



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

**LAND BANK OF THE
PHILIPPINES,**

Petitioner,

G.R. NO. 178312

Present:

- versus -

SERENO, C.J.,
LEONARDO-DE CASTRO,
BERSAMIN,
VILLARAMA, JR., and
REYES, JJ.

**HEIRS OF SPOUSES JORJA
RIGOR-SORIANO AND MAGIN
SORIANO, NAMELY: MARIVEL
S. CARANDANG AND JOSEPH
SORIANO,**

Respondents.

Promulgated:

JAN 30 2013

x-----x

DECISION

BERSAMIN, J.:

In this appeal *via* petition for review on *certiorari*, Land Bank of the Philippines (Land Bank) seeks the review and reversal of the decision¹ of the Court of Appeals (CA) promulgated on January 18, 2007 in CA-G.R. SP No. 91192, affirming the judgment rendered on January 31, 2005 by the Regional Trial Court (RTC), Branch 23, in Cabanatuan City, Nueva Ecija, sitting as a Special Agrarian Court (SAC), ordering Land Bank to pay to the respondents as the landowners just compensation amounting to ₱1,227,571.10 for the properties covered by TCT No. NT-146092(2839) situated in Poblacion/Talabutab, Gen. Natividad, Nueva Ecija with an area of 10.9635 hectares, and by TCT No. NT-61608 situated in Macabucod, Aliaga, Nueva Ecija with an area of 4.1224 hectares, plus 6% *per annum*

¹ Rollo, pp. 9-21; penned by Associate Justice Myrna Dimaranan Vidal (retired), and concurred in by Associate Justice Jose L. Sabio, Jr. (retired/deceased), and Associate Justice Jose C. Reyes, Jr.

legal interest from date of taking (which the RTC determined to be October 25, 1999) until fully paid.

Antecedents

The respondents are the children of the late Spouses Jorja Rigor-Soriano and Magin Soriano, the owners of the two parcels of land covered by TCT No. NT 146092 (2839) and TCT NO. NT-61608, both of the Registry of Deeds of Nueva Ecija, containing an area of 10.9635 hectares located in Poblacion/Talabutab, Gen. Natividad, Nueva Ecija and 4.1224 hectares located in Macabucod, Aliaga, Nueva Ecija, respectively.

The properties became subject to Operation Land Transfer (OLT) and were valued by the Land Bank and the Department of Agrarian Reform (DAR) at ₱10,000.00/hectare. Contending, however, that such valuation was too low compared to existing valuations of agricultural lands, the respondents commenced this action for just compensation, claiming that the properties were irrigated lands that usually yielded 150 cavans per hectare per season at a minimum of two seasons per year. They asked that a final valuation of the properties be pegged at ₱1,800,000.00, based on Administrative Order No. 61, Series of 1992 and Republic Act No. 6657.²

Land Bank disagreed, insisting that Presidential Decree No. 27 and Executive Order No. 228 governed the fixing of just compensation for the properties; that the Government, through the DAR as the lead agency in the implementation of all agrarian laws, had taken the properties in 1972 pursuant to Presidential Decree No. 27, and had since then redistributed the properties to farmer-beneficiaries; and that in all cases under Presidential Decree No. 27 and Executive Order No. 228, its participation was only to pay the landowners accepting the valuations fixed by the DAR, upon the latter's direction and in the amounts the DAR determined. It prayed that the valuation by the DAR be retained or that a valuation be made judicially.³

Ruling of the RTC as SAC

After trial, on January 31, 2005, the RTC rendered its decision, decreeing:

WHEREFORE, all premises considered, judgment is hereby rendered ordering the defendant Land Bank of the Philippines to pay petitioner Manolo Goduco the total amount of One Million Two Hundred Twenty Seven Thousand Five Hundred Seventy One & 10/100 (P1,227,571.10), Philippine Currency, representing the just compensation

² Id. at 137.

³ Id. at 138.

of the properties covered by TCT No. NT-146092 (2839), situated at Poblacion/Talabutab, Gen. Natividad, Nueva Ecija x x x with an area of 10.9635 hectares, and TCT No. NT-61608, situated at Macabucod, Aliaga, Nueva Ecija, with an area of 4.1224 hectares, with 6% legal interest per annum from date of taking (which the Court determines to be October 25, 1999) until fully paid.

SO ORDERED.⁴

Land Bank and the respondents filed separate motions for reconsideration, but the RTC denied their motions on August 4, 2005. It should be mentioned that the clerical error appearing in the dispositive portion of the decision as to the name of the landowner was corrected from “Manolo Goduco” to “Marivel S. Carandang” and “Joseph Soriano.”⁵

Ruling of the CA

Land Bank appealed the decision dated January 31, 2005 to the CA, which sustained the RTC through the decision promulgated on January 18, 2007,⁶ pertinently holding and disposing as follows:

The petition is unimpressed with merit.

x x x x

Under the factual circumstances of this case, the agrarian reform process is still incomplete as the just compensation to be paid has yet to be settled. As mentioned earlier, the court *a quo* set the date of taking on 25 October 1999. During this time, Republic Act No. 6657 which took effect on 15 June 1988 was already operational. Thus, the ruling of the Supreme Court in *Land Bank of the Philippines v. Natividad, supra*, is highly relevant thus:

Considering the passage of Republic Act No. 6657 (RA 6657) before the completion of this process, the just compensation should be determined and the process concluded under the said law. Indeed, RA 6657 is the applicable law, with PD 27 and EO 228 having only supplementary effect, conformably without our ruling in *Paris v. Alfeche*.

x x x x

A perusal of the records, however, disclosed that in the valuation of the subject properties, the court *a quo* utilized the formula:

LV = Average Gross Production (AGP) x 2.5 x the Government Support Price (GSP)

⁴ Id. at 143.

⁵ Id. at 100.

⁶ *Supra* note 1.

x x x x

Under Section 17 of RA No. 6657, *infra*, the Congress enumerated certain factors to be considered in ascertaining just compensation of properties covered under the CARP. x x x.

Significantly, the court *a quo*'s valuation of the properties in question finds support under Section 17 of RA 6657, thus:

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, 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 shall be considered additional factors to determine its valuation.

In the case at bar, as can be gleaned from the recorded evidence, hearings were had and there were presentation of the parties' evidence. Hence, it can be safely assumed that the court *a quo* has aptly considered the factors provided under Section 17, *supra*, in its determination of just compensation.

x x x x

In sum, We find that the just compensation which the court *a quo* fixed is within the bounds of what the law considers as full and fair equivalent of the properties taken.

x x x x

WHEREFORE, premises considered, instant Petition is **DENIED**. The assailed Decision of the court *a quo* dated 31 January 2005 is **AFFIRMED**.⁷

On June 8, 2007, the CA denied Land Bank's motion for reconsideration.⁸

Issues

Hence, Land Bank appeals *via* petition for review on *certiorari*, assailing the decision of the CA upon the following issues:

⁷ Id. at 13-20.

⁸ Id. at 69.

I.

WHETHER OR NOT THE CA COMMITTED SERIOUS ERRORS OF LAW IN THE FOLLOWING INSTANCES: (A) THE QUESTIONED DECISION DISREGARDS [SIC] THE SUPREME COURT RULING ON THE DATE OF TAKING OF LANDS UNDER P.D. NO. 27/ E.O. NO. 228 WHICH WAS ENUNCIATED IN G.R. NO. 148223 TITLED “FERNANDO GABATIN, ET AL., VS. LAND BANK OF THE PHILIPPINES” (25 NOVEMBER 2005); (B) THE QUESTIONED DECISION DISREGARDED THE GOVERNMENT SUPPORT PRICE (GSP) FOR PALAY PRESCRIBED IN P.D. NO. 27/E.O. NO. 228 AMOUNTING TO THIRTY FIVE PESOS (PHP35.00), WHICH AMOUNT IS SUBJECT TO MANDATORY JUDICIAL NOTICE;

II.

WHETHER OR NOT UNDER PD NO. 27, THE LANDS WERE DEEMED TAKEN BY OPERATION OF LAW ON 21 OCTOBER 1972, THE DATE OF EFFECTIVITY OF SAID PRESIDENTIAL DIRECTIVE;

III.

WHETHER OR NOT THE GOVERNMENT SUPPORT PRICE (GSP) FOR PALAY PRESCRIBED IN P.D. NO. 27/E.O. NO. 228 AMOUNTING TO PHP35 IS SUBJECT TO MANDATORY JUDICIAL NOTICE.⁹

Ruling

On February 29, 2012, Land Bank submitted to the Court a so-called *Joint Manifestation and Motion (Re: Unconditional Acceptance of Revaluation)* dated February 9, 2012, stating that the approval by Land Bank’s responsible officers of the revaluation of the properties pursuant to DAR Administrative Order No. 1 dated February 18, 2010, Series of 2010, as follows:

- (a) ₱229,799.42, for the acquired area consisting of 2.3539 hectares located in Macabucod, Aliaga, Nueva Ecija and covered by TCT No. NT – 61608; and
- (b) ₱2,260,725.87 for the acquired area consisting of 10.4795 hectares located in Talubatab, Gen. Natividad, Nueva Ecija and covered by TCT No. NT-146092,

was communicated to the respondents for their unconditional acceptance. It prayed that the appeal be now resolved on the basis of the acceptance of payment by the respondents.¹⁰

⁹ Id. at 34-36.

¹⁰ Id. at 270-276.

Under the resolution dated March 12, 2012, the Court required the respondents to comment on Land Bank's submission of the *Joint Manifestation and Motion (Re: Unconditional Acceptance of Revaluation)* dated February 29, 2012; directed the parties to submit their formal written agreement within 15 days from notice; and deferred action on the *Joint Manifestation and Motion (Re: Unconditional Acceptance of Revaluation)* dated February 29, 2012 pending compliance by the parties.¹¹

On December 4, 2012, Land Bank submitted a *Manifestation*,¹² informing the Court that the parties had filed by registered mail their *Joint Motion to Approve the Attached Agreement*, submitting therewith their *Agreement* dated November 29, 2012.

On December 7, 2012, the Court received the *Joint Motion to Approve the Attached Agreement*¹³ and the *Agreement* dated November 29, 2012.¹⁴ Thereby, the parties prayed that the Court consider and approve the *Agreement* as its disposition of the petition for review on *certiorari*, and render its judgment in accordance with the terms of the *Agreement*.

The *Agreement* is reproduced in full below:

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA) S.S.

AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This agreement made and executed by and between:

LAND BANK OF THE PHILIPPINES, with principal place of business at 1598 M.H. del Pilar cor. Quintos Sts., Malate, Manila, hereinafter called the "**First Party**," and

HEIRS OF SPOUSES JORJA RIGOR-SORIANO and MAGIN SORIANO, NAMELY: MARIVEL S. CARANDANG and JOSEPH SORIANO, hereinafter called the "**Second Party**,"

WITNESSETH:

1. That the First Party, in a Memorandum from Lily M. San Luis, Officer-in Charge, AOC III-A, Land Bank of the Philippines, City of San Fernando, Pampanga, revalued the acquired area belonging to the Second Party, consisting of 2.3539 hectares located at Macabucad, Aliaga, Nueva Ecija, covered by TCT No. NT - 61608 pursuant to DAR Administrative Order

¹¹ Id. at 277.

¹² Id. at 332-343.

¹³ Id. at 344 -346.

¹⁴ Id. at 347-350.

No. 1, Series of 2010, in the amount of **Two Hundred Twenty Nine Thousand Seven Hundred Ninety Nine Pesos & 42/100 (Php 229,799.42).**

2. That on 04 August 2011, the above-stated revaluation for subject property was duly approved by the First Party's approving authorities, as indicated in the Memorandum and thereafter communicated to the Second Party for unconditional acceptance.
3. That the First Party, in a subsequent Memorandum from Lily M. San Luis, Officer-in-Charge, AOC III-A, Land Bank of the Philippines, City of San Fernando, Pampanga, revalued another acquired area belonging to the Second Party, consisting of 10.4795 hectares located at Talubatab, Gen. Natividad, Nueva Ecija, covered by TCT No. NT - 146092 pursuant to the above-stated DAR Administrative Order in the amount of **Two Million Two Hundred Sixty Thousand Seven Hundred Twenty Five Pesos & 87 (Php 2,260,725.87).**
4. That on 18 January 2011, the above-stated revaluation for the subject property was duly approved by the First Party's approving authorities as indicated in the Memorandum and thereafter communicated to the Second party for unconditional acceptance.
5. That for the above-stated claims, the amounts of Php 210,884.03 for TCT No. NT – 61608 and Php 2,073,339.00 for TCT No. – NT-146092, representing the increase in valuation are due to the Second Party, receipt of which is hereby acknowledged.
6. That the above-stated revalued amounts, which the Second Party have received, are completely satisfactory to the Second Party who manifest unconditional acceptance thereof, representing as they do, the fair, full and just compensation for subject properties.
7. That in view of the Second Party's unconditional or absolute acceptance and full receipt of the foregoing amounts as just compensation for subject properties the First Party and the Second Party hereby consider the case titled **“Land Bank of the Philippines v. Heirs of Spouses Jorja Rigor-Soriano and Magin Soriano, namely: Marivel S. Carandang and Joseph Soriano** (G.R. No. 178312) pending before the Supreme Court, closed and terminated.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands this NOV 29 2012 day of November, 2012, in CITY OF MANILA, Philippines.

FIRST PARTY:**SECOND PARTY:**

(Sgd.)

LAND BANK OF THE PHILIPPINES MARIVEL S. CARANDANG

(Sgd.)

JOSEPH SORIANO**REPRESENTED/ASSISTED BY:****ASSISTED BY:**

(Sgd.)

NOEL B. MARQUEZ
VP – Head, CLSD/Counsel**FELIPE R. DE BELEN**
Counsel

(Sgd.)

MYLENE R. PACASUM/ JOSE M. A. QUIMBOY
Counsel

(Sgd.)

Counsel

Signed in the presence of:

(Sgd.)

SYLVIA M. EUSEBIO

(Sgd.)

RENAN B. UMALI

There is no question that the foregoing *Agreement* was a compromise that the parties freely and voluntarily entered into for the purpose of finally settling their dispute in this case. Under Article 2028 of the *Civil Code*, a compromise is a contract whereby the parties, by making reciprocal concessions, avoid a litigation or put an end to one already commenced. Accordingly, a compromise is either judicial, if the objective is to put an end to a pending litigation, or extrajudicial, if the objective is to avoid a litigation. As a contract, a compromise is perfected by mutual consent. However, a judicial compromise, while immediately binding between the parties upon its execution, is not executory until it is approved by the court and reduced to a judgment.¹⁵ The validity of a compromise is dependent upon its compliance with the requisites and principles of contracts dictated by law. Also, the terms and conditions of a compromise must not be contrary to law, morals, good customs, public policy and public order.¹⁶

A review of the terms of the *Agreement*, particularly paragraph 6 and paragraph 7, indicates that it is a judicial compromise because the parties intended it to terminate their pending litigation by fully settling their dispute. Indeed, with the respondents thereby expressly signifying their “unconditional or absolute acceptance and full receipt of the foregoing amounts as just compensation for subject properties the First Party and the Second Party hereby consider the case titled “Land Bank of the Philippines v. Heirs of Spouses Jorja Rigor-Soriano and Magin Soriano, namely: Marivel S. Carandang and Joseph Soriano (G.R. No. 178312) pending before the Supreme Court, closed and terminated,” the ultimate objective of the action to determine just compensation for the landowners was achieved.

¹⁵ *Abinujar v. Court of Appeals*, G.R. No. 104133, April 18, 1995, 243 SCRA 531, 535.

¹⁶ *Rivero v. Court of Appeals*, G.R. No. 141273, May 17, 2005, 458 SCRA 714, 735.

WHEREFORE, finding the *Agreement* to have been validly and voluntarily executed by the parties in compliance with the requirements of law, the Court hereby **APPROVES** it.

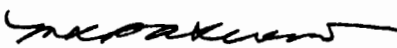
Considering that the *Agreement* shows that the payment of just compensation was already fully executed, and that the affected properties were already delivered to Land Bank of the Philippines, thereby leaving nothing further to be complied with by the parties, the Court declares this appeal **CLOSED** and **TERMINATED**, without pronouncements as to costs of suit.

SO ORDERED.

WE CONCUR:




LUCAS P. BERSAMIN
Associate Justice



MARIA LOURDES P. A. SERENO
Chief Justice



TERESITA J. LEONARDO-DE CASTRO
Associate Justice



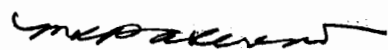
MARTIN S. VILLARAMA, JR.
Associate Justice



BIENVENIDO L. REYES
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARIA LOURDES P. A. SERENO
Chief Justice