Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

MARKEN, INCORPORATED,* Petitioner,

- versus -

LANDBANK OF THE PHILIPPINES, DEPARTMENT OF AGRARIAN REFORM, and DEPARTMENT OF AGRARIAN REFORM ADJUDICATION BOARD (DARAB), Respondents.

G.R. No. 221060

Present:

GESMUNDO, *C.J., Chairperson,*
HERNANDO,
ZALAMEDA,
ROSARIO, and
MARQUEZ, *JJ.*

Promulgated:

AUG 09 2023

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DECISION

GESMUNDO, *C.J.*:

This is an Appeal by *Certiorari*[1] seeking to reverse and set aside the April 24, 2015 Decision[2] and October 1, 2015 Resolution[3] of the Court of Appeals (*CA*) in CA-G.R. SP No. 127071. The CA affirmed the September 5,

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* Also referred to as "Marken Incorporated" in some parts of the *rollo* (see *rollo*, pp. 13 and 22).

1 *Rollo*, pp. 11-28.

2 Id. at 29-43; penned by Associate Justice Carmelita Salandanan-Manahan and concurred in by Associate Justices Japar B. Dimaampao (now a Member of the Court) and Franchito N. Diamante.

3 Id. at 44-45.

2011 Decision[4] and September 13, 2012 Resolution[5] of the Department of Agrarian Reform Adjudication Board (*DARAB*) in DARAB Case No. JC-IV-0330-OCC-MDO-CO-02.

Antecedents

Marken, Incorporated *(petitioner)*, now known as Aquasalina Incorporated, is the owner of two parcels of land located at *Barangays* San Agustin and Bubog Central, Municipality of San Jose, Province of Occidental Mindoro (*subject properties*).[6] The subject properties are covered by Transfer Certificate of Title (*TCT*) Nos. T-13682 and T-13683 with an aggregate area of 411.2680 and 100.2302 hectares, respectively.[7]

On August 12, 1998, a Notice of Coverage and Field Investigation[8] was sent to petitioner notifying the latter that the subject properties were placed under the Compulsory Acquisition Scheme of the Comprehensive Agrarian Reform Program (*CARP*) of the government under Republic Act (*R.A.*) No. 6657.[9]

Pursuant to its mandate, Landbank of the Philippines (*LBP*) determined the value of the subject properties based on valuation inputs, and prepared their Memoranda of Valuation, Claim Folder Profile, and Valuation Summaries of Agricultural Land (*MOV-CFPVS*),[10] as follows: For TCT No. T-13682 with total value of ₱11,648,130.73 and TCT No. T-13683 with total value of ₱7,882,623.22.[11]

Subsequently, on September 8, 2000 and February 20, 2001, public respondent Department of Agrarian Reform (*DAR*) requested that the compensation proceeds in the amount of ₱10,289,122.78 and ₱1,359,007.95 be deposited, in connection with the value regarding TCT No. T-13682. In compliance thereto, LBP deposited the following amounts in the name of

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4 Id. at 84-101; penned by DARAB Member Jim G. Coleto and concurred in by Chairman Virgilio R. Delos Reyes and Members Anthony N. Paruñgao, Gerundio C. Madueño, Mary Frances Pesayco-Aquino, Arnold C. Arrieta, and Ma. Patricia Rualo-Bello.

5 Id. at 102-108; signed by DARAB Members Gerundio C. Madueño, Jim G. Coleto, Ma. Patricia Rualo-Bello and Arnold C. Arrieta; Chairman Virgilio R. Delos Reyes and Members Anthony N. Paruñgao, and Mary Frances Pesayco-Aquino did not take part.

6 Id. at 13.

7 Id. at 48-51.

8 Id. at 30.

9 Entitled "AN ACT INSTITUTING A COMPREHENSIVE AGRARIAN REFORM PROGRAM TO PROMOTE SOCIAL JUSTICE AND INDUSTRIALIZATION, PROVIDING THE MECHANISM FOR ITS IMPLEMENTATION, AND FOR OTHER PURPOSES"; approved on June 10, 1988.

10 *Rollo*, p. 30.

11 Id.

petitioner, as evidenced by the Certifications dated September 11, 2000, March 9, 2001, March 13, 2001, and May 24, 2002, thus:

> ₱11,648,130.73 for 319.1552 hectares of land covered by TCT No. T-13682
> 7,882,623.22 for 88.8800 hectares of land covered by TCT No. T-13683.[12]

When petitioner rejected the valuation, the matter was referred to public respondent DARAB for summary administrative proceedings for the fixing of just compensation.[13]

Ruling of the DARAB

On September 5, 2011, the DARAB rendered a Decision, the dispositive portion of which reads:

> **WHEREFORE,** ORDER is hereby issued:
>
> 1. **ADOPTING** the valuation in the total amount of **ELEVEN MILLION SIX HUNDRED FORTY EIGHT THOUSAND ONE HUNDRED THIRTY PESOS and 73/100** (₱11,648,130.73) for TCT No. T-13682 with an area of 319.1552 hectares and **SEVEN MILLION EIGHT HUNDRED EIGHTY TWO THOUSAND SIX HUNDRED TWENTY THREE and 22/100** (₱7,882,623.22) for TCT No. T-13683 with an area of 88.8800 hectares as compensation due the landowner, Marken, Incorporated, now Aqua Salina, Inc., located at Barangays San Agustin and Bubog Central, Municipality of San Jose, Province of Occidental Mindoro, computed as follows:
>
> For TCT No. T-13682:
>
> | Date MOV Issued | Land Use | Area Acquired | Valuation (₱) |
> |---|---|---|---|
> | July 24, 2000 | Idle with FBs | 281.9188 | 10,289,122.78 |
> | December 29, 2000 | Idle (now planted) | 37.2364 | 1,359,007.95 |
> | | Total | 319.1552 | ₱11,648,130.73 |
>
> For TCT No. T-13683:
>
> | Date MOV Issued | Land Use | Area Acquired | Valuation (₱) |
> |---|---|---|---|
> | December 21, 2000 | Unirrigated riceland | 84.9762 | 7,536,401.52 |
> | April 19, 2001 | Unirrigated riceland | 2.6155 | 231,964.46 |
> | July 12, 2001 | Unirrigated riceland | 1.2883 | 114,257.24 |
> | | | 88.8800 | ₱7,882,623.22 |

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12 Id. at 31.
13 Id.

> 2. **DIRECTING** the LBP to recompute the additional compensation package for the necessary improvements which redounded to the benefit of the farmer-beneficiaries; and
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> 3. **DIRECTING** the LBP, through its Land Valuation Office to effect immediate payment to the petitioner, Marken, Incorporated, now Aqua Salina, the amount due the landowner as computed in paragraph 1 hereof, after deducting the amount withdrawn, if any upon receipt of the claim folder/s of the registered landowner, her heirs, assigns[,] and successors-in-interest subject to existing rules and regulations.
>
> **SO ORDERED.**[14]

The DARAB adopted the amount of just compensation as determined by the LBP and held that the landowner failed to support its alleged valuation on just compensation for the subject properties by clear and convincing evidence. It was underscored that petitioner did not present any evidence that would overcome the presumption of regularity of LBP's actions. DARAB also noted the following: 1) petitioner failed to provide proof that it was exempted from coverage of the CARP; 2) in 1998, DAR cancelled the Order of Deferment of the previous owner of the subject properties, allowing the properties to be covered by the CARP law; 3) the field investigation reports revealed that the subject properties were classified as idle lands and were used as rice land only in 1999; and 4) LBP was guided by the valuation factors in Section 17 of R.A. No. 6657 to value the subject properties.[15]

Petitioner filed a Motion for Reconsideration dated October 5, 2011 praying that the just compensation computed by the LBP and adopted by the DARAB be reconsidered. Petitioner claimed that the actual value of the subject properties should not be lower than ₱160,604,800.00. However, petitioner's motion for reconsideration was subsequently denied by DARAB in its Resolution dated September 13, 2012, declaring that the determination of just compensation had been exhaustively discussed in the September 5, 2011 Decision.[16]

Aggrieved, petitioner filed a Petition for Review[17] under Rule 43 of the Rules of Court before the CA.

The CA Ruling

In its April 24, 2015 Decision, the CA dismissed the petition for review and affirmed the decision of the DARAB. The *fallo* of the decision reads:

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14 Id. at 100-101.
15 Id. at 94-100.
16 Id. at 107.
17 Id. at 190-207.

> **WHEREFORE,** in view of the foregoing, the *Petition for Review* is ***DISMISSED*** for lack of merit. The assailed *Decision* dated September 5, 2011 and the September 13, 2012 *Resolution* issued by the *Department of Agrarian Reform Adjudication Board (DARAB)* in DARAB Case No. JC-IV-0330-OCC-MDO-CO-02 are ***AFFIRMED***.
>
> **SO ORDERED.**[18]

The CA held that petitioner resorted to the wrong mode of appeal and should have filed a petition for determination of just compensation with the Special Agrarian Court (*SAC*) as mandated by Sec. 6, Rule XIX of the 2009 DARAB Rules of Procedure,[19] implementing Sec. 57 of R.A. No. 6657. The failure of petitioner to follow this procedure rendered the decision of the DARAB final and executory.[20]

Petitioner filed a Motion for Reconsideration but the same was denied by the CA *via* its October 1, 2015 Resolution.

Hence, this Petition for Review on *Certiorari* essentially raising the following

Issues

(1) Whether the CA erred when it failed to consider that the petition filed before it was to seek redress for the erroneous disposition by the DAR on placing the subject properties under the CARP of the government;

(2) Whether the CA erred when it failed to consider that the "just compensation" for the subject properties should be based on their classification as prawn and fishpond and not agricultural land.[21]

Petitioner argues that its appeal to the CA was primarily to seek redress for the correction of the erroneous disposition by the DAR of placing the subject properties under the CARP rather than for simple determination of just compensation. The subject properties were undisputed by public respondents to have been previously utilized in salt production, and later as fishponds and for prawn farming. It avers that under R.A. No. 6657, fishponds and prawn

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18 Id. at 42.

19 The 2009 Department of Agrarian Reform Adjudication Board (DARAB) Rules of Procedure; approved on September 1, 2009.

20 *Rollo*, pp. 33-42.

21 Id. at 19.

farms were categorized as commercial farms eligible for a ten-year deferment period and that a Deferment Order was issued in favor of its predecessor-in-interest effective 1988 to 1998. While under this deferment period, R.A. No. 7881[22] was enacted, expressly exempting fishponds and prawn farms from its coverage. Petitioner also adds that in 1995, the subject properties were re-zoned as an industrial area under *Sangguniang Bayan* (*SB*) Resolution No. 5403. It points out that DAR had cancelled said Order of Deferment despite the foregoing exemptions, but the DARAB made no determination on such issue.[23] It insists that the just compensation for the subject properties should be based on their classification as prawn farms and fishponds and not as agricultural land. Finally, petitioner contends that the LBP failed to consider the value of the improvements introduced on the subject properties by their previous owners in the determination of just compensation.[24]

In its Comment,[25] LBP argues that the issues posited by petitioner are mere rehash of the arguments previously presented before the CA which had already been squarely passed upon and resolved by the said court. Thus, LBP agrees with the CA's ruling that due to petitioner's resort to the wrong remedy, the DARAB Decision and Resolution had become final and executory. The issue of just compensation would then constitute *res judicata* on the matter, barring judicial review.[26] LBP further argues that the subject properties are not exempt from CARP coverage as there was no appeal by petitioner on the DAR Order to include the subject properties from the coverage of the CARP.[27] Finally, LBP argues that the computation on just compensation was based on the applicable laws.[28]

Meanwhile, in their Comment,[29] DAR and DARAB reiterated the same arguments of LBP that the DARAB Decision and Resolution had already become final and executory,[30] adding that DARAB had legally adopted LBP's valuations relative to the amount of just compensation as laid down by the law. The DAR and DARAB concluded that LBP's valuations were products of meticulous ocular inspections and computations which took into consideration the factors specified under existing rules.[31]

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22 Amendment to R.A. No. 6657 (CARL), Republic Act No. 7881; approved on February 20, 1995.
23 *Rollo*, pp. 19-20.
24 Id. at 20-23.
25 Id. at 129-139.
26 Id. at 131-133.
27 Id. at 133-134.
28 Id. at 134-136.
29 Id. at 152-169.
30 Id. at 162-163.
31 Id. at 163-164.

In its Consolidated Reply,[32] petitioner reiterates the arguments in its petition, claiming that the inclusion of the subject properties to the CARP was an "unlawful taking" as the same should never have been placed under the latter's coverage.[33] Petitioner adds that public respondents disregarded the actual use of the properties and the valuations made by independent appraisers. The latter valued the subject properties at ₱188,257,000.00, the Municipal Assessor of Mindoro valued the subject properties at ₱169,806,325.00, and the Bureau of Internal Revenue (*BIR*) valued the subject properties at ₱220,500.00 per hectare for *Barangay* Bubog and ₱175,000.00 per hectare for *Barangay* San Agustin.[34]

The Court's Ruling

The petition lacks merit.

Original and Exclusive Jurisdiction of Special Agrarian Courts

Petitioner availed of the wrong remedy when it directly appealed from the decision of the DARAB to the CA under Rule 43 of the Rules of Court. The correct remedy was to file a petition for determination of just compensation with the SAC questioning the Decision of the DARAB as mandated by Sec. 6, Rule XIX[35] of the DARAB Rules of Procedure and Sec. 57[36] of R.A. No. 6657.

Jurisdiction is the court's authority to hear and determine a case and there are two rules in determining jurisdiction in cases. First, jurisdiction is

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32 Id. at 179-189.

33 Id. at 180-183.

34 Id. at 183-185.

35 SECTION 6. *Filing of Original Action with the Special Agrarian Court for Final Determination.* — The party who disagrees with the decision of the Board/Adjudicator may contest the same by filing an original action with the Special Agrarian Court (SAC) having jurisdiction over the subject property within fifteen (15) days from his receipt of the Board/Adjudicator's decision.

Immediately upon filing with the SAC, the party shall file a Notice of Filing of Original Action with the Board/Adjudicator, together with a certified true copy of the petition filed with the SAC.

Failure to file a Notice of Filing of Original Action or to submit a certified true copy of the petition shall render the decision of the Board/Adjudicator final and executory. Upon receipt of the Notice of Filing of Original Action or certified true copy of the petition filed with the SAC, no writ of execution shall be issued by the Board/Adjudicator.

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

conferred by law.[37] Second, the nature of the action and the issue of jurisdiction are shaped by the material averments of the complaint and the character of the relief sought.[38]

Under R.A. No. 6657, or the *Comprehensive Agrarian Reform Law of 1988*, the DAR has exclusive jurisdiction over all matters involving the implementation of agrarian reform and is empowered to establish and promulgate operational policies and issue rules and regulations.[39] It is also mandated to acquire and determine the value of private agricultural lands for distribution to qualified beneficiaries.[40] Meanwhile, LBP is charged with the preliminary determination of the value of lands placed under the land reform program and the compensation to be paid for their taking. It initiates the acquisition of agricultural lands by notifying the landowner of the government's intention to acquire his or her land and the valuation of the same as determined by LBP.[41] Within 30 days from receipt of notice, the landowner shall inform the DAR of his or her acceptance or rejection of the offer. In the event the landowner rejects the offer, a summary administrative proceeding is held by the provincial (*PARAD*), the regional (*RARAD*) or the central (*DARAB*) adjudicator, as the case may be, depending on the value of the land for the purpose of determining the compensation for the land. The landowner, LBP, and other interested parties are then required to submit evidence as to the just compensation for the land. The DAR Adjudicator decides the case within 30 days after it is submitted for decision.[42]

If the landowner finds the price unsatisfactory, it will be the SAC that shall have original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners. The pertinent provisions of R.A. No. 6657, states:

> Section 56. *Special Agrarian Court.* — The Supreme Court shall designate at least one (1) branch of the Regional Trial Court (RTC) within each province to act as a Special Agrarian Court.
>
> The Supreme Court may designate more branches to constitute such additional Special Agrarian Courts as may be necessary to cope with the number of agrarian cases in each province. In the designation, the Supreme Court shall give preference to the Regional Trial Courts which have been assigned to handle agrarian cases or whose presiding judges were former judges of the defunct Court of Agrarian Relations.

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37 *Land Bank of the Philippines v. Villegas*, 630 Phil. 613, 617 (2010).
38 *Department of Agrarian Reform v. Cuenca*, 482 Phil. 208, 216 (2004).
39 Republic Act No. 6657, Chapter XII, Section 50.
40 *Mateo v. Department of Agrarian Reform*, 805 Phil. 707, 721-723 (2017).
41 *Philippine Veterans Bank v. Court of Appeals*, 379 Phil. 141, 147 (2000).
42 Id. at 147-148.

> The Regional Trial Court (RTC) judges assigned to said courts shall exercise said special jurisdiction in addition to the regular jurisdiction of their respective courts.
>
> The Special Agrarian Courts shall have the powers and prerogatives inherent in or belonging to the Regional Trial Courts.
>
> Section 57. *Special Jurisdiction.* — The Special Agrarian Courts shall have **original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners**, and the prosecution of all criminal offenses under this Act. The Rules of Court shall apply to all proceedings before the Special Agrarian Courts, unless modified by this Act. x x x (Emphasis supplied).

To implement this provision, Sec. 6 of Rule XIX (*Preliminary Determination of Just Compensation*) of the DARAB Rules of Procedure provides:

> SECTION 6. *Filing of Original Action with the Special Agrarian Court for Final Determination.* — The party who disagrees with the decision of the Board/Adjudicator may contest the same by filing an original action with the Special Agrarian Court (SAC) having jurisdiction over the subject property within fifteen (15) days from his receipt of the Board/Adjudicator's decision.
>
> Immediately upon filing with the SAC, the party shall file a Notice of Filing of Original Action with the Board/Adjudicator, together with a certified true copy of the petition filed with the SAC.
>
> Failure to file a Notice of Filing of Original Action or to submit a certified true copy of the petition shall render the decision of the Board/Adjudicator final and executory. Upon receipt of the Notice of Filing of Original Action or certified true copy of the petition filed with the SAC, no writ of execution shall be issued by the Board/Adjudicator.

Clearly, R.A. No. 6657 confers jurisdiction on Regional Trial Courts (*RTC*) to act as SACs. The SACs have been statutorily determined to have original and exclusive jurisdiction over **all petitions for the determination of just compensation due to landowners under the CARP.** This legal principle has been upheld and sustained in a number of decisions and has passed into the province of established doctrine in agrarian reform jurisprudence.[43]

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[43] *Land Bank of the Philippines v. Spouses Montalvan*, 689 Phil. 641, 650-651 (2012).

In *Land Bank of the Philippines v. Wycoco*,[44] the Court upheld the RTC's jurisdiction over the petition for determination of just compensation even when no summary administrative proceedings were held before the DARAB which has primary jurisdiction over the issue. The Court held:

> The trial court properly acquired jurisdiction because of its exclusive and original jurisdiction over determination of just compensation, thus –
>
> . . . It is clear from Sec. 57 that the RTC, sitting as a Special Agrarian Court, has "original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners." This "original and exclusive" jurisdiction of the RTC would be undermined if the DAR would vest in administrative officials original jurisdiction in compensation cases and make the RTC an appellate court for the review of administrative decisions. Thus, although the new rules speak of directly appealing the decision of adjudicators to the RTCs sitting as Special Agrarian Courts, it is clear from Sec. 57 that the original and exclusive jurisdiction to determine such cases is in the RTCs. Any effort to transfer such jurisdiction to the adjudicators and to convert the original jurisdiction of the RTCs into an appellate jurisdiction would be contrary to Sec. 57 and therefore would be void. *Thus, direct resort to the SAC [Special Agrarian Court] by private respondent is valid.*[45] (Italics in the original)

In *Land Bank of the Philippines v. Belista*,[46] the Court explained:

> Clearly, under Section 50, DAR has primary jurisdiction to determine and adjudicate agrarian reform matters and exclusive original jurisdiction over all matters involving the implementation of agrarian reform, except those falling under the exclusive jurisdiction of the DA and the DENR. Further exception to the DAR's original and exclusive jurisdiction are all petitions for the determination of just compensation to landowners and the prosecution of all criminal offenses under RA No. 6657, which are within the jurisdiction of the RTC sitting as a Special Agrarian Court. Thus, jurisdiction on just compensation cases for the taking of lands under RA No. 6657 is vested in the courts.[47]

Finally, in *Heirs of Lorenzo and Carmen Vidad v. Land Bank of the Philippines*:[48]

> It must be emphasized that the taking of property under [R.A.] 6657 is an exercise of the State's power of eminent domain. The valuation of property or determination of just compensation in eminent domain

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44 464 Phil. 83 (2004).
45 Id. at 95-96.
46 608 Phil. 658 (2009).
47 Id. at 664.
48 634 Phil. 9 (2010).

> proceedings is essentially a judicial function which is vested with the courts and not with administrative agencies. When the parties cannot agree on the amount of just compensation, only the exercise of judicial power can settle the dispute with binding effect on the winning and losing parties. On the other hand, the determination of just compensation in the RARAD/DARAB requires the voluntary agreement of the parties. **Unless the parties agree, there is no settlement of the dispute before the RARAD/DARAB, except if the aggrieved party fails to file a petition for just compensation on time before the RTC.**[49] (Emphasis supplied; citations omitted)

It cannot be doubted that one of the principal averments raised by petitioner is the issue of just compensation. Hence, petitioner's remedy falls squarely on Sec. 57 of R.A. No. 6657, which is to bring the case before the SAC for final determination of the just compensation due.[50] However, instead of following the mandate of R.A. No. 6657, petitioner availed of the wrong remedy when it directly appealed from the decision of the DARAB to the CA under Rule 43 of the Rules of Court.

It is here that petitioner asserts that its remedy to appeal with the CA was proper as it also sought to correct the erroneous disposition by the DAR of placing the subject properties under the CARP rather than for simple determination of just compensation.

The Court disagrees.

The following procedural rules are instructive. Rule II, Secs. 7 and 8, in relation to Rule I, Sec. 2, of the 2003 Rules of Procedure for Agrarian Law Implementation[51] (*ALI*) cases provides:

> RULE I
> *PRELIMINARY PROVISIONS*
>
> x x x x
>
> SECTION 2. *ALI cases*. These Rules shall govern all cases arising from or involving:
>
> 2.1. Classification and identification of landholdings for coverage under the agrarian reform program and the initial issuance of Certificate of Land Ownership Awards (CLOAs) and Emancipation Patents (EPs), including protests or oppositions thereto and petitions for lifting of such coverage[.]

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49 Id. at 31, cited in *Alfonso v. Land Bank of the Philippines*, 801 Phil. 217, 314 (2016).

50 *Marasigan, Jr. v. Provincial Agrarian Reform Officer*, G.R. No. 222882, December 2, 2020.

51 2003 Rules for Agrarian Law Implementation Cases, DAR Administrative Order No. 03-03; approved on January 16, 2003.

RULE II
JURISDICTION OVER ALI CASES

> SECTION 7. *General Jurisdiction.* The Regional Director shall exercise primary jurisdiction over all agrarian law implementation cases except when a separate special rule vests primary jurisdiction in a different DAR office.
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> SECTION 8. *Jurisdiction over protests or petitions to lift coverage.* The Regional Director shall exercise primary jurisdiction over protests against CARP coverage or petitions to lift notice of coverage. If the ground for the protest or petition to lift CARP coverage is exemption or exclusion of the subject land from CARP coverage, the Regional Director shall either resolve the same if he has jurisdiction, or refer the matter to the Secretary if jurisdiction over the case belongs to the latter.

Evidently, assuming that petitioner was truly objecting the inclusion of the subject properties under the CARP coverage, then the proper remedy is not to appeal with the CA; rather, such matter should have been brought before the Regional Director or the Secretary of the DAR.

In *Fil-Estate Properties, Inc. v. Reyes*,[52] the Court held that the determination of the land's classification as agricultural or non-agricultural and, in turn, whether the land falls under agrarian reform exemption, must be preliminarily threshed out before the DAR,[53] particularly, the DAR Secretary, pursuant to DAR Administrative Order (*AO*) No. 6, Series of 1994. Accordingly, even with petitioner's insistence that it was merely objecting the inclusion of the subject properties to the CARP coverage, it still availed of the wrong remedy.

Further, the inclusion of additional issues other than just compensation would not divest the SAC of its jurisdiction over petitions for the determination of just compensation to landowners. To do so would undermine the jurisdiction conferred to it by law.

In accordance with Sec. 6 of Rule XIX of the DARAB Rules of Procedure, failure on the part of petitioner to file an original action with the SAC to contest the decision of the Board or Adjudicator, renders the decision of DARAB final and executory. The same can no longer be altered, much less reversed, by this Court under the doctrine of immutability of judgments.

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52 863 Phil. 221 (2019).
53 Id. at 281.

Subject properties are covered by the CARP

In any case, even assuming that the wrong remedy availed of by petitioner may be brushed off, the issue of whether the subject properties should have been excluded from CARP coverage is a factual issue beyond the ambit of this Court. The determination of such issue is best left to the courts or tribunals below, especially the specialized adjudication bodies,[54] such as the DAR.

Time and again, the Court has declared that it is not a trier of facts. The Court's function in petitions for review on *certiorari* under Rule 45 of the Rules of Court is limited to reviewing errors of law that may have been committed by the lower courts or tribunals.[55] It is not this Court's function to analyze or weigh evidence that have already been considered in the lower courts, or in this case, the proper administrative agencies.[56] Even granting *arguendo* that petitioner's case falls under one of the exceptions to said off-quoted principle, the petition must still fail upon resolution of the substantive issues herein.

The CARP covers the following lands: (1) all alienable and disposable lands of the public domain devoted to or suitable for agriculture; (2) all lands of the public domain exceeding the total area of five hectares and below to be retained by the landowner; (3) all government-owned lands that are devoted to or suitable for agriculture; and (4) all private lands devoted to or suitable for agriculture, regardless of the agricultural products raised or can be raised on these lands.[57] Meanwhile, agricultural land is defined as land devoted to agricultural activity and not otherwise classified as mineral, forest, residential, commercial, or industrial land.[58]

As to what constitutes an agricultural activity, this is defined by Sec. 3(b) of R.A. No. 6657, as amended, as the cultivation of the soil, planting of crops, growing of fruit trees, raising of livestock, poultry or fish, including the harvesting of such farm products, and other farm activities and practices performed by a farmer in conjunction with such farming operations done by persons whether natural or juridical.[59] In addition, Secs. 10 and 11 of R.A. No. 6657 provide the types of lands that are excluded therefrom:

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54 *Marasigan, Jr. v. Provincial Agrarian Reform Officer*, supra note 50.
55 *Ruiz v. Armada*, G.R. No. 232849, June 14, 2021.
56 *Calaoagan v. People*, 850 Phil. 183, 193 (2019).
57 R.A. No. 6657, Chapter II, Section 4; *Heirs of Salas, Jr. v. Cabungcal*, 808 Phil. 138, 162-163 (2017).
58 R.A. No. 6657, Chapter I, Section 3(c).
59 *Heirs of Salas, Jr. v. Cabungcal*, supra, at 165.

> Section 10. ***Exemptions and Exclusions.*** — **Lands actually, directly and exclusively used and found to be** necessary for parks, wildlife, forest reserves, reforestation, **fish sanctuaries and breeding grounds,** watersheds, and mangroves, national defense, school sites and campuses including experimental farm stations operated by public or private schools for educational purposes, seeds and seedlings research and pilot production centers, church sites and convents appurtenant thereto, mosque sites and Islamic centers appurtenant thereto, communal burial grounds and cemeteries, penal colonies and penal farms actually worked by the inmates, government and private research and quarantine centers and all lands with eighteen percent (18%) slope and over, except those already developed shall be exempt from the coverage of this Act.[60] (Emphasis supplied).
>
> Section 11. ***Commercial Farming.*** — Commercial farms, which are private agricultural lands devoted to commercial livestock, poultry and swine raising, and aquaculture including saltbeds, fishponds and prawn ponds, fruit farms, orchards, vegetable and cut-flower farms, and cacao, coffee and rubber plantations, shall be subject to immediate compulsory acquisition and distribution after (10) years from the effectivity of this Act. In the case of new farms, the ten-year period shall begin from the first year of commercial production and operation, as determined by the DAR. During the ten-year period, the government shall initiate the steps necessary to acquire these lands, upon payment of just compensation for the land and the improvements thereon, preferably in favor of organized cooperatives or associations, which shall thereafter manage the said lands for the worker-beneficiaries.[61]

When R.A. No. 7881,[62] which amended certain provisions of R.A. No. 6657, was enacted into law, it placed lands used for prawn farms and fishponds as exempt from the coverage of the CARP, to wit:

> Sec. 2. Section 10 of Republic Act No. 6657 is hereby amended to read as follows:
>
> Sec. 10. *Exemptions and Exclusions.*
>
> a) Lands actually, directly and exclusively used for parks, wildlife, forest reserves, reforestation, fish sanctuaries and breeding grounds, watersheds and mangroves shall be exempt from the coverage of this Act.
>
> b) Private lands actually, directly[,] and exclusively used for prawn farms and fishponds shall be exempt from the coverage of this Act: *Provided*, That said prawn farms and fishponds have not been

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60 R.A. No. 6657, Chapter II, Section 10.

61 R.A. No. 6657, Chapter II, Section 11.

62 An Act Amending Certain Provisions of Republic Act No. 6657, entitled "AN ACT INSTITUTING A COMPREHENSIVE AGRARIAN REFORM PROGRAM TO PROMOTE SOCIAL JUSTICE AND INDUSTRIALIZATION; PROVIDING THE MECHANISM FOR ITS IMPLEMENTATION AND FOR OTHER PURPOSES"; approved on February 20, 1995.

distributed and Certificate of Land Ownership Award (CLOA) issued to agrarian reform beneficiaries under the Comprehensive Agrarian Reform Program.

While the CARP previously categorized lands devoted to fishponds and prawn farming as agricultural lands subject to the CARP, albeit under a ten-year deferment period, R.A. No. 7881 wholly decreed lands actually, directly, and exclusively used for prawn farms and fishponds to be exempt from the coverage of the CARP.[63] Not only that, but by virtue of the foregoing amendments, the operation of fishponds is no longer considered an agricultural activity, and a parcel of land devoted to fishpond operation is no longer an agricultural land.[64]

Here, petitioner argues that the subject properties were previously utilized as fishponds and for prawn farming and, therefore, exempt from the coverage of CARP. Petitioner submits in evidence a Memorandum of Agreement (*MOA*) to prove that the properties were used for fishponds and prawn farming. The MOA was signed in 1991 by the previous owner of the subject properties, Filipinas Aquaculture Corporation (*FAC*). Petitioner also submits in evidence the balance sheets of FAC, which showed aquaculture items in its inventory.

The Court is not convinced that the courts and tribunals *a quo* seriously erred in declaring that the subject properties are covered by the CARP.

At the time the subject properties were evaluated by the DARAB, these were already considered as idle lands. It must be noted that no balance sheets, or any evidence were submitted to show that petitioner continued the use of the subject properties for prawn farming and fishponds when the latter subsequently purchased the subject properties from FAC sometime in 1996.[65] The alleged actual use of the subject properties as evidenced by the financial statements of FAC were issued ten (10) years prior to the conduct of the ocular inspection by the DAR in 1998.[66]

Previous use of the land does not equate to actual use especially when there is no evidence to the contrary. Assuming *arguendo* that the subject properties were, in the distant past, used for prawn farming and fishponds as purportedly shown in the MOA in 1991, no evidence would suggest that it continued to be so when petitioner bought the subject properties from its previous owner, FAC, and when it was examined by the DAR in 1998. Nor

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63 *Dillena v. Alcaraz*, 822 Phil. 969, 983 (2017).
64 *Sanchez, Jr. v. Marin*, 562 Phil. 907, 919 (2007).
65 October 2, 1996, date of registration of TCT Nos. T-13682 and T-13683, *rollo*, pp. 48 and 50.
66 *Rollo*, p. 98.

was there evidence that the lands were utilized for aquaculture when the DAR issued the Notice of Coverage to petitioner on August 12, 1998. To reiterate, the field investigation reports conducted on the subject properties revealed that the lands were classified as idle lands and such were planted with rice only in 1999.[67] This affirms that the subject properties were no longer used in aquaculture or prawn farming.

Petitioner further argues that the SB of San Jose, Occidental Mindoro reclassified the subject properties as industrial areas, as evidenced by SB Resolution No. 5403, series of 1995.[68] Being classified an industrial area, it would be outside the scope of agricultural lands covered by CARP.

Again, the Court disagrees.

DAR AO No. 1, Series of 1990, states that for lands to be classified as industrial, it should be approved by the Housing and Land Use Regulatory Board (*HLURB*) and its preceding competent authorities. Further, the Local Government Code (*LGC*), or R.A. No. 7160, gives the Local Government Units (*LGU*) authority to reclassify agricultural lands for residential, commercial or industrial use. However, in this case, there was no valid reclassification under SB Resolution No. 5403 since the LGC requires an ordinance, not a mere resolution from the local legislative body.[69] Sec. 20, Chapter II, Title I of the LGC ordains:

> Section 20. *Reclassification of Lands.* — (a) **A city or municipality may, through an ordinance passed by the sanggunian after conducting public hearings for the purpose, authorize the reclassification of agricultural lands** and provide for the manner of their utilization or disposition in the following cases: (1) when the land ceases to be economically feasible and sound for agricultural purposes as determined by the Department of Agriculture or (2) where the land shall have substantially greater economic value for residential, commercial, or industrial purposes, as determined by the *sanggunian* concerned[.] (Emphasis supplied).

Clearly, an ordinance is required in order to reclassify agricultural lands, and such may be passed only after the conduct of public hearings;[70] it cannot be done through a resolution. In *Holy Trinity Realty & Development Corporation v. Dela Cruz*,[71] this Court held that a resolution is ineffectual for

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67 Id. at 90 and 98-99.

68 Id. at 93. Dated June 8, 1995, entitled "Declaring all areas of Barangay Bubog as non-agricultural except those already classified as irrigated or irrigable prime agricultural lands and integrating the same as part of areas therein declared as industrial zone as provided for in the Municipal Zoning Ordinance of San Jose."

69 *Holy Trinity Realty & Development Corporation v. Dela Cruz*, 746 Phil. 209, 229 (2014).

70 Id. at 230.

71 Supra.

purposes of reclassifying agricultural lands for a resolution is a mere declaration of the sentiment or opinion of the lawmaking body on a specific matter and is temporary in nature. It differs from an ordinance in that the latter is a law in itself and possesses a general and permanent character.[72]

Verily, in this case, there being no valid reclassification due to the **lack of an ordinance**, it is clear that a mere resolution could not serve as a basis for exemption of the entirety of the subject properties embraced therein from CARP coverage.[73] As petitioner failed to prove that the subject properties are exempt from the coverage of CARP, no error can be attributed to the common conclusion reached by the DAR and DARAB that the subject properties are covered by the CARP.

Just compensation; Applicable formula

Finally, with respect to the issue of just compensation, the Court declares that the courts *a quo* did not seriously err in declaring as final the finding of just compensation regarding the land.

Just compensation is defined as the full and fair equivalent of the property taken from its owner by the expropriator.[74] In determining just compensation, a wide range of factors must be considered in approximating the real and full value of a land.[75] Thus, for purposes of computing just compensation, Sec. 17 of R.A. No. 6657, as amended, states:

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

Guided by Sec. 17 of R.A. No. 6657, as amended, DAR AO No. 5, series of 1998,[76] that provided a basic formula which gave landowners the opportunity to take part in the valuation process for purposes of obtaining just

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72 Id. at 230.

73 *Fil-Estate Properties, Inc. v. Reyes*, supra note 52, at 283.

74 *Land Bank of the Philippines v. Spouses Cortez*, G.R. No. 210422, September 7, 2022.

75 Id.

76 Revised Rules and Regulations Governing the Valuation of Lands Voluntarily Offered or Compulsorily Acquired, Pursuant to Republic Act No. 6657; DAR AO No. 05-98; approved on April 15, 1998.

compensation for their land. Landowners could even participate in the DAR's field investigations and submit statements as to income derived from the property.[77] However, R.A No. 9700,[78] or an Act Amending R.A. No. 6657 Re: Extending the Acquisition and Distribution of Agricultural Lands, came into effect on August 7, 2009. The law further amended Sec. 17 of R.A. No. 6657 thus:

> SECTION 7. Section 17 of Republic Act No. 6657, as amended, is hereby further amended to read as follows:
>
> SEC. 17. Determination of Just Compensation. — In determining just compensation, the cost of acquisition of the land, **the value of the standing crop**, the current value of like properties, its nature, actual use and income, the sworn valuation by the owner, the tax declarations, the assessment made by government assessors, **and seventy percent (70%) of the zonal valuation of the Bureau of Internal Revenue (BIR), translated into a basic formula by the DAR shall be considered, subject to the final decision of the proper court. The social and economic benefits contributed by the farmers and the farmworkers and by the Government to the property as well as the nonpayment of taxes or loans secured from any government financing institution on the said land shall be considered as additional factors to determine its valuation.** (Emphases supplied).

It was pursuant to the mandate of R.A. No. 9700 that DAR AO No. 1 (2010)[79] and DAR AO No. 7 (2011)[80] were issued to implement the amendments to Sec. 17. The administrative orders retained the basic formula for valuation under DAR AO No. 5 (1998), however, some factors were adjusted. There was a change in the reckoning date of average gross product and selling price, both of which are relevant to the Capitalized Net Income (*CNI*) factor, to June 30, 2009. The Comparable Sales (*CS*) factor was also amended and adjusted to the fair market value equivalent to seventy percent (70%) of the BIR zonal valuation The basic formula under DAR AO No. 7 (2011) is the prevailing land formula to date.

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77 Id. at IIB.2.

78 Entitled "AN ACT STRENGTHENING THE COMPREHENSIVE AGRARIAN REFORM PROGRAM (CARP), EXTENDING THE ACQUISITION AND DISTRIBUTION OF ALL AGRICULTURAL LANDS, INSTITUTING NECESSARY REFORMS, AMENDING FOR THE PURPOSE CERTAIN PROVISIONS OF REPUBLIC ACT NO. 6657, OTHERWISE KNOWN AS THE COMPREHENSIVE AGRARIAN REFORM LAW OF 1988, AS AMENDED, AND APPROPRIATING FUNDS THEREFOR"; approved on August 7, 2009.

79 Rules and Regulations on Valuation and Landowners Compensation Involving Tenanted Rice and Corn Lands Under Presidential Decree (P.D.) No. 27 and Executive Order (E.O.) No. 228, DAR Administrative Order No. 001-10; approved on February 12, 2010.

80 Revised Rules and Procedures Governing the Acquisition and Distribution of Private Agricultural Lands Under Republic Act (R.A.) No. 6657, as Amended , DAR Administrative Order No. 07-11; approved on September 30, 2011.

However, even with the enactment of R.A. No. 9700, the law explicitly states that the completion and final resolution of all previously acquired lands wherein valuation is subject to challenge by the landowners shall still be made pursuant to Sec. 17 of R.A. No. 6657.[81] In addition, the DAR issued AO No. 2, Series of 2009,[82] to clarify the coverage of the amendments introduced by R.A. No. 9700. The transitory provision of DAR AO No. 02-09 provides that "with respect to land valuation, all Claim Folders received by LBP prior to July 1, 2009 shall be valued in accordance with Section 17 of R.A. No. 6657 prior to its amendment by R.A. No. 9700." This has been recognized in several cases, such as the recent case of *Land Bank of the Philippines v. Spouses Cortez*,[83] wherein this Court ruled:

> We have recognized and upheld the foregoing provision and ruled that lands where the claim folders were received by LBP prior to July 1, 2009 shall be valued in accordance with Section 17 of R.A. No. 6657 prior to its further amendment by R.A. No. 9700, and thus will be governed by the applicable DAR issuance.[84]

Additionally, in *Land Bank of the Philippines v. Kho*[85] *(Kho)*, this Court held:

> However, it bears pointing out that while Congress passed RA 9700 on August 7, 2009, further amending certain provisions of RA 6657, as amended, among them, Section 17, and declaring "[t]hat all previously acquired lands wherein valuation is subject to challenge by landowners shall be completed and finally resolved pursuant to Section 17 of [RA 6657], as amended," DAR AO 2, series of 2009, which is the implementing rules of RA 9700, had clarified that the said law shall not apply to claims/cases where the claim folders were received by LBP prior to July 1, 2009. In such a situation, just compensation shall be determined in accordance with Section 17 of RA 6657, as amended, prior to its further amendment by RA 9700.
>
> x x x x
>
> It is significant to stress, however, that DAR AO 1, series of 2010 which was issued in line with Section 31 of RA 9700 empowering the DAR to provide the necessary rules and regulations for its implementation, became effective only subsequent to July 1, 2009. Consequently, it cannot be applied in the determination of just compensation for the subject land where the claim folders were undisputedly received by the LBP prior to July 1, 2009, and, as such, should be valued in accordance with Section 17 of

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81 R.A. No. 9700, Section 5.

82 Rules and Procedures Governing the Acquisition and Distribution of Agricultural Lands Under Republic Act (R.A.) No. 6657, as Amended by R.A. No. 9700, DAR Administrative Order No. 02-09; approved on October 15, 2009.

83 Supra note 74.

84 Id.

85 787 Phil. 478 (2016).

> RA 6657 prior to its further amendment by RA 9700 pursuant to the cut-off date set under DAR AO 2, series of 2009 (cut-off rule). Notably, DAR AO 1, series of 2010 did not expressly or impliedly repeal the cut-off rule set under DAR AO 2, series of 2009, having made no reference to any cut-off date with respect to land valuation for previously acquired lands under PD 27 and EO 228 wherein valuation is subject to challenge by landowners. Consequently, the application of DAR AO 1, series of 2010 should be, thus, limited to those where the claim folders were received on or subsequent to July 1, 2009.[86]

In applying the foregoing cases, it is to be noted that DAR AO No. 7 (2011), which was issued to revise and streamline DAR AO No. 2 (2009),[87] also makes no mention of repealing the cut-off rule mentioned in *Kho.* There is also no dispute that the present case is well within the ambit of R.A. No. 6657 and DAR AO No. 5 (1998) and, consequently, beyond the scope and applicability of the amendments introduced by R.A. No. 9700 and DAR guidelines issued in relation thereto.

Thus, in *Alfonso v. Land Bank of the Philippines*[88] (*Alfonso*), this Court settled the mandatory application of the guidelines and formula prescribed by the DAR. Nevertheless, in the same case, it was recognized that the trial courts may deviate from a strict application of the formula, provided that such departure is supported by a reasoned explanation grounded on the evidence on record.[89] Notably, in this case, there is no reason to deviate from the application of the established formula for the computation of just compensation.

Upon review of the records of the case, the procedure with which the subject properties were brought into the coverage of CARP were all in order. Further, the LBP, which is charged with the preliminary determination of the value of lands placed under the land reform program and the compensation to be paid for the taking,[90] followed DAR AO No. 5 (1998) which contained the basic formula for the computation of just compensation under Sec. 17 of R.A. No. 6657 at the time.[91] In this case, the DAR and LBP valued the subject lands as ₱11,648,130.73 and ₱7,882,623.22, respectively.

The data and factors used in the computation by the LBP regarding the just compensation of the disputed lands included the tax declarations of the subject properties, the schedule unit market value applicable for the municipality of the subject properties, land use production value, and actual

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86 Id. at 490-491.
87 Prefatory Statement of DAR AO No. 07-11.
88 Supra note 49.
89 Id. at 321-322.
90 *Philippine Veterans Bank v. Court of Appeals*, supra note 41.
91 *Land Bank of the Philippines v. Gonzalez*, 711 Phil. 98, 110 (2013).

use per ocular inspections and field investigations.[92] As Capitalized Net Income (CNI) and Comparable Sales factor (CS) were not present, the LBP used the formula Land Value (LV) = Market Value (MV) x 2 or (LV = MV x 2).[93] This is in accordance with DAR AO No. 5, (1998) (Item II, A.3), which states:

> II. *The following rules and regulations are hereby promulgated to govern the valuation of lands subject of acquisition whether under voluntary offer to sell (VOS) or compulsory acquisition (CA).*
>
> A. There shall be one basic formula for the valuation of lands covered by VOS or CA:
>
> LV = (CNI x 0.6) + (CS x 0.3) + (MV x 0.1)
>
> Where: LV = Land Value
> CNI = Capitalized Net Income
> CS = Comparable Sales
> MV = Market Value per Tax Declaration
>
> The above formula shall be used if all the three factors are present, relevant, and applicable.
>
> x x x x
>
> A.3 When both the CS and CNI are not present and only MV is applicable, the formula shall be:
>
> LV = MV x 2
>
> In no case shall the value of idle land using the formula MV x 2 exceed the lowest value of land within the same estate under consideration or within the same barangay or municipality (in that order) approved by LBP within one (1) year from receipt of claimholder.

As held in *Alfonso*, an examination of the terms of the DAR issuances would show that the implementing agency had indeed taken pains to ensure that its valuation system was at par with local and international valuation standards. The whole regulatory scheme provided under R.A. No. 6657, implemented through the DAR formulas, are reasonable policy choices made by Congress and implemented by the DAR in accordance with the purposes of the CARP. These policy choices, in the absence of contrary evidence, deserve a high degree of deference from the Court.[94]

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92 *Rollo*, pp. 87-90.
93 Id. at 87.
94 *Alfonso v. Land Bank of the Philippines*, supra note 49 at 304-305.

Lastly, petitioner contends that the actual value and valuations made by the independent appraisers were disregarded by LBP and DARAB. Not only that, petitioner claims that the latter also failed to consider the improvements introduced on the subject properties, such as the roads, waterways, water reverse and facilities.[95]

The Court is not convinced. Contrary to petitioner's claims, the DARAB Decision set forth:

> Thus, on the issue as to the compensability of the improvements introduced by the landowner, such as the roads which are now considered as farm to market roads; waterways, used to irrigate the land for the portion of the property classified as irrigated rice land; water reserve used to store water during the summer season or as the need arises; and dikes to protect the land from flooding, the said improvements, must necessarily be included in the compensation package for the landowner.
>
> x x x x
>
> However, as to the valuation on just compensation of the CARP-covered landholdings embraced by TCT Nos. [T-]13682 and T-13683 with an area of 356.9948 hectares and 89.7367 hectares, respectively, the landowner failed to support by clear and convincing evidence said valuation. Marken, Inc. did not present evidence, documentary or otherwise that would overcome the presumption of regularity enjoyed by the personnel of the LBP.
>
> x x x x
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> Further, the actual use of the property as evidenced by the Financial Statements of Filipinas Aquaculture Corporation, ten years (1988-1990) before the conduct of the ocular inspection in 1998 (for TCT [No. T-]13682) and 2000 (for TCT No. T-13683) cannot be a valid basis for the computation of the value of the property nor can RA 7881 be used as a reason for exemption since when the subject landholdings were placed under the coverage of RA 6657, as amended, the use of the property was no longer as prawn farm nor as a fishpond. In fact, the Field Investigation Reports conducted on the parcels of land on September 22, 1998 for TCT No. T-13682 and on June 28, 2000, for TCT No. T-13683 revealed that the landholdings were classified as idle lands and were planted to riceland only in 1999, which findings are in consonance with the Order of Deferment describing the remaining portion consisting of 448 hectares as idle land as well as the order lifting the order of deferment on the ground that its basis for deferment is no longer applicable.

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[95] *Rollo*, pp. 22-23.

> Thus, the Financial Statements as of 1988-1989; 1989-1990 were not reflective of the actual, current and fair market value of the property as mandated by DAR Administrative Order No. 5, Series of 1998 and neither was the Market Value Appraisal for the Property of Marken, Inc. as of January 5, 2007 of Cuervo Appraisers. In short, the landowner failed to submit input data in order to convince the Board that the valuations of the parcels of land were not in accordance with law, existing rules and regulation and jurisprudential precedents.
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> x x x x
>
> **WHEREFORE,** ORDER is hereby issued:
>
> x x x x
>
> 2. **Directing** the LBP to recompute the additional compensation package for the necessary improvements which redounded to the benefit of the farmer-beneficiaries[.][96]

Thus, it is clear that the valuations of the subject properties were based on reliable data gathered by the DAR and the LBP pursuant to the provisions of DAR AO No. 5, series of 1998, and as contained in the Field Investigation Report. Further, contrary to petitioner's contentions, the DARAB Decision took into consideration the improvements that redounded to the benefit of the farmer-beneficiaries, despite the fact that no other data or supporting documents were submitted by petitioner to the DARAB regarding the actual and current use of the subject lands.

As stated above, the DARAB recognized that there were Financial Statements of FAC, the previous owner, from 1988 to 1990 covering the subject properties. However, at the time that the subject properties were covered by CARP in 1998, ten (10) years had already passed. The Field Investigation Reports conducted on the subject properties from 1998 to 2000 by the DAR revealed that the landholdings were classified as idle lands and were planted with rice only in 1999. These findings are in consonance with the cancellation of the Order of Deferment because the remaining portions of the subject properties consisting of 448 hectares were considered idle land, hence, covered by CARP. Evidently, the Financial Statements of FAC from 1988 to 1990 do not reflect the actual use and valuation of the subject properties; rather, it is the factual and genuine investigation conducted by the DAR over the lands, which showed them to be idle lands, that should prevail. As these are idle lands, the lower valuation given by the courts and tribunals *a quo* shall prevail.

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[96] Id. at 96-100.

In light of the foregoing, the Court sustains the findings of the DAR and the LBP. To reiterate, the Court generally defers and accords finality to the factual findings of administrative agencies, such as the DAR, as a matter of sound practice and procedure. These findings are deemed binding and conclusive upon this Court as administrative agencies possessing special knowledge and expertise on "matters falling under their specialized jurisdiction."[97] Sec. 54 of R.A. No. 6657 and Rule XV, Sec. 2 of the 2009 DARAB Rules of Procedure, state:

> SECTION 54. [R.A. No. 6657] x x x
>
> The findings of fact of the DAR shall be final and conclusive if based on substantial evidence.
>
> Rule XV
> Judicial Review
>
> SECTION 2. [DARAB New Rules of Procedure] *Findings of Fact; Final and Conclusive*. — The findings of fact of the Board, if based on substantial evidence, shall be final and conclusive upon the courts pursuant to Section 54, Republic Act No. 6657.

This Court then sees no reason to disturb the factual findings of the DARAB. Such findings, when supported by substantial evidence, are accorded great respect and even finality.[98]

WHEREFORE, the petition is **DENIED**. The April 24, 2015 Decision and October 1, 2015 Resolution of the Court of Appeals in CA-G.R. SP No. 127071, as well as the September 5, 2011 Decision and September 13, 2012 Resolution of the Department of Agrarian Reform Adjudication Board in DARAB Case No. JC-IV-0330-OCC-MDO-CO-02 are **AFFIRMED *in toto***.

SO ORDERED.

ALEXANDER G. GESMUNDO
Chief Justice

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97 *Fil-Estate Properties, Inc. v. Reyes*, supra note 52, at 287.

98 Id.

WE CONCUR:

RAMON PAUL L. HERNANDO
Associate Justice

RODIL V. ZALAMEDA
Associate Justice

RICARDO R. ROSARIO
Associate Justice

JOSE MIDAS P. MARQUEZ
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.

ALEXANDER G. GESMUNDO
Chief Justice