Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

SANTOS VENTURA HOCORMA FOUNDATION, INC., Petitioner,	**G.R. No. 213499**
	Present:
- versus -	GESMUNDO, *CJ., Chairperson,* CAGUIOA, LAZARO-JAVIER, LOPEZ, M.,* *and* LOPEZ, J., *JJ.*
DOMINGO M. MANALANG, RENATO D. GARCIA, RONALDO D. GARCIA and JESUS M. GALANG, represented by Attorney-in-fact LUCENA M. DE LEON, Respondents.	**Promulgated:** OCT 13 2021

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D E C I S I O N

LOPEZ, J., *J.*:

This resolves the Petition for Review on *Certiorari*[1] under Rule 45 of the Rules of Court assailing the Decision[2] dated March 27, 2014 and Resolution[3] dated July 11, 2014 of the Court of Appeals (*CA*) in CA-G.R. SP No. 122846. The challenged rulings reinstated the Decision[4] dated January 24, 2011 of the Department of Agrarian Reform Adjudication Board (*DARAB*). As held by the CA, Lot No. 554-D-3 falls under the coverage of the Comprehensive Agrarian Reform Program (*CARP*) and the Certificates of Land Ownership Award (*CLOAs*) issued to respondents are valid.

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* On wellness leave.

1 *Rollo*, pp. 15-40.

2 Penned by Retired Presiding Justice Romeo F. Barza, with Associate Justices Hakim S. Abdulwahid (ret.) and Ramon A. Cruz, concurring; *id.* at 46-60.

3 *Id.*

4 *Id.* at 88-91.

The Antecedents

As culled from the records, petitioner Santos, Ventura, Hocorma Foundation, Inc. (*SVHFI*) is the registered owner of a 255,699 square-meter (25.5699 hectares) parcel of land situated at Brgy. Cacutud (formerly Mamatitang), Mabalacat, Pampanga, identified as Lot No. 554-D-3 and covered by Transfer Certificate of Title (*TCT*) No. 549661-R of the Registry of Deeds for the province of Pampanga.[5]

On September 20, 2002, Lot No. 554-D-3 was placed under the coverage of the CARP.[6]

On November 13, 2003, the Department of Agrarian Reform (*DAR*) caused the annotation of Subdivision Plan Pcs-03-012487 on TCT Nos. 549659-R, 549660-R, 549661-R (the title covering Lot No. 554-D-3) and 549663-R. Domingo M. Manalang, Renato D. Garcia, Ronaldo D. Garcia and Jesus M. Galang (*collectively, respondents unless individually referred to*) then applied as beneficiaries of the land.

On April 13, 2004, SVHFI and the Bases Conversion Development Authority (*BCDA*) executed a Deed of Absolute Sale for the acquisition of two portions of Lot No. 554-D-3, specifically, Lot No. 554-D-3-B and Lot No. 554-D-3-C, to be used for the construction of Clark North 2 interchange of the Subic-Clark-Tarlac Expressway (*SCTEX*).[7] Meanwhile, the DAR caused the partial cancellation of Certificates of Title Nos. 549659-R, 549660-R, 549661-R and 549663-R.

On December 29, 2005, CLOAs were issued to respondents.[8] The Registry of Deeds thereafter registered in favor of respondents' names on the following titles: TCT No. 19135 with CLOA No. 00809657 and TCT No. 19134 with CLOA No. 00809658 in the name of respondent Renato D. Garcia; TCT No. 1900 with CLOA No. 00809454 in the name of respondent Jesus Galang; TCT No. 19099 with CLOA No. 00809455 in the name of respondent Rogelio Calalang; TCT No. 19101 with CLOA No. 00809457 in the name of Luis Caparas; TCT No. 19102 with CLOA No. 00809458 in the name of Trinidad Garcia; and TCT No. 19103 with CLOA No. 00809459 in the name of respondent Domingo Manalang.[9]

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5 *Id.* at 47.
6 *Id.* at 127.
7 *Id.* at 47.
8 *Id.* at 128.
9 *Id.* at 49.

On September 18, 2006, respondents filed a petition for Nullification of Sale with Prayer for Damages and Application for a Temporary Restraining Order and/or Writ of Injunction before the Office of the Regional Agrarian Reform Adjudicator (*RARAD*). The case was docketed as DARAB Case No. 15821. In the petition, respondents sought to nullify the sale executed between SVHFI and BCDA. According to them, the parcels of land sold by SVHFI were under the coverage of the CARP pursuant to Republic Act (*RA*) No. 6657 and they are the farmer beneficiaries thereof.[10]

Respondents also averred that prior to consummation of the sale to BCDA, SVHFI had already been notified that the subject property was among those placed under coverage of the CARP. This fact was already made known to SVHFI sometime on September 20, 2002, through its former Chief Executive Officer, Mr. Melchor G. Raymundo, in a letter sent by Mr. Nicandro Daculog, the then Municipal Agrarian Reform Officer (*MARO*) of Mabalacat, Pampanga. Respondents further averred that SVHFI surreptitiously negotiated with BCDA for the sale of two portions of Lot 554-D-3 containing a total area of 177,947 square meters, in evident bad faith and malicious intent to evade the CARP.[11]

Meanwhile, in their Answer, SVHFI raised, among other things, that the subject property is not covered by the CARP since it has already been reclassified as residential land sometime in 1980 or prior to the enactment of RA No. 6657. To prove their claim, SVHFI presented a certification from the Housing and Land Use Regulatory Board (*HLURB*) which stated that Lot No. 554-D-3 had indeed been reclassified for residential use.[12]

On September 26, 2006, SVHFI filed before the RARAD a petition for the Cancellation of the CLOAs issued to respondents. The case was docketed as DARAB Case No. 15821-A.[13]

In their petition, SVHFI explained that the subject property, Lot No. 554-D-3, used to be a part of Lot No. 554 and covered by TCT No. 195826-R until Lot No. 554 was subdivided due to expropriations made by the Department of Public Works and Highways (*DPWH*). According to SVHFI, they received an Invitation Letter to Landowner for Field Investigation from the DAR on June 27, 2002 through which they were informed that the property covered by TCT No. 195826-R had been placed under the coverage of RA No. 6657. SVHFI, however, claimed that the letter failed to state which among the eight parcels covered by TCT No. 195826-R were placed under the CARP. Subsequently, a Notice of Coverage and Field Investigation dated September 20, 2002 was sent by the DAR to SVHFI informing the latter that 50 hectares of Lot No. 554 was placed under the coverage of the CARP. SVHFI, however,

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10 *Id.*
11 *Id.*
12 *Id.* at 48.
13 *Id.*

maintained that the Notice still failed to mention which parcels of land comprising Lot No. 554 and covered by TCT No. 195826-R were placed under the coverage. This, according to SVHFI, deprived them from making a choice as to which among the eight parcels of land covered by TCT No. 195826-R they intended to retain. Later, they learned that the parcels of land, originally part of Lot No. 554, sought to be distributed by the DAR pursuant to RA No. 6657 included portions of Lot No. 554-D-3.[14]

SVHFI averred that even before the DAR could proceed with the coverage of Lot No. 554-D-3, the BCDA had already expropriated 177,947 square meters of Lot No. 554-D, namely: Lot No. 554-D-3-B and Lot No. 554-D-3-C, for the construction of the SCTEX and that Notice of the aforesaid expropriation was given to the DAR. SVHFI also asserted that during their dialogue with the MARO of Mabalacat, Pampanga, they presented proof of the expropriations made by the BCDA on several portions of Lot No. 554-D. According to SVHFI, they were assured that the expropriations made by the BCDA would be incorporated in the DAR survey and deducted from the coverage of the CARP; that they informed and requested from the DAR that the retained area be segregated and taken from Lot No. 554-D-3 and Lot No. 554-D-5; and that contrary to what had been agreed upon, the DAR still caused the unilateral cancellation of Psd-03-125741, the subdivision plan covering Lot No. 554-D-1, 554-D-2, 554-D-3, 554-D-4 & 554-D-5, and the approval of a new consolidated subdivision plan, Pcs-03-012487.[15]

SVHFI maintained that Lot No. 554-D-3 should not be covered since it had already been reclassified as residential land several years prior to the enactment of RA No. 6657. According to them, even if it were to be assumed that the subject property is within the ambit of the law, the DAR still failed to comply with its mandate of providing SVHFI with its retained area which, had they been given the choice, would have been Lot No. 554-D-3 and Lot No. 554-D-5.[16]

Subsequently, DARAB Case No. 15821 and 15821-A were consolidated. Meanwhile, SVHFI applied for exemption of Lot 554-D-3 from coverage under the CARP.[17]

In DARCO Order[18] EX-0712-489 dated December 10, 2007, the DAR Secretary granted the application for exemption filed by SVHFI. According to the Secretary, respondents could not have derived any vested rights over the property despite the CLOAs awarded to them because the subject property was reclassified into non-agricultural land before June 15, 1988, thus, it is exempt from coverage of the CARP. The pertinent portion of the Order reads:

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14 *Id.*
15 *Id.* at 49.
16 *Id.* at 49-50.
17 *Id.* at 50.
18 *Id.* at 216-221.

> x x x Protestants could not have derived any vested rights over the subject property despite their CLOAs because as earlier said, the coverage of the said properties, which led to the eventual issuance of the CLOAs in their favor, was erroneous in the first place. Thus, they are deemed as to have not conferred any rights on their recipients. On the other hand, in view of the erroneous coverage of the subject properties, herein Applicants, as original owners of said properties, were never divested of their rights over the same, including the rights to apply for exemption.
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> Moreover, the results of the ocular inspection on the subject property, reveal that majority of the portions of the area applied for exemption have already been developed into what is now known as the Subic-Clark-Tarlac Expressway. A clear indication that indeed, the land has already been reclassified into non-agricultural purposes by the LGU and are no longer feasible for agricultural production.[19]

Respondents filed a Motion for Reconsideration but the DAR Secretary, in DARCO Order[20] No. EX-0808-377 dated August 29, 2008, maintained his earlier pronouncement and denied their motion for lack of merit. The dispositive portion of the Order reads:

> WHEREFORE, premises considered, Motion for Reconsideration dated 31 January 2008, from the Order dated 10 December 2007, filed by the protestants/movants Orlando Garcia, et al. through its counsel, Benjamin M. Yambao, over a parcel of land with an aggregate area of 25.5699 hectares, situated in Barangay Cacutud (formerly Mamatitang), Mabalacat, Pampanga is hereby DENIED for lack of merit. The Exemption Order dated 10 December 2007 is MAINTAINED.
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> SO ORDERED.[21]

Respondents subsequently filed a Manifestation. In DARCO Order[22] No. EX-0905-133, the DAR Secretary denied respondents' plea for reconsideration and reiterated that reclassification of Lot No. 554-D-3 into non-agricultural prior to June 15, 1988 meant that the landholding is one of those deemed exempted from coverage under the CARP pursuant to DOJ Opinion No. 44. The dispositive portion of the Order reads:

> WHEREFORE, premises considered, Manifestation filed by Oppositors, Orlando Garcia, et al. dated 10 November 2008, praying to the Honorable Office, that the Order dated 10 December 2007 be Reconsidered and a new one be issued Denying the Application for Exemption of Santos Ventura Hocorma Foundation Inc., for lack of merit, over a parcel of land with an aggregate area of 25.5699 hectares situated at Brgy. Cacutud (formerly Mamatitang), Mabalacat, Pampanga

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19 *Id.* at 220.
20 *Id.* at 223-227.
21 *Id.* at 226.
22 *Id.* at 228-233.

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> is hereby DENIED for lack of merit. The Orders dated 10 December 2007 and 29 August 2008 are hereby AFFIRMED in toto.
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> SO ORDERED.[23]

Meanwhile, on December 26, 2007, the RARAD rendered a Joint Decision[24] upholding the validity of the CLOAs issued to respondents and declaring the sale between SVHFI and BCDA as null and void *ab initio.*[25] SVHFI and BCDA thereafter filed a Joint Motion for Reconsideration. In the said motion, they informed the RARAD that the DAR Secretary already granted their application for exemption. Their efforts, however, were futile as the RARAD denied their motion in an Order dated May 15, 2008.[26]

On appeal taken by SVHFI, the DARAB agreed with the findings of the RARAD and ruled in favor of respondents. In its Decision[27] dated January 24, 2011, the DARAB affirmed *in toto* the decision of the RARAD.[28] SVHFI subsequently filed a Motion for Reconsideration.

In a Resolution[29] dated December 16, 2011, the DARAB reversed its earlier ruling and granted SVHFI's motion. It declared the subject property exempt from the coverage of the CARP and consequently ordered the cancellation of the CLOAs issued in the name of respondents. The dispositive portion of the Resolution reads:

> WHEREFORE, the Motion for Reconsideration is hereby GRANTED and the Decision dated 24 January 2011 rendered by this Board is SET ASIDE and a new judgment is rendered:
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> 1. Ordering the Register of Deeds of Pampanga to cancel the Certificate of Land Ownership Award Nos. 00809657 and 00809658 in the name of Renato Garcia; 00809454 in the name of Jesus Galang; 00809455 in the name of Rogelio Calalang; 00809457 in the name of Luis Caparas; 00809458 in the name of Trinidad Garcia; and 00809459 in the name of Domingo Manalang;
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> 2. Ordering the appellees to surrender their respective CLOAs to the Register of Deeds of Pampanga;
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> 3. Ordering the appellees' foundation and/or any person/s acting in its behalf to maintain the appellees from peaceful possession on their respective areas until payment of disturbance compensation is effected.

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23 *Id.* at 233.
24 *Id.* at 122-130.
25 *Id.* at 50.
26 *Id.* at 22.
27 *Id.* at 171-186.
28 *Id.* at 50.
29 *Id.* at 207-212.

4. Ordering the appellees to vacate their respective areas and turn over the physical possession thereof to appellant-foundation upon payment of disturbance compensation; and

5. Directing the Municipal Agrarian Reform Officer (MARO) of Mabalacat, Pampanga to assist the parties in the computation of the disturbance compensation.

SO ORDERED.[30]

Later, on December 17, 2013, the Office of the President issued an Order in OP Case No. 09-1-469 where it affirmed the findings of the DAR Secretary concerning SVHFI's Application for Exemption (DARCO Order[31] EX-0712-489, DARCO Order[32] No. EX-0808-377, DARCO Order[33] No. EX-0905-133), *viz.*:

> This resolves the Appeal dated 4 December 2009 filed by oppositor-appellants Orlando Garcia, et al. from the Orders dated 10 December 2007, 29 August 2008 and 13 May 2009, all rendered by the Office of the Secretary-Department of Agrarian Reform (OSEC-DAR).
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> After a careful study and thorough evaluation of the records of the case, this Office is convinced of the OSEC-DAR rulings and finds no cogent reason to depart from the assailed Orders. This Office hereby adopts by reference the findings of fact and conclusions of law contained in the OSEC-DAR Orders dated 10 December 2007, 29 August 2008 and 13 May 2009, copies of which are attached hereto as Annexes "A", "B", and "C", respectively.
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> **WHEREFORE**, the Orders appealed from are hereby **AFFIRMED** *in toto*.
>
> **SO ORDERED.**[34]

Undeterred, respondents appealed to the CA. Respondents argued that the DARAB committed an error when the latter set aside its own Decision and rendered a Resolution which effectively caused the cancellation of the CLOAs awarded to them.

In a Decision[35] dated March 27, 2014, the CA granted respondents' petition and reinstated the original decision of the DARAB dated January 24, 2011. The *fallo* of the CA Decision reads:

> **WHEREFORE**, premises considered, the instant petition is hereby **GRANTED**. The assailed Resolution dated December 16, 2011 of

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30 *Id.* at 211-212.
31 *Id.* at 216-221.
32 *Id.* at 223-227.
33 *Id.* at 228-233.
34 *Id.* at 30-31.
35 *Supra* note 2.

the Department of Agrarian Reform Adjudication Board is hereby **REVERSED** and **SET ASIDE**. Its Decision dated January 24, 2011 is hereby ordered **REINSTATED**.

SO ORDERED.[36]

SVHFI filed a Motion for Extension of Time to File a Motion for Reconsideration on April 22, 2014 and, on May 9, 2014, filed a Motion for Reconsideration.[37] Both these motions were denied by the CA in a Resolution[38] dated July 11, 2014.

Hence, the present petition.

The Issue

The crux of this case is whether or not Lot No. 554-D-3 is covered by the CARP pursuant to RA No. 6657. The determination of this issue, in turn, hinges on the question of whether or not the CA erred when it reversed the Resolution of the DARAB which declared Lot No. 554-D-3 exempt from coverage and, in effect, caused the cancellation of the CLOAs issued to respondents.

Our Ruling

The Court grants the petition.

It is well settled that in a petition for review on *certiorari* under Rule 45 of the Rules of Court, only questions of law may be raised. This Court, in numerous instances, has had occasion to explain that it is not its function to analyze or weigh evidence all over again. As a rule, the Court respects the factual findings of the CA and of quasi-judicial agencies like the DAR, giving them a certain measure of finality. There are, however, recognized exceptions to this rule, one of which is when the findings of fact are conflicting.[39]

To begin with, it must be pointed out that insofar as jurisdiction is concerned, the Court agrees with the CA that the DARAB did not act beyond the scope of its function when the latter declared Lot No. 554-D-3 exempt from the coverage of the CARP. As gleaned from the records, the DARAB merely adopted the findings of the DAR Secretary who, in an Order[40] dated December 10, 2007, granted SVHFI'S Application for Exemption of the subject property from CARP coverage. In the assailed decision, the CA

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36 *Id.* at 59.
37 *Id.* at 24.
38 *Supra* note 3.
39 *Heirs of Luna v. Afable*, 702 Phil. 146, 164-165 (2013).
40 *Id.* at 216-221.

exhaustively discussed the scope of jurisdiction of the DAR Secretary insofar as matters involving the administrative implementation of R.A. No. 6657 are concerned.

In cases involving the implementation of agrarian laws, the determination of the land's classification as agricultural or non-agricultural (*e.g.*, industrial, residential, commercial, etc.) and, in turn, whether or not the land falls under agrarian reform exemption, must be preliminarily threshed out before the DAR, particularly, the DAR Secretary, pursuant to DAR Administrative Order No. 6, Series of 1994.

Citing Section 3, Rule II of the DARAB 2003 Rules of Procedure, the CA correctly explained that the DAR Secretary has exclusive jurisdiction over matters involving the classification and identification of landholdings for coverage under the CARP, as well as applications for exemptions. To reiterate, Section 3 states:

> SECTION 3. *Agrarian Law Implementation Cases.* — The Adjudicator or the Board shall have no jurisdiction over matters involving the administrative implementation of RA No. 6657, otherwise known as the Comprehensive Agrarian Reform Law (CARL) of 1988 and other agrarian laws as enunciated by pertinent rules and administrative orders, which **shall be under the exclusive prerogative of and cognizable by the Office of the Secretary of the DAR** in accordance with his issuances, to wit:
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> 3.1 **Classification and identification of landholdings for coverage under the agrarian reform program and the initial issuance of CLOAs and EPs, including protests or oppositions thereto and petitions for lifting of such coverage;**
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> 3.2 Classification, identification, inclusion, exclusion, qualification, or disqualification of potential/actual farmer-beneficiaries;
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> 3.3 Subdivision surveys of land under CARP;
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> 3.4 Recall, or cancellation of provisional lease rentals, Certificates of Land Transfers (CLTs) and CARP Beneficiary Certificates (CBCs) in cases outside the purview of Presidential Decree (PD) No. 816, including the issuance, recall, or cancellation of EPs or CLOAs not yet registered with the Register of Deeds;
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> 3.5 Exercise of the right of retention by the landowner;
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> 3.6 **Application for exemption from coverage under Section 10 of RA 6657;**[41]

Verily, issues of exclusion or exemption partake the nature of Agrarian Law Implementation (*ALI*) cases which are well within the competence and jurisdiction of the DAR Secretary. Towards this end, the latter is ordained to exercise his legal mandate of excluding or exempting a property from CARP

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41 Emphasis Supplied.

coverage based on the factual circumstances of each case and in accordance with the law and applicable jurisprudence. Thus, considering his technical expertise on the matter, courts cannot simply brush aside his pronouncements regarding the status of the land in dispute, *i.e.*, as to whether or not it falls under CARP coverage.[42]

Simply put, the prerogative and authority with regard to the classification and identification of lands included or exempted from coverage under the CARP vests exclusively in the DAR Secretary and no one else.

Applying this to the present case, it cannot be said that the DARAB encroached on the authority of the DAR Secretary in the latter's determination of which lands fall under the coverage of the CARP. As correctly explained by the CA, the DARAB, in its Resolution dated December 16, 2011, merely relied on and adopted the Order of the DAR Secretary which granted SVHFI's previous Application for Exemption of Lot No. 554-D-3 from the coverage of the CARP.

The DARAB Resolution, in part, reads:

> It is also shown that on 10 December 2007, then DAR Secretary Nasser C. Pangandaman, granted the application for exemption from CARP Coverage over the subject land with an area of 25.5699 hectares owned by the appellant-foundation. In granting the said application, the following pieces of evidence were taken into consideration x x x.
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> x x x x
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> In this connection, the subject land is exempted from the coverage of the CARP. Such being the case, the CLOAs issued to the farmer-beneficiaries should be cancelled pursuant to Administrative Order No. 2, Series of 1994.[43]

It is, however, essential to point out that the CA erred when it stated that the DARAB committed an error when the latter reversed its earlier Decision on the basis of the Orders of the DAR Secretary dated December 10, 2007 and August 29, 2008. In the said Orders, the DAR Secretary granted the application for exemption filed by SVHFI and declared Lot No. 554-D-3 exempt from coverage of the CARP. According to the CA, the Orders of the DAR Secretary on which the DARAB Resolution was based had already been revoked by the Secretary himself in a later Order dated September 4, 2009; that the DAR Secretary had expressly declared Lot No. 554-D-3 under the coverage of the CARP; and that said declaration was subsequently affirmed in an Order dated October 27, 2009, when the Secretary denied the Motion for Reconsideration filed by SVHFI.

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42 *Farmer-Beneficiaries Belonging To The Samahang Magbubukid Ng Bagumbong v. Heirs of Maronilla*, G.R. No. 229983, July 29, 2019.

43 *Rollo*, pp. 56-57.

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We disagree.

Lot 554-D-3 was declared exempt from coverage of the CARP by virtue of DARCO Order[44] EX-0712-489.

A closer scrutiny of the records shows that the revocation orders cited by the CA and on which it based the assailed decision, pertain to a different Order of Exemption (DARCO Order No. EX-0811-499) which covers an entirely different lot (Lot 530), albeit originating from the same certificate of title (TCT No. 195826-R). To elaborate, the CA decision reads:

> We, however, find the DARAB has committed an error setting aside its earlier Decision on the basis of the Orders of the DAR Secretary dated December 10, 2007 and August 29, 2008, declaring the subject property exempted from the coverage of the CARP as the same has already been revoked subsequently by the DAR Secretary in his Order dated September 4, 2009. In the said Order, the DAR Secretary granted the petition for revocation of DARCO Order No. EX-0811-499 which granted in favor of SVHFI an Order of Exemption over a 55.8721 hectares of land covered by TCT No. 195826-R. As mentioned earlier by SVHFI in its own pleadings, TCT No. 195826-R covers Lot No. 554, the parcel of land from which the subject property, Lot No. 554-D-3, originated from. With the said Orders, the DAR Secretary has expressly declared that the subject property is under the coverage of the CARP. The said Order was then affirmed subsequently by the DAR Secretary in his Order dated October 27, 2009, when he denied the Motion for Reconsideration filed by SVHFI.
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> As explained above, the DAR Secretary has exclusive jurisdiction over issues involving non-coverage of a land under the CARP. By virtue of its Orders dated September 4 and October 27, 2009 revoking the order of exemption over the subject property, the DAR Secretary has expressly ruled that the same is under the coverage of the CARP. It was, thus, an error on the part of the DARAB to rely on the former Orders issued by the DAR Secretary after it has subsequently revoked the exemption previously granted to SVHFI.
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> x x x x
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> Besides, assuming that the DAR Secretary erred in revoking the exemption previously granted to SVHFI, under Section 33 of the 2003 Rules of Procedure for ALI Cases, the decision of the DAR Secretary should be appealed to the Office of the President. In this case, the Orders of the DAR Secretary declaring the subject property under the coverage of the CARP was affirmed by the Office of the President in its Decision dated June 10, 2010, when SVHFI appealed to the said office the revocation of the Exemption Order previously issued in its favor. Verily, there can be no doubt as to the coverage of the CARP over the subject property.[45]

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44 *Id.* at 216-221.

45 *Id.* at 58-59.

To clarify, Lot No. 554-D-3 was exempted from coverage under the CARP pursuant to DARCO Order No. EX-0712-489 dated December 10, 2007 and DARCO Order No. EX(MR)-0808-377 dated August 29, 2008. Here, the Order for Revocation of Exemption dated September 4, 2009 which was cited by the CA, specifically revoked DARCO Order No. EX-0811-499 (Lot No. 530). Clearly, the CA erred when it mistakenly applied the Order of Revocation to Lot No. 554-D-3- a lot separate and distinct from Lot No. 530. In the same vein, the Decision dated June 10, 2010 that was issued by the Office of the President (*OP*) did not, in any way, affect the exemption orders granted to SVHFI insofar as Lot No. 554-D-3 is concerned. DARCO Order No. EX-0712-489 and DARCO Order No. EX(MR)-0808-377 remain valid to this day and have, in fact, been affirmed by the OP in its Decision dated December 17, 2013 (OP Case No. 09-1-469).

Lot 554-D-3 had been reclassified to purposes other than agricultural prior to the passage of RA No. 6657

As borne out by the records, Lot No. 554-D-3 was originally part and parcel of a bigger tract of land with an area of 71.8546 hectares, more or less. Later on, the area of the said property was reduced to 66.9017 hectares under TCT No. 518199 and further reduced to 55.871 hectares under TCT No. 195826-R. The said parcel of land was again subdivided into eight smaller lots and one of such lots was designated as Lot No. 554-D-3 with an area of 25.5699 hectares, more or less, covered by TCT No. 549661-R, and registered with the Registry of Deeds on October 23, 2003.

SVHFI has remained adamant in its claim that, prior to the effectivity of R.A. No. 6657, Lot No. 554-D-3 was already reclassified as residential land by the local government of Mabalacat, Pampanga through its Comprehensive Land Use Plan/Zoning Ordinance (*CLUP/ZO*) and subsequently ratified by the Human Settlements Regulatory Commission (HSRC, now HLURB) in Resolution No. R-41-3, Series of 1980.[46]

To support its claim that Lot No. 554-D-3 had already been reclassified as early as 1980, SVHFI submitted the following documents, among others, when it applied for exemption:

- **HLURB Certification dated 26 April 2006, issued by Editha U. Barrameda, Regional Officer (HLURB), certifying that the subject property is zoned for Residential per approved Comprehensive Land Use/Zoning Ordinance of Mabalacat, Pampanga ratified by the HLURB/SP Resolution No. R-41-3 dated 04 December 1980;**

46 Dated December 4, 1980.

- MPDO Certification dated 24 November 2006, issued by Mr. Bernard B. delos Reyes, Zoning Administrator, that as per certification issued by the HLURB duly signed by the Regional Director, Ms. Editha U. Barrameda, that Lot 554-D-3 which is located in Barangay Cacutud, Mabalacat, Pampanga, was classified as Residential Land by virtue of CLUP/ZO of the Municipality of Mabalacat, Pampanga, which was ratified by the Human Settlements Regulatory Commission through Resolution No. R-41-3, Series of 1980 dated 04 December 1980;

- **The same MPDO Certification also stated that the subject area has also been reclassified as Commercial land per Municipal Ordinance No. 56, Series of 2003 of the Municipality of Mabalacat, Pampanga.**[47]

SVHFI also averred that on August 2, 2007, the Center for Land Use Policy Planning and Implementation (*CLUPPI*) Inspection Team conducted an ocular inspection and found that:

- The subject landholding is contiguous with flat terrain;
- The area used to be planted with sugarcane. **As of the time of inspection, roads going to Subic were being constructed in the subject property, an extension of the North Expressway and a project of the National Government. The 18 hectares portion of the property is developed into a Subic-Clark-Tarlac Expressway** and the rest is being planted with sugarcane by the Petitioners (CLOA Holders);
- The subject property is accessible to all types of vehicles;
- The area is surrounded in the North and Northeast by the Protective Dike; in the east by a sugarcane; in the Southeast and South by residential and in the west by the old McArthur Highway;
- The area is unirrigated and no existing irrigation in the adjacent or nearby properties;
- **The whole area has been covered under the Program and CLOAs were already generated and distributed to the farmer-beneficiaries sometime in 2005;**
- During the ocular inspection, respondents were present and they alleged that they have been tilling the land since 1960s.[48]

Meanwhile, respondents maintain that Lot No. 554-D-3 has not been formally converted into non-agricultural usage and being agricultural land, is still under the coverage of the CARP.

Interestingly, in *SVHFI v. Ilagan*,[49] a case which involves Lot No. 530, also formerly covered by TCT No. 195826-R, the farmer-beneficiaries therein also challenged SVHFI's claim of prior reclassification of the subject property. According to them, HSRC was not empowered to reclassify land as, under the law, only the municipal boards or the city councils can adopt zoning

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47 *Id.* at 217.

48 *Id.* at 218-219.

49 *Santos, Ventura, Hocorma Foundation, Inc. v. Ilagan,* CA-G.R. SP No. 118652, June 14, 2013.

and planning ordinances. As such, respondents therein argued that HSRC Resolution No. R-41-3 cannot be the basis for the reclassification of the subject landholding. In a Decision[50] dated June 14, 2013, the CA ruled in favor of SVHFI and explained that HSRC Resolution No. R-41-3 effectively converted Lot No. 530 to "residential" prior to June 15, 1988. Citing Department of Justice (*DOJ*) Opinion No. 44 series of 1990,[51] Letter of Instructions No. 729,[52] and Executive Order No. 648,[53] the CA explained that the exemption clearance granted in DARCO Order No. EX-0811-499 Series of 2008, should have been upheld by the DAR Secretary and the Office of the President, *viz.*:

> Besides, a closer look of the records would confirm that, indeed, on December 4, 1980, the Board of Commissioners of the then HSRC enacted Resolution No. R-41-3, series of 1980 which granted conditional approval of the town plans of fifty-one (51) towns/municipalities, including that of Mabalacat, Pampanga. The same Resolution No. R-41-3 dated December 4, 1980 was made the basis in ratifying the Municipal Development Plan (1980-2000) of the Municipality of Mabalacat, as duly stamped and certified upon by the Board Secretary and Sangguniang Pambayan Resolution No. 79-60, series of 1979 which adopted and approved the town plan as the development plan of the municipality.
>
> Again, aside from their attempt to prove that there was no "SP Resolution No. R-41-3, series of 1980" in the records, respondents failed to prove their allegation that the above-mentioned documents were merely concocted by petitioner SVHFI. Yet, it is settled that a party claiming a right granted or created by law has the burden of proving his claim by competent evidence. He must rely on the strength of his evidence and not on the weakness of that of his opponent.
>
> Considering, therefore, the totality of evidence presented showing that the subject parcel of land was converted to "residential" prior to June 15, 1988, the DAR is thus bound by such conversion. Consequently, the application for exemption clearance in DARCO Order No. EX-0811-499, series of 2008, should have been upheld. While, as a general rule, the factual findings of administrative agencies are not subject to review, it is on the other hand equally settled that the Court will not uphold erroneous conclusions which are contrary to evidence, as the agency a quo, for that reason, would be guilty of a grave abuse of discretion.
>
> WHEREFORE, the petition is GRANTED. The assailed Decision dated June 10, 2010 and the Resolution dated February 16, 2011 of the Office of the President in O.P. Case No. 09-L-646, as well as the Orders dated September 4, 2009 and October 27, 2009 of the Department of Agrarian Reform in DARCO Order No. REX-0909-313 are REVERSED and SET ASIDE. The Order dated November 6, 2008 in DARCO Order No. EX-0811-499 granting SVHFI's application for Exemption Clearance from CARP Coverage is hereby REINSTATED.

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50 *Id.*

51 Dated March 16, 1990.

52 Dated August 9, 1978.

53 Reorganizing the Human Settlements Regulatory Commission, dated February 7, 1981.

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SO ORDERED.[54]

In a similar vein and as succinctly pointed out by the DAR Secretary in his Order dated December 10, 2007, Lot 554-D-3 should also be exempt from coverage under the CARP as it had already been reclassified to purposes other than agricultural as early as December 4, 1980 pursuant to HSRC Resolution No. R-41-3, Series of 1980. What is more, its coverage under the program would be erroneous and in direct contravention with the provisions of R.A. No. 6657 and DOJ Opinion No. 44, Series 1990, among others.

Section 4 of RA No. 6657 expressly provides that the coverage of the CARP shall be limited to lands enumerated therein with the proviso that the lands must be devoted to or suitable for agriculture, *viz.*:

> SEC. 4. *Scope.* – The Comprehensive Agrarian Reform Law of 1989 shall cover, regardless of tenurial arrangement and commodity produced, all public and private agricultural lands as provided in Proclamation No. 131 and Executive Order No. 229, including other lands of the public domain suitable for agriculture.
>
> More specifically, the following lands are covered by the Comprehensive Agrarian Reform Program:
>
> (a) All alienable and disposable lands of the public domain devoted to or suitable for agriculture. x x x;
>
> (b) All lands of the public domain in excess of the specific limits as determined by Congress in the preceding paragraph;
>
> (c) All other lands owned by the Government devoted to or suitable for agriculture; and
>
> (d) All private lands devoted to or suitable for agriculture regardless of the agricultural products raised or that can be raised thereon.

Meanwhile, Section 3(c) of RA No. 6657 defines "agricultural land" as land devoted to agricultural activity and not classified as mineral, forest, residential, commercial or industrial land.

The meaning of "agricultural lands" was explained further by the DAR in its Administrative Order (*A.O.*) No. 1, Series of 1990, dated 22 March 1990, entitled "Revised Rules and Regulations Governing Conversion of Private Agricultural Land to Non-Agricultural Uses," issued pursuant to Section 4941 of the CARL, *viz.*:

> Agricultural land refers to those devoted to agricultural activity as defined in RA 6657 and not classified as mineral or forest by the Department of Environment and Natural Resources (DENR) and its

54 *SVHFI v. Ilagan*, CA-G.R. SP No. 118652, June 14, 2013.

> predecessor agencies, and **not classified in town plans and zoning ordinances as approved by the Housing and Land Use Regulatory Board (HLURB) and its preceding competent authorities prior to 15 June 1988 for residential, commercial or industrial use.**[55]

In DOJ Opinion No. 44, then Secretary of Justice Franklin M. Drilon explained that the reclassification or conversion of lands was a "coordinated effort" of all concerned agencies, namely, the Department of Local Governments and Community Development, the Human Settlements Commission (now HLURB) and the DAR. He opined that the authority of the DAR to approve or disapprove conversions of agricultural lands to non-agricultural uses apply only to conversions made on or after June 15, 1988, the date of effectivity of R.A. No. 6657, *viz.*:

> "x x x Under R.A. No. 3844, as amended by R.A. No. 6389, an agricultural lessee may, by order of the court, be dispossessed of his landholding if after due hearing, it is shown that the 'landholding is declared by the [DAR] upon the recommendation of the National Planning Commission to be suited for residential, commercial, industrial or some other urban purposes.
>
> Likewise, under various Presidential Decrees (P.D. Nos. 583, 815 and 946) which were issued to give teeth to the implementation of the agrarian reform program decreed in P.D. No. 27, the DAR was empowered to authorize conversions of tenanted agricultural lands, specifically those planted to rice and/or corn, to other agricultural or to non-agricultural uses, 'subject to studies on zoning of the Human Settlements Commissions' (HSC). This non-exclusive authority of the DAR under the aforesaid laws was xxx recognized and reaffirmed by other concerned agencies, such as the Department of Local Government and Community Development (DLGCD) and the then Human Settlements Commission (HSC) in a Memorandum of Agreement executed by the DAR and these two agencies on May 13, 1977, which is an admission **that with respect to land use planning and conversions, the authority is not exclusive to any particular agency but is a coordinated effort of all concerned agencies.**
>
> It is significant to mention that in 1978, the then Ministry of Human Settlements was granted authority to review and ratify land use plans and zoning ordinance of local governments and to approve development proposals which include land use conversions (see LOI No. 729 [1978]). **This was followed by [E.O.] No. 648 (1981) which conferred upon the Human Settlements Regulatory Commission (the predecessors of the Housing and Land Use Regulatory Board [HLURB] the authority to promulgate zoning and other land use control standards and guidelines which shall govern land use plans and zoning ordinances of local governments, subdivision or estate development projects of both the public and private sector and urban renewal plans, programs and projects; as well as to review, evaluate and approve or disapprove comprehensive land use development plans and zoning components of civil works and infrastructure projects, of national,**

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55 Emphasis and underscoring supplied.

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regional and local governments, subdivisions, condominiums or estate development projects including industrial estates.

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Based on the foregoing premises, we reiterate the view that with respect to conversions of agricultural lands covered by R.A. No. 6657 to non-agricultural uses, the authority of DAR to approve such conversions may be exercised from the date of the law's effectivity on June 15, 1988. This conclusion is based on a liberal interpretation of R.A. No. 6657 in the light of DAR's mandate and extensive coverage of the agrarian reform program."[56]

It is also worth mentioning that following DOJ Opinion No. 44, the DAR issued A.O. No. 6, Series of 1994,[57] which stated that lands already classified as non-agricultural before the enactment of R.A. No. 6657 no longer needed a conversion clearance, *viz.*:

SUBJECT: Guidelines for the Issuance of Exemption Clearances based on Sec. 3(c) of RA 6657 and the Department of Justice (DOJ) Opinion No. 44 Series of 1990

I. PREFATORY STATEMENT

In order to streamline the issuance of exemption clearances, based on DOJ Opinion No. 44, the following guidelines are being issued for the guidance of the DAR and the public in general.

II. LEGAL BASIS

Sec. 3(c) of RA 6657 states that agricultural lands refer to land devoted to agricultural activity as defined in this act and not classified as mineral, forest, residential, commercial or industrial land.

Department of Justice Opinion No. 44, series of 1990 has ruled that with respect to the conversion of agricultural lands covered by RA No. 6657 to non-agricultural uses, the authority of DAR to approve such conversion may be exercised from the date of its effectivity, on June 15, 1988. Thus, **all lands that are already classified as commercial, industrial, or residential before 15 June 1988 no longer need any conversion clearance.**[58]

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In *Natalia Realty, Inc. v. Department of Agriculture*,[59] the Court held that undeveloped portions of a subdivision that were intended for residential use pursuant to a special law ceased to be agricultural lands upon approval of their reclassification by competent authorities. In other words, land already classified for residential, commercial or industrial use, as approved by the

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56 Emphasis supplied.
57 Dated May 27, 1994.
58 Emphasis supplied.
59 296-A Phil. 271 (1993).

HLURB and its precursor agencies prior to June 15, 1988, as in this case, are exempt from the coverage of RA No. 6657, *viz.*:

> x x x Section 4 of R.A. 6657 provides that the CARL shall "cover, regardless of tenurial arrangement and commodity produced, all public and private agricultural lands." As to what constitutes "agricultural land," it is referred to as "land devoted to agricultural activity as defined in this Act and not classified as mineral, forest, residential, commercial or industrial land." The deliberations of the Constitutional Commission confirm this limitation. "Agricultural lands" are only those lands which are "arable and suitable agricultural lands" and "do not include commercial, industrial and residential lands."
>
> Based on the foregoing, it is clear that the undeveloped portions of the Antipolo Hills Subdivision cannot in any language be considered as "agricultural lands." These lots were intended for residential use. They ceased to be agricultural lands upon approval of their inclusion in the Lungsod Silangan Reservation. Even today, the areas in question continued to be developed as a low-cost housing subdivision, albeit at a snail's pace. This can readily be gleaned from the fact that SAMBA members even instituted an action to restrain petitioners from continuing with such development. The enormity of the resources needed for developing a subdivision may have delayed its completion but this does not detract from the fact that these lands are still residential lands and outside the ambit of the CARL.
>
> Indeed, lands not devoted to agricultural activity are outside the coverage of CARL. These include lands previously converted to non-agricultural uses prior to the effectivity of CARL by government agencies other than respondent DAR. In its Revised Rules and Regulations Governing Conversion of Private Agricultural Lands to Non-Agricultural Uses, DAR itself defined "agricultural land" thus -
>
> > "x x x Agricultural lands refers to those devoted to agricultural activity as defined in R.A. 6657 and not classified as mineral or forest by the Department of Environment and Natural Resources (DENR) and its predecessor agencies, and not classified in town plans and zoning ordinances as approved by the Housing and Land Use Regulatory Board (HLURB) and its preceding competent authorities prior to 15 June 1988 for residential, commercial or industrial use."
>
> Since the NATALIA lands were converted prior to 15 June 1988, respondent DAR is bound by such conversion. It was therefore error to include the undeveloped portions of the Antipolo Hills Subdivision within the coverage of CARL.
>
> Be that as it may, the Secretary of Justice, responding to a query by the Secretary of Agrarian Reform, noted in an Opinion 19 that lands covered by Presidential Proclamation No. 1637, *inter alia*, of which the NATALIA lands are part, having been reserved for town site purposes "to be developed as human settlements by the proper land and housing agency," are "not deemed 'agricultural lands' within the meaning and intent

> of Section 3 (c) of R.A. No. 6657. " Not being deemed "agricultural lands," they are outside the coverage of CARL.[60]

Generally speaking, agricultural lands, although reclassified, have to go through the process of conversion. As succinctly explained in DOJ Opinion No. 44, the DAR must approve the conversion of agricultural lands covered by R.A. No. 6657 to non-agricultural uses. The exceptions to this rule are agricultural lands which have already been reclassified prior to the effectivity of R.A. No. 6657 on June 15, 1988. These lands are exempt from coverage of the CARP and no longer require a conversion clearance, provided that the reclassification and resulting exemption do not defeat vested rights of tenant-farmers under Presidential Decree (*P.D.*) No. 27.

Apropos herein is the Court's pronouncement in *Heirs of Deleste v. Land Bank of the Philippines*,[61] where it explained that a valid classification of land from agricultural to non-agricultural by a duly authorized government agency before June 15, 1988 shall exempt the land from coverage under the CARP, notwithstanding lack of a conversion clearance. Nevertheless, it emphasized that *Natalia* should be cautiously applied in light of A.O. No. 04, Series of 2003, which outlines the rules on the Exemption of Lands from CARP Coverage under Section 3 of R.A. No. 6657, and DOJ Opinion No. 44, Series of 1990. This court stated that:

> Department of Justice Opinion No. 44, Series of 1990, (or "DOJ Opinion 44-1990" for brevity) and the case of Natalia Realty versus Department of Agrarian Reform (12 August 2993, 225 SCRA 278) opines that with respect to the conversion of agricultural land covered by RA 6657 to non-agricultural uses, the authority of the Department of Agrarian Reform (DAR) to approve such conversion may be exercised from the date of its effectivity, on 15 June 1988. Thus, **all lands that are already classified as commercial, industrial or residential before 15 June 1988 no longer need any conversion clearance.**
>
> **However, the reclassification of lands to non-agricultural uses shall not operate to divest tenant[-]farmers of their rights over lands covered by Presidential Decree (PD) No. 27, which have been vested prior to 15 June 1988.**[62]

Since reclassification had taken place prior to the passage of R.A. No. 6657 and before issuance of the CLOAs, no vested rights accrued

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60 *Id.* at 278-279.
61 666 Phil. 350 (2011).
62 Emphasis supplied.

With regard to respondents' claim that they have been tilling the land since 1960,[63] it must be emphasized that eligibility to be considered for benefits under the CARP, by itself, does not automatically make farmer-beneficiaries *bona fide* owners of the land under P.D. No. 27 or R.A. No. 6657.

In *Del Castillo v. Orciga,*[64] the Court explained that land transfer under P.D. No. 27 is effected in two stages. The first stage is the issuance of a Certificate of Land Transfer to a farmer-beneficiary as soon as the DAR transfers the landholding to the farmer-beneficiary in recognition that said person is its "deemed owner." At this stage, what the tenant-farmers have, at most, is an inchoate right over the land they are tilling. The second stage refers to the issuance of an Emancipation Patent (*EP*) as proof of full ownership of the landholding upon full payment of the annual amortizations or lease rentals by the farmer-beneficiary.

Under R.A. No. 6657, the procedure has been simplified. Only CLOAs are issued, in lieu of EPs, after compliance with all prerequisites. Upon presentation of the CLOAs to the Register of Deeds, TCTs are issued to the designated beneficiaries.[65]

Here, as discovered by the CLUPPI Inspection Team during the ocular inspection, the CLOAs were distributed to respondents only in 2005. Therefore, for all intents and purposes, it was only in 2005 that respondents, as farmer-beneficiaries, were recognized to have a right over the subject property. Considering that the land had been reclassified by the local government of Mabalacat, Pampanga through its CLUP/ZO and subsequently ratified by the HSRC (now HLURB) in Resolution No. R-41-3 on December 4, 1980, respondents clearly had no vested rights to speak of during said period, as the CLOAs were issued only in 2005. Since reclassification had taken place before the passage of RA No. 6657 and more than 20 years prior to issuance of the CLOAs, no vested rights accrued. Consequently, the subject property, particularly Lot No. 554-D-3, is outside the coverage of the agrarian reform program.

To the Court's mind, the resolution of the DAR Secretary in DARCO Order No. EX-0712-489 was precisely the reason why the DARAB reversed its earlier decision and upheld the exemption granted to SVHFI. As correctly found by the DAR Secretary, respondents could not have derived any vested right over the subject property despite the issuance of CLOAs in their favor because the coverage of the property was erroneous to begin with. SVHFI, as original owner of Lot No. 554-D-3, was never divested of its rights over the same, including the right to apply for exemption. What is more, the results of

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63 *Id.* at 219.

64 532 Phil. 204 (2006).

65 *Department of Agrarian reform and Pablo Mendoza v. Romeo C. Carriedo*, 778 Phil. 656, 684. (2016).

the ocular inspection revealed that majority of the portions of Lot No. 554-D-3 have already been developed into what is now known as the SCTEX. This, in itself, is a clear indication that the land had indeed been reclassified into non-agricultural purposes and no longer feasible for agricultural production. To hold otherwise would not only be a waste of government resources, but also expand the scope of the agrarian reform program which has been limited to lands devoted to or suitable for agriculture.

As pronounced by the CA itself, the findings of the DAR Secretary are accorded great weight and respect. Considering his technical expertise on the matter, courts cannot simply brush aside his pronouncements regarding status of a land, a subject well within his field, absent palpable and overriding error or grave abuse of discretion that would result in manifest injustice and grave misapplication of the law.

WHEREFORE, the petition is **GRANTED**. The assailed Decision dated March 27, 2014 and Resolution dated July 11, 2014 of the Court of Appeals in CA-G.R. SP No. 122846 are hereby **REVERSED** and **SET ASIDE**. The Resolution of the Department of Agrarian Reform Adjudication Board dated December 16, 2011 which declared Lot No. 554-D-3 **EXEMPT** from the coverage of the Comprehensive Agrarian Reform Program and consequently ordered the **CANCELLATION** of the Certificates of Land Ownership Award issued in the name of respondents is hereby **REINSTATED.**

SO ORDERED.

JHOSEP Y. LOPEZ
Associate Justice

WE CONCUR:

ALEXANDER G. GESMUNDO
Chief Justice

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

AMY C. LAZARO-JAVIER
Associate Justice

On wellness leave
MARIO V. LOPEZ
Associate Justice

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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.

ALEXANDER G. GESMUNDO
Chief Justice