

SECOND DIVISION

[G.R. No. 180804, November 12, 2012]

**LAND BANK OF THE PHILIPPINES, PETITIONER, VS. SPS.
ROKAYA AND SULAIMAN BONA RESPONDENTS.**

D E C I S I O N

PEREZ, J.:

The Case

Before the Court is a Petition for Review on Certiorari^[1] filed by the Land Bank of the Philippines (LBP) alleging error on the part of the appellate court in reversing the finding of the Regional Trial Court (RTC) of Puerto Princesa City, Palawan, sitting as Special Agrarian Court, that the land subject of this case was under the coverage of R.A. 6657 or the *Comprehensive Agrarian Reform Law of 1988* and not under P.D. No. 27.^[2]

LBP is appealing the Decision^[3] of the Ninth Division of the Court of Appeals (CA) in CA-G.R. SP No. 90907 dated 21 May 2007 and the Resolution of the said Division dated 4 December 2007 which resulted in the reversal of the Decision of the aforementioned Special Agrarian Court.

The dispositive portion of the assailed decision reads:

WHEREFORE in view of the foregoing, the instant petition for review is **DISMISSED**. The assailed Decision dated October 11, 2004 is **REVERSED** and **SET ASIDE**. The instant case is **REMANDED** to the Regional Trial Court sitting as Special Agrarian Court for further proceedings.^[4]

On the basis of settled rulings, we sustain the decision of the appellate court and therefore, deny the petition.

The Facts

Rokaya Narrazid-Bona (Rokaya) is the owner by succession of a parcel of land with an area of 338.2826 hectares located at Bataraza, Palawan covered by TCT No. T-7193. She inherited this property from her mother Bautan Narrazid who also inherited the same from her husband who traces his roots back to Sultan Narrazid, a former Sultan of Palawan.^[5]

LBP is the financial intermediary for the Comprehensive Agrarian Reform Program (CARP) as designated under Section 64 of R.A. 6657.

The Department of Agrarian Reform (DAR) on the other hand, is the lead implementing agency of the CARP. It undertakes land tenure improvement and development of program beneficiaries.

From 4 December 1989 until 5 November 1990, several emancipation patents under TCT No.T-231 up to TCT No. T-429 were issued to different farmer-beneficiaries under the Operation Land Transfer (OLT) that covered the land of Rokaya.^[6] A total area of 76.2380 hectares of the property was covered by the TCTs. Rokaya contested these patents asserting that they were issued without her consent and knowledge. She alleged that the farmers were not qualified to become beneficiaries because they were not her tenants but were merely squatter-farmers.^[7]

Meanwhile, on 12 December 1989, then Secretary Miriam Defensor Santiago of the DAR sent a Notice of Acquisition addressed to Bautan Narrazid, the mother of Rokaya, placing an area of 168.8379 hectares of the property under CARP. In the Notice, the land was valued in the amount of P3,866.36 per hectare for a total compensation of P652,788.87.^[8]

On 16 January 1990, Rokaya, through a letter to the Bureau of Land Acquisition and Distribution, DAR, objected to the offered price for being too low.^[9] In October 1993, Rokaya filed a complaint before the RTC of Puerto Princesa City, Palawan but the same was dismissed for lack of merit.^[10]

Following the dismissal, Rokaya sent a letter to Provincial Agrarian Reform Officer (PARO) Homer P. Tobias requesting for a re-evaluation based on the Average Annual Production per hectare of the land.

In a Decision dated 8 November 1993, Regional Adjudicator for DAR Region IV Isidro Carrasca Gumtang fixed the amount of just compensation at P14,084.50 per hectare for a 121.5212 hectare-portion^[11] of the property.

On 7 December 1998, Rokaya agreed to a higher valuation and accepted LBP's payment of P98,633.00 per hectare or a total of P11,986, 001.00.^[12]

On 14 July 2000, Rokaya filed another complaint^[13] before the RTC of Puerto Princesa City, Palawan praying that the just compensation for the 76.2380 hectare-portion previously distributed to the farmer-beneficiaries, be fixed in the amount not less than the value of the 121.5212 hectare-portion.^[14]

During trial, Rokaya testified that she signed a Deed of Assignment, Warranties and Undertaking (DAWU) containing the provision that she received a partial payment for the contested 76.2380 hectares amounting to P668,680.12 on 8 March 2001.^[15] To quote:

x x x x

1. That the amount of SIX HUNDRED SIXTY EIGHT THOUSAND SIX HUNDRED EIGHTY PESOS AND 12/100 (P668,680.12) in cash and bonds

is understood to be not full compensation for the area covered by Presidential Decree No. 27 but the initial government valuation.^[16]

x x x x

She also admitted that LBP paid her P98,633.00 per hectare for the 121.52 hectare-portion as per Memorandum dated 7 December 1998.^[17]

To support her claim of higher valuation for the 76.2380 hectares, she presented Municipal Agrarian Reform Officer of Bataraza, Palawan Rogelio Madarcos who testified that the value of the contested portion is P104, 384.52 per hectare.^[18]

For its part, LBP presented its Landowners' Compensation Department Officer Christina Austria. Austria testified that among her duties were the determination and approval of the list of claims transmitted by DAR. She processed the claim of Rokaya for the 76.2380 hectare-portion of her property covered by the Land Transfer Claim Transmittal dated 21 February 1992,^[19] together with its various attachments such as the Orders of Placement,^[20] all dated 16 June 1984.^[21] She explained that if the acquisition of the land is under P.D. No. 27, it is DAR's duty to make a valuation; if under R.A. 6657, it is the bank's obligation to make one. She clarified that the list of claims will only be referred to the bank after DAR's classification and identification of the land to be transferred to the farmer-beneficiaries. After the transmittal and processing of claims, the bank pays the landowner and collects the amortization payments of the farmer-beneficiaries.^[22]

She added that the bank paid Rokaya the sum of P668,680.12 and an increment of P647,107.83 as evidenced by a certified photocopy of the acknowledgment receipt.

The Trial Court's Ruling

On 11 October 2004, the trial court rejected the prayer for higher valuation in its decision^[23] which reads:

WHEREFORE, premises considered, judgment is hereby rendered ordering fixing the just compensation due for the 76.2380 hectares property subject of this case in the amount of *Fifty Six Thousand Two Hundred Fifty pesos (P56,250.00) per hectare or a total amount of Four Million Two Hundred Eighty Eight Thousand Three Hundred Eighty Seven Pesos and 5/100 (4,288, 387.05)* for the whole property.

The sum of Fifteen Thousand Pesos (P15,000.00) as Attorney's fees is hereby awarded in favor of the plaintiffs.^[24]

It ruled that the 76.2380 hectare-portion was completely acquired through the OLT in 1989. Pursuant to the governing law, P.D. No. 27, and the ruling in *Land Bank v. Court of Appeals*,^[25] the agrarian court recomputed the value of the land using the formula "*Land Value = 2.5 x Annual Gross Production*^[26] *x P300.00.*"^[27]

Discontented, LBP filed an appeal before the CA.

The argument of the LBP in its Petition for Review,^[28] centered on the alleged violation of the applicable laws, P.D. No. 27 and E.O. 228, and settled jurisprudence when the trial court valued the annual gross production of the subject land at seventy five (75) cavans per hectare and the government support price at P300.00. It also averred error in awarding attorney's fees in favor of Rokaya.^[29]

The Court of Appeals' Ruling

The appellate court reversed and set aside the decision of the trial court. It overturned the finding that the subject lands are under the coverage of P.D. No. 27 and E.O. 228. It even cast doubts on the authenticity of the Orders of Placement. The materiality of the Notice of Acquisition sent to Rokaya dated 12 December 1989 was stressed and was relied upon by the CA as evidence that the lands were not acquired under P.D. No. 27, reasoning that there was no need to file such a Notice if indeed the lands were acquired under the old law and not under compulsory acquisition via R.A. 6657.^[30]

In its petition^[31] before this Court, LBP insists that the lands were covered by the OLT Program under P.D. No. 27 and not by compulsory acquisition under R.A. 6657.

In its Memorandum,^[32] LBP added the argument that the DAWU embodies the assent of Rokaya that the land was placed under the OLT Program and its genuineness and due execution had already been judicially admitted.^[33]

The Court's Ruling

LBP is steadfast in its contention that the applicable laws are P.D. No. 27 and E.O. 228. To establish its position, LBP presented the different Orders of Placement of DAR to prove that the lands were under the OLT. It also pointed that the DAWU signed by Rokaya is an acknowledgement that the lands were under OLT. It is further posited that applying R.A. 6657 to the P.D. No. 27-acquired properties will result in the retroactive application of R.A. 6657.

We agree with LBP that the land was acquired under the OLT; however, we do not agree that the computation of the just compensation is still based on the old formula and that the application of R.A. 6657 will result in the retroactivity of the law.

We explain.

Upon review of the complaint of Rokaya before the agrarian court, we find an apparent contradiction in the prayers:

1. That the JUST COMPENSATION for the above-described property [76.2380 hectare-portion] should be fixed in the amount not less than the value of the land subject of CACF No. RAC98-169 [121.52 hectare-portion], per Memorandum dated December 7, 1998, xxx.

x x x x

5. To Order the Department of Agrarian Reform and the Register of Deeds to cancel the Emancipation Patent/OLT issued and listed/encumbered in the memorandum of encumbrances xxx.^[34] (Underlining supplied)

Evidently, her prayer for fixing the just compensation vis-à-vis her request for cancellation of patents, shows that if the valuation of the 121.5212 hectare-portion of her property is not applied to the 76.2380 hectare property already covered by Emancipation Patents, such patents should be cancelled. Rokaya thus admitted the acquisition of the 76.2380 hectare-portion under P.D. No. 27.

Further, the different Orders of Placement all dated 16 June 1984 issued by the DAR and signed by its Regional Director Benjamin R. Estrellado, prove that the portion comprising the 76.238 hectares was acquired during the effectivity of P.D. No. 27.^[35] The Court takes judicial notice^[36] of these orders as issued by DAR pursuant to the Memorandum Circular No. 2, Series of 1978^[37] involving the inclusion of landholding tenanted after 21 October 1972 within the coverage of P.D. No. 27.

Finally, the DAWU itself signed by Rokaya showed her acknowledgment of the acquisition under P.D. No. 27 of the portion of her land in question. Her signature^[38] signifying her assent indicates her acceptance of the fact. To restate the pertinent provision:

WHEREAS, the area of SEVENTY SIX AND 2380/10000 (76.2380) hectares appearing in the said title has been actually transferred to the tenant farmer/s therein, pursuant to Presidential Decree No. 27 as shown in the list of beneficiaries who were awarded Certificates of land Transfer, copy of which is hereto attached as Annex A and forming an integral part hereof, the said area transferred is subject of Land Transfer Claim No. EO-92-039 Amd. for settlement/compensation in the Land Bank of the Philippines.^[39] (Underlining supplied)

However, acquisition of the property under OLT or P.D. No. 27 does not necessarily mean that the determination of just compensation therefor must be under the same decree.

To determine the applicable formula, it is important to determine whether on 15 June 1988, which is the effectivity date of R.A. 6657, there has already been payment of just compensation, which payment completes the agrarian reform process. If on such date just compensation remains unpaid, the agrarian reform process remains incomplete even if started under P.D. No. 27. Under R.A. 6657, just compensation will have to be computed in accordance with Section 17^[40] or Determination of Just Compensation in relation to the formula under Administrative Order No. 5, Series of 1998.