

LAND BANK OF THE PHILIPPINES, PETITIONER, VS. FORTUNE SAVINGS AND LOAN ASSOCIATION, INC., REPRESENTED BY PHILIPPINE DEPOSIT INSURANCE CORPORATION, RESPONDENT.

G.R. No. 177511. June 29, 2010

Ponente: ABAD, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-177511/>

ABAD, J.:

This case is about the just compensation to which an owner of land taken under the Comprehensive Agrarian Reform Law is entitled, given such owner's failure to adduce evidence at the trial of the case.

The Facts and the Case

Respondent Fortune Savings and Loan Association, Inc. (Fortune Savings) owned a 4,230-square meter agricultural land in San Gregorio, Malvar, Batangas,[1] that it acquired for P80,000.00 after foreclosing on the mortgage constituted on the land by one of its borrowers who defaulted on a P71,500.00 loan.

Fortune Savings offered to sell the property for P100,000.00 to the Department of Agrarian Reform (DAR) for inclusion in the Comprehensive Agrarian Reform Program (CARP). But petitioner Land Bank of the Philippines (Land Bank), the financial intermediary for the CARP,[2] fixed the land's value at only P6,796.00. Rejecting this amount, Fortune Savings filed a summary administrative proceeding for the determination of just compensation with the DAR Adjudication Board (DARAB).

On March 3, 1999 DARAB rendered judgment, finding unreasonable Land Bank's valuation of the land and fixing its value at P93,060.00. Since the Land Bank received a copy of the decision on March 17, 1999, it had 15 days from that date or until April 1, 1999 within which to file an action with the appropriate Regional Trial Court (RTC) for judicial determination of just compensation.[3]

But, because April 1 fell on Maundy Thursday, a public holiday, Land Bank was able to file a petition for the determination of just compensation before the RTC of Lipa City in Agrarian Case 99-0214 only on Monday, April 5, 1999. For Land Bank's failure to cause the service of summons, however, the RTC dismissed the case on December 14, 1999 without prejudice. Meanwhile, Fortune Savings ceased operations and was taken over by the Philippine Deposit Insurance Corporation as its liquidator.

On April 7, 2000 or four months after the RTC dismissed Agrarian Case 99-0214, Land Bank filed another petition for the determination of just compensation for the subject land in Agrarian Case 2000-0155. Because Fortune Savings failed to file a responsive pleading, the RTC declared it in default. Land Bank presented its evidence *ex parte* and on May 30, 2002 the RTC rendered a decision, upholding Land Bank's valuation of the property at P6,796.00 based on a technical formula adopted by the DAR.

Fortune Savings appealed to the Court of Appeals (CA),[4] arguing that the DARAB decision had already become final and executory and that the Land Bank valuation of P6,796.00, adopted by the RTC was erroneous. On August 29, 2006, the CA rendered judgment, reinstating the March 3, 1999 DARAB decision and its P93,060.00

valuation.[5] The CA ruled that Land Bank incurred delay in filing only on April 5, 1999 its petition for the determination of just compensation in Agrarian Case 99-0214 and that, consequently, the DARAB decision became final and executory on April 1, 1999.

After the CA denied Land Bank's motion for reconsideration, the latter came to this Court through a petition for review on certiorari.

The Issues Presented

The issues presented in this case are:

1. Whether or not the CA erred in holding that, since Land Bank filed its original judicial action in Agrarian Case 99-0214 beyond the 15-day period set under Rule XIII, Section 11 of the DARAB Rules, the DARAB determination of just compensation became final and executory; and
2. Whether or not the CA erred in adopting the valuation fixed by DARAB for the property at P93,060.00 instead of the P6,796.00 established by Land Bank.

The Ruling of the Court

One. Land Bank points out that, in ruling that the bank filed Agrarian Case 99-0214 out of time, the CA disregarded the fact that April 1, 1999, the last day for it to file the petition, was a holiday, it being Maundy Thursday.

Fortune Savings, on the other hand, claims in its Comment that, even if Land Bank filed the case on time, the fact remains that the RTC dismissed the same for Land Bank's failure to serve summons. Fortune Savings' filing of another case--Agrarian Case 2000-0155--cannot operate as a continuance of Agrarian Case 99-0214 because it was an entirely different case altogether. Agrarian Case 2000-0155 did not operate to revive Agrarian Case 99-0214 nor did it give to Land Bank the benefit of having filed on time the action that the DARAB Rules contemplated.

Although the DAR is vested with primary jurisdiction under the Comprehensive Agrarian Reform Law of 1988 or CARL to determine in a preliminary manner the reasonable compensation for lands taken under the CARP, such determination is subject to challenge in the courts.[6] The CARL vests in the RTCs, sitting as Special Agrarian Courts, original and exclusive jurisdiction over all petitions for the determination of just compensation.[7] This means that the RTCs do not exercise mere appellate jurisdiction over just compensation disputes.[8]

The RTC's jurisdiction is not any less "original and exclusive" because the question is first passed upon by the DAR. The proceedings before the RTC are not a continuation of the administrative determination. Indeed, although the law may provide that the decision of the DAR is final and unappealable, still a resort to the courts cannot be foreclosed on the theory that courts are the guarantors of the legality of administrative action.[9]

The taking of property under the CARL is a government exercise of the power of eminent domain. Since the determination of just compensation in eminent domain proceedings is a judicial function, such determination cannot be made to depend on the existence of administrative proceedings of a similar nature. Thus, even while the DARAB summary administrative hearing for determination of just compensation is pending, the interested party may file a petition for judicial determination of the same.[10] In another case, the Court allowed the filing with the trial court of a petition to fix just compensation despite failure of the landowner to seek reconsideration of the DAR's valuation.[11]

Consequently, Land Bank's filing of Agrarian Case 2000-0155 after the dismissal without prejudice of Agrarian Case 99-0214 cannot be regarded as barred by the filing of the latter case beyond the 15-day period prescribed under Rule XIII, Section 11 of the DARAB Rules. The procedural soundness of Agrarian Case 2000-0155 could not be made dependent on the DARAB case, for these two proceedings are separate and independent.

Two. In the matter of the amount of just compensation to which Fortune Savings is entitled, the Court notes that the latter forfeited by default its right to present evidence of just compensation before the RTC. Thus, the latter court simply accepted the computation and supporting documents that Land Bank adduced at the trial, which computation was at P6,796.00 based on the formula provided by Section 17 of the CARL.

But, although the formula found in Section 17 of the CARL may be justly adopted in certain cases, it is by no means the only formula that the court may adopt in determining just compensation. The Court finds too iniquitous the amount of P6,796.00 for the land. As Fortune Savings pointed out, P6,796.00 is just the price of a 14-inch television set, yet what is at stake in this case is a 4,230-square meter land with 43 coconut-bearing trees and 6 jackfruit trees, certainly with potential for greater productivity than a television set. That Fortune Savings was willing to pay P80,000.00 for the property is proof that the property was valued far more than the P6,796.00 fixed by the RTC.

The CA adopted the DARAB valuation of P93,060.00 for the subject land for a technical reason. But, since DARAB fixed the amount based on its expertise and since that amount is not quite far from the price for which Fortune Savings bought the same at a public auction, the Court is inclined to accept such valuation. Considering the relatively small amount involved, this would be a far better alternative than remanding the case and incurring further delay in its resolution.

WHEREFORE, the Court PARTIALLY GRANTS the petition. The August 29, 2006 decision and April 18, 2007 resolution of the Court of Appeals in CA-G.R. CV 76816 are REVERSED and SET ASIDE, except that the valuation of the subject property at P93,060.00 as originally contained in the March 3, 1999 decision of the DARAB, and which was adopted by the Court of Appeals, is AFFIRMED. For the reasons stated above, petitioner Land Bank of the Philippines is directed to pay the respondent Fortune Savings and Loan Association, Inc. the sum of P93,060.00 as just compensation for the taking of its land with legal interest from the time of the finality of this decision until it is paid in full.

SO ORDERED.

Carpio, Nachura, Peralta, and Mendoza, JJ., concur.

[1] Under Transfer Certificate of Title 33051.

[2] Under Executive Order 405, "Vesting in the Land Bank of the Philippines the primary responsibility to determine land valuation and compensation for all lands covered under Republic Act 6657, known as the Comprehensive Agrarian Reform Law of 1988."

[3] Rule XIII, Section 11 of the DARAB Rules of Procedure (DARAB Rules).

[4] CA-G.R. CV 76816.

[5] Rollo, pp. 37-45; penned by Associate Justice Roberto A. Barrios, with the concurrence of Associate Justices Mario L. Guariña III and Lucenito N. Tagle.

[6] CARL, Section 50.

[7] Id., Section 57.

[8] Philippine Veterans Bank v. Court of Appeals, 379 Phil. 141, 148 (2000); see also Republic of the Philippines v. Court of Appeals, 331 Phil. 1070 (1996).

[9] Id. at 1077-1078.

[10] Land Bank v. Celada, G.R. No. 164876, January 23, 2006, 479 SCRA 495, 504-505; see also Land Bank of the Philippines v. Wycoco, G.R. Nos. 140160 and 146733, January 13, 2004, 419 SCRA 67, 75.

[11] Land Bank of the Philippines v. Natividad, 497 Phil. 738 (2005).

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.