARL nor for agrarian reform purposes, as enunciated under R.A. No. 6657.^[57] In exercising the power vested in it by the provisions of C.A. No. 120 (as amended), the NAPOCOR did not seek to acquire and distribute lands to farmers and regular farmworkers; the NAPOCOR sought easement of right of way to transmit electric power as it was tasked to.

We need not delve into the factors that Branches 35 and 36 considered in the civil cases. By simply looking at the expropriating body (NAPOCOR) and the law governing the expropriations made, we are convinced that the valuation fixed by Branch 36 is inapplicable to the present case. A comparison of the required parameters and guidelines used alone demonstrates the disparity.

Also, we point out that the RTC-SAC adopted Branch 36's valuation without any qualification or condition. Yet, in disposing of the present case, the just compensation that it fixed for the property largely differed from the former. Note that Branch 36 fixed a valuation of P20.00 per square meter;^[58] while the RTC-SAC, in the present case, valued the property at P200.00 per square meter.^[59] Strangely, the RTC-SAC did not offer any explanation nor point to any evidence, fact or particular that justified the obvious discrepancy between these amounts.

Lastly, in ascertaining just compensation, the fair market value of the expropriated property is determined as of the time of taking.^[60] The "time of taking" refers to that time when the State deprived the landowner of the use and benefit of his property, as when the State acquires title to the property^[61] or as of the filing of the complaint, per Section 4, Rule 67 of the Rules of Court.^[62]

The decision in Civil Case No. 2259-95-C, which pegged the valuation at P20.00 per square meter, was made in 1997. The record did not disclose when title to the land subject of that case was transferred to the State. We can safely assume, however, that the "taking" was made in 1997 (the date Branch 36 issued its decision) or at the time of the filing of the complaint, which logically was prior to 1997.

The RTC-SAC, in the present case, rendered its decision in 2004; the LBP filed the petition for judicial determination of just compensation in 2002. Obviously, the “taking” of the property could not have been made any earlier than 2002; otherwise, the parties would have pointed these out. Between 1997 in Civil Case No. 2259-95-C and the earliest taking in 2002 in this case is a difference of 5 years – a significant gap in the matter of valuation since the lands involved are not in the hinterlands, but in the rapidly industrializing Calamba, Laguna.

Under these circumstances – i.e., the insufficiency of the evidence presented by both the LBP and Yatco on the issue of just compensation - the more judicious approach that the RTC-SAC could have taken was to exercise the authority granted to it by Section 58 of R.A. No. 6657, rather than simply adopt Branch 36’s valuation. Under Section 58[63] of R.A. No. 6657, the RTC-SAC may appoint one or more Commissioners to ascertain and report to it the facts necessary for the determination of the just compensation for the property. Unfortunately, the RTC-SAC did not avail of this opportunity, with disastrous results for the parties in light of the time gap between now and the time the RTC-SAC decision was made in 2004.

We cannot help but highlight the attendant delay as the RTC-SAC obviously erred in a manner that we cannot now remedy at our level. The RTC-SAC erred and effectively abused its discretion by fixing the just compensation for the property based solely on the valuation fixed by Branches 35 and 36 – considerations that we find were completely irrelevant and misplaced. This is an error that now requires fresh determination of just compensation again at the RTC-SAC level.

As a final note and clarificatory reminder, we agree that the LBP is primarily charged with determining land valuation and compensation for all private lands acquired for agrarian reform purposes.[64] But this determination is only preliminary. The landowner may still take the matter of just compensation to the court for final adjudication.[65] Thus, we clarify and reiterate: the original and exclusive jurisdiction over all petitions for the determination of just compensation under R.A. No. 6657 rests with the

RTC-SAC.[66] But, in its determination, the RTC-SAC must take into consideration the factors laid down by law and the pertinent DAR regulations.

Remand of the case

Considering that both parties failed to adduce satisfactory evidence of the property’s value at the time of taking, we deem it premature to make a final determination of the matter in controversy. We are not a trier of facts and we cannot receive new evidence from the parties to aid them in the prompt resolution of this case. We are thus compelled to remand the case to the RTC-SAC for the reception of evidence and the determination of just compensation, with a cautionary reminder for the proper observance of the factors under Section 17 of R.A. No. 6657 and the applicable DAR regulations. In its determination, the RTC-SAC may exercise the authority granted to it by Section 58 of R.A. No. 6657.

WHEREFORE, in view of these considerations, we hereby GRANT the petition. Accordingly, we REVERSE and SET ASIDE the decision dated January 26, 2006 and the resolution dated May 3, 2006 of the Court of Appeals in CA-G.R. SP No. 87530, and REMAND Agrarian Case No. SP-064(02) to the Regional Trial Court of San Pablo City, Branch 30, for its determination of just compensation under the terms of Section 17 of Republic Act No. 6657 and Department of Agrarian Reform Administrative Order No. 5, series of 1998, as amended.

No costs.

SO ORDERED.

Carpio, (Chairperson), Del Castillo, Perez, and Perlas-Bernabe, JJ., concur.

[1] Dated June 20, 2006 and filed on June 22, 2006; rollo, pp. 23-61.

[2] Penned by Associate Justice Jose L. Sabio, Jr., and concurred in by Associate Justices Jose C. Mendoza and Arturo G. Tayag; id. at 62-71.

[3] Id. at 73-74.

[4] Penned by Judge Gregorio T. Villanueva; id. at 488-500.

[5] Id. at 244.

[6] Through a Second Notice of Coverage dated April 30, 1999; id. at 243. Yatco denies receiving this Second Notice of Coverage; id. at 63.

[7] Approved on June 14, 1990, entitled “VESTING IN THE LAND BANK OF THE PHILIPPINES THE PRIMARY RESPONSIBILITY TO DETERMINE THE LAND VALUATION AND COMPENSATION FOR ALL LANDS COVERED UNDER REPUBLIC ACT NO. 6657, KNOWN AS THE COMPREHENSIVE AGRARIAN REFORM LAW OF 1988.” Its Section 1 provides:

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) arrangement 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.

[8] Claims Valuation and Processing Form approved on September 4, 2000; rollo, pp. 274-278. The LBP claimed that it used the guidelines and procedure set out under DAR Administrative Order No. 6, Series of 1992 (DAR AO 6-92), No. 11, Series of 1994 and No. 5, Series of 1998.

[9] DARAB Case No. V-0403-0006-01.

[10] Decision dated December 28, 2001, penned by Provincial Adjudicator Virgilio M. Sorita; rollo, pp. 486-487.

[11] Id. at 208.

[12] On February 6, 2002; id. at 171-173.

[13] Supra note 4.

[14] Order dated August 29, 2001, penned by Judge Romeo C. de Leon; rollo, pp. 291-292.

[15] Judgment dated July 23, 1997, penned by Judge Norberto Y. Geraldez; id. at 293-295.

[16] Republic Act (R.A.) No. 6657 which took effect on June 15, 1988.

[17] Rollo, pp. 151-156; Order dated October 26, 2004, pp. 149-150

[18] Filed under Rule 42 of the Rules of Court; id. at 98-135.

[19] Supra note 2.

[20] Rollo, pp. 373-382.

[21] *Supra* note 3.

[22] *Supra* note 1.

[23] Rollo, pp. 400-410.

[24] Section 1, Rule 45 of the Rules of Court provides:

Section 1. Filing of petition with Supreme Court. — A party desiring to appeal by certiorari from a judgment or final order or resolution of the Court of Appeals, the Sandiganbayan, the Regional Trial Court or other courts whenever authorized by law, may file with the Supreme Court a verified petition for review on certiorari. The petition shall raise only questions of law which must be distinctly set forth. *[italics supplied]*

[25] *Tongonan Holdings and Development Corporation v. Escaño, Jr.*, G.R. No. 190994, September 7, 2011, 657 SCRA 306, 314, citing *Republic of the Philippines v. Malabanan*, G.R. No. 169067, October 6, 2010, 632 SCRA 338; and *Cando v. Sps. Olazo*, 547 Phil. 630, 636 (2007).

[26] *Landbank of the Philippines v. Celada*, 515 Phil 467, 477 (2006); *Land Bank of the Philippines v. Escandor*, G.R. No. 171685, October 11, 2010, 632 SCRA 504, 512; and *Heirs of Lorenzo and Carmen Vidad v. Land Bank of the Philippines*, G.R. No. 166461, April 30, 2010, 619 SCRA 609, 625-629.

[27] The pertinent portion of Section 57 of R.A. No. 6657 reads:

Section 57. Special Jurisdiction. — The Special Agrarian Courts shall have original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners, and the prosecution of all criminal offenses under this Act. The Rules of Court shall apply to all proceedings before the Special Agrarian Courts, unless modified by this Act. *[emphasis ours, italics supplied]*

[28] Section 49 of R.A. No. 6657 reads:

Section 49. Rules and Regulations. — The PARC and the DAR shall have the power to issue rules and regulations, whether substantive or procedural, to carry out the objects and purposes of this Act. Said rules shall take effect ten (10) days after publication in two (2) national newspapers of general circulation. *[italics supplied]*

[29] See *Landbank of the Philippines v. Celada*, *supra* note 26, at 479.

[30] 478 Phil 701, 709-710 (2004).

[31] *Supra* note 26, at 479; *italics ours*.

[32] G.R. No. 171941, August 2, 2007, 529 SCRA 129, 134-136.

[33] G.R. No. 165428, November 25, 2009, 605 SCRA 426, 434-436.

[34] G.R. No. 176410, September 1, 2010, 629 SCRA 614, 624-632.

[35] G.R. No. 169903, February 29, 2012, 667 SCRA 255, 268-271.

[36] *Landbank of the Philippines v. Celada*, *supra* note 26, at 479.

[37] *Ibid*.

[38] See *Land Bank of the Philippines v. Heirs of Maximo Puyat*, G.R. No. 175055, June 27, 2012, 675 SCRA 233, 250; and *Land Bank of the Philippines v. Bienvenido Castro*, G.R. No. 189125, August 28, 2013.

[39] This view is shared by and enunciated in *Land Bank of the Philippines v. Bienvenido Castro*, *supra*, citing

Land Bank of the Philippines v. Chico, G.R. No. 168453, March 13, 2009, 581 SCRA 226, 243; Apo Fruits Corporation v. Court of Appeals, G.R. No. 164195, December 19, 2007, 541 SCRA 117, 131-132.

[40] See Land Bank of the Philippines v. Bienvenido Castro, *supra* note 38, wherein the Court found the RTC-SAC in reversible error because of, among other things, the “unexplained disregard for the guide administrative formula, neglecting such factors as capitalized net income, comparable sales, and market value per tax declaration.”

[41] Aldovino, Jr. v. Commission on Elections, G.R. No. 184836, December 23, 2009, 609 SCRA 234; Gonzales v. Solid Cement Corporation, G.R. No. 198423, October 23, 2012, 684 SCRA 344; and Pecson v. Commission on Elections, G.R. No. 182865, December 24, 2008, 575 SCRA 634. See also Land Bank of the Philippines v. Escandor, *supra* note 26, at 515, citing Land Bank of the Philippines v. Barrido, G.R. No. 183688, August 18, 2010, 628 SCRA 454. Republic v. Sandiganbayan (Fourth Division), G.R. No. 152375, December 13, 2011, 662 SCRA 152.

[42] *Supra*.

[43] Lee v. Land Bank of the Philippines, G.R. No. 170422, March 7, 2008, 548 SCRA 52, 58.

[44] Land Bank of the Philippines v. Sps. Banal, *supra* note 30, at 713.

[45] Lee v. Land Bank of the Philippines, *supra* note 43, at 58, citing T’Boli Agro–Industrial Development, Inc. v. Solipapsi, 442 Phil. 499, 513 (2002); and Land Bank of the Philippines v. Sps. Banal, *supra* note 30, at 713.

[46] Yatco’s Formal Offer of Evidence dated March 24, 2004; Rollo, pp. 283-286.

[47] LBP’s Opposition/Comments to the Formal Offer of Evidence of Respondent Yatco Agricultural Enterprises, Inc. dated April 12, 2004 to Yatco’s Formal Offer of Evidence; *id.* at 297-299.

[48] *Id.* at 300.

[49] *Id.* at 300.

[50] The following portions of Item II. of DAR AO 5-98 provides the formula for computing the factors “Capitalized Net Income (CNI),” “Comparable Sales (CS)” and “Market Value per Tax Declaration (MV),” namely:

“B. Capitalized Net Income (CNI) — This shall refer to the difference between the gross sales (AGP x SP) and total cost of operations (CO) capitalized at 12%.

Expressed in equation form:

$$\text{CNI} = (\text{AGP} \times \text{SP}) - \text{CO}$$

.12

Where:

$$\text{CNI} = (\text{AGP} \times \text{SP}) - \text{CO}$$

.12

AGP= Average Gross Production corresponding to the latest available 12 months’ gross production immediately preceding the date of FI (field investigation)

SP= Selling Price (the average of the latest available 12 months selling prices prior to the date of receipt of the

CF (claimfolder) by LBP for processing, such prices to be secured from the Department of Agriculture (DA) and other appropriate regulatory bodies or, in their absence, from the Bureau of Agricultural Statistics. If possible, SP data shall be gathered for the barangay or municipality where the property is located. In the absence thereof, SP may be secured within the province or region.

CO = Cost of Operations

Whenever the cost of operations could not be obtained or verified, an assumed net income rate (NIR) of 20% shall be used. Landholdings planted to coconut which are productive at the time of FI shall continue to use the assumed NIR of 70 %. DAR and LBP shall continue to conduct joint industry studies to establish the applicable NIR for each crop covered under CARP.

0.12 = Capitalization rate

x x x

C. CS shall refer to any one or the average of all the applicable sub-factors, namely, ST, AC and MVM:

Where:

ST = Sales Transactions as defined under Item C.2

AC = Acquisition Cost as defined under Item C.3

MVM = Market Value Based on Mortgage as defined under

Item C.4

x x x

D. In the computation of Market Value per Tax Declaration (MV), the most recent Tax Declaration (TD) and Schedule of Unit Market Value (SMV) issued prior to receipt of claimfolder by LBP shall be considered. The Unit Market Value (UMV) shall be grossed up from the date of its effectivity up to the date of receipt of claimfolder by LBP from DAR for processing, in accordance with item II.A.A.6.

[51] Yatco's evidence consisted of: (1) the Secretary's Certificate authorizing Mr. Albert Yatco Garcia to represent Yatco in the case before the RTC-SAC; (2) LBP's Certification showing the LBP's deposit of the sum of P946,119.22 and in agrarian reform bonds as compensation for the subject property; (3) copy of the DARAB December 28, 2001 decision in DARAB Case No. V-0403-0006-01; (4) Tax Declaration for the subject property for the year 2000; (5) copy of the order dated August 29, 2001 in Civil Case No. 2326-96-C; and (6) copy of the judgment and order dated July 23, 1997 and September 24, 1997, respectively, in Civil Case No. 2259-95-C; Rollo, pp. 283-296.

[52] Supra note 14.

[53] Supra note 15.

[54] COMMONWEALTH ACT NO. 120 – AN ACT CREATING THE “NATIONAL POWER CORPORATION,” PRESCRIBING ITS POWERS AND ACTIVITIES, APPROPRIATING THE NECESSARY FUNDS THEREFOR, AND RESERVING THE UNAPPROPRIATED PUBLIC WATERS FOR ITS USE. Approved on November 3, 1936.

[55] AN ACT REVISING THE CHARTER OF THE NATIONAL POWER CORPORATION. (Approved on September 10, 1971) The pertinent provision reads:

x x x

Sec. 3. Powers and General Functions of the Corporation. – The powers, functions, rights and activities of the Corporation shall be the following:

x x x

(h) To acquire, promote, hold, transfer, sell, lease, rent, mortgage, encumber and otherwise dispose of property incident to, or necessary, convenient or proper to carry out the purposes for which the Corporation was created: Provided, That in case a right of way is necessary for its transmission lines, easement of right of way shall only be sought: Provided, however, That in case the property itself shall be acquired by purchase, the cost thereof shall be the fair market value at the time of the taking of such property;

x x x

(j) To exercise the right of eminent domain for the purpose of this Act in the manner provided by law for instituting condemnation proceedings by the national, provincial and municipal governments[.] [emphases ours, italics supplied]

[56] See Sections 1 and 2 of R.A. No. 6395; partly, they read:

Section 1. Declaration of Policy. – Congress hereby declares that (1) the comprehensive development, utilization and conservation of Philippine water resources for all beneficial uses, including power generation, and (2) the total electrification of the Philippines through the development of power from all sources to meet the needs of industrial development and dispersal and the needs of rural electrification are primary objectives of the nation which shall be pursued coordinately and supported by all instrumentalities and agencies of the government, including its financial institutions.

Section 2. The National Power Corporation; Its Corporate Life; "Corporation" and "Board" Defined. – To carry out the above-stated policy, specifically to undertake the development of hydroelectric generation of power and the production of electricity from nuclear, geothermal and other sources, as well as the transmission of electric power on a nationwide basis, the public corporation created under Commonwealth Act Numbered One hundred twenty and know[n] as the "National Power Corporation" shall continue to exist for fifty years from and after the expiration of its present corporate existence. [emphases ours]

[57] Section 2 of R.A. No. 6657 reads in part:

Section 2. Declaration of Principles and Policies. — It is the policy of the State to pursue a Comprehensive Agrarian Reform Program (CARP). The welfare of the landless farmers and farmworkers will receive the highest consideration to promote social justice and to move the nation toward sound rural development and industrialization, and the establishment of owner cultivatorship of economic-size farms as the basis of Philippine agriculture

To this end, a more equitable distribution and ownership of land, with due regard to the rights of landowners to just compensation and to the ecological needs of the nation, shall be undertaken to provide farmers and farmworkers with the opportunity to enhance their dignity and improve the quality of their lives through greater productivity of agricultural lands.

The agrarian reform program is founded on the right of farmers and regular farmworkers, who are landless, to own directly or collectively the lands they till or, in the case of other farm workers, to receive a just share of the fruits thereof. To this end, the State shall encourage and undertake the just distribution of all agricultural lands, subject to the priorities and retention limits set forth in this Act, having taken into account ecological, developmental, and equity considerations, and subject to the payment of just compensation. The State shall respect the right of small landowners, and shall provide incentives for voluntary land-sharing. [emphases ours]

[58] Rollo, p. 295.

[59] Id. at 149-150.

[60] Land Bank of the Philippines v. Livioco, G.R. No. 170685, September 22, 2010, 631 SCRA 86, 112-113.

[61] Ibid., citing Ansaldo v. Tantuico, Jr., G.R. No. 50147, August 3, 1990, 188 SCRA 300, in Eusebio v. Luis, G.R. No. 162474, October 13, 2009, 603 SCRA 576, 586-587.

[62] Section 4, Rule 67 of the Rules of Court reads:

Section 4. Order of expropriation. — If the objections to and the defenses against the right of the plaintiff to expropriate the property are overruled, or when no party appears to defend as required by this Rule, the court may issue an order of expropriation declaring that the plaintiff has a lawful right to take the property sought to be expropriated, for the public use or purpose described in the complaint, upon the payment of just compensation to be determined as of the date of the taking of the property or the filing of the complaint, whichever came first. [emphasis ours]

[63] Section 58 of R.A. No. 6657 reads:

Section 58. Appointment of Commissioners.—The Special Agrarian Courts, upon their own initiative or at the instance of any of the parties, may appoint one or more commissioners to examine, investigate and ascertain facts relevant to the dispute[,] including the valuation of properties, and to file a written report thereof with the court.

[64] Land Bank of the Philippines v. Sps. Banal, supra note 30, at 708.

[65] See Land Bank of the Philippines v. Livioco, supra note 60, at 110; and Land Bank of the Philippines v. Sps. Banal, supra note 30, at 709.

See also Section 57 of R.A. No. 6657.

[66] Heirs of Lorenzo and Carmen Vidad v. Land Bank of the Philippines, supra note 26, at 625-628, citing Land Bank of the Philippines v. Belista, G.R. No. 164631, June 26, 2009, 591 SCRA 137, 143-147; Land Bank of the Philippines v. Escandor, supra note 26, at 512; and Land Bank of the Philippines v. Montalvan, G.R. No. 190336, June 27, 2012, 675 SCRA 380, 389-390.

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