



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

**RAFAEL VALES, CECILIA
VALES-VASQUEZ, and
YASMIN VALES-JACINTO,**
Petitioners,

- versus -

**MA. LUZ CHORESCA
GALINATO, ERNESTO
CHORESCA, TEOFILO
AMADO, LORNA PARIAN
MEDIANERO, REBECCA
PORCAL, and VIVENCIO
ORDOYO,**

Respondents.

G.R. No. 180134

Present:

CARPIO, J., Acting Chief Justice,*
Chairperson,

BRION,
DEL CASTILLO,
PEREZ, and
PERLAS-BERNABE, JJ.

Promulgated:

MAR 05 2014 *W. Cabalag*

X-----X

DECISION

PERLAS-BERNABE, J.:

Assailed in this petition for review on *certiorari*¹ are the Decision² dated July 25, 2007 and the Resolution³ dated September 27, 2007 of the Court of Appeals (CA) in CA-G.R. SP No. 01130 which affirmed the Order dated September 5, 2005⁴ issued by the Office of the President (OP) in O.P. Case No. 03-J-607, and declared that petitioners Rafael Vales, Cecilia Vales-Vasquez, and Yasmin Vales-Jacinto (petitioners) have no right of retention over the landholding subject of this case.

* Designate Acting Chief Justice per Special Order No. 1644 dated February 25, 2014.

¹ *Rollo*, pp. 29-67.

² *Id.* at 8-19. Penned by Associate Justice Francisco P. Acosta, with Associate Justices Pampio P. Abarintos and Stephen C. Cruz concurring.

³ *Id.* at 21-22.

⁴ *Id.* at 257-261.

✓

The Facts

On **March 3, 1972**, Spouses Perfecto⁵ and Marietta Vales (Sps. Vales) executed a Deed of Sale⁶ conveying **five (5) parcels of registered agricultural land**, identified as Lot Nos. 2116, 2045, 2213, 2157, and 2119 with an **aggregate area of 20.3168 hectares** (has.) all situated in Barrio Manguna, Cabatuan, Iloilo (subject lands), to their three (3) children, herein petitioners (subject sale). However, the subject sale was not registered, hence, title to the subject lands remained in the names of Sps. Vales. At the time of the sale, the subject lands were tenanted.⁷

Several months later, or on October 21, 1972, Presidential Decree No. (PD) 27⁸ was passed decreeing the emancipation of tenants. As required under Letter of Instruction No. (LOI) 41 issued on November 21, 1972, petitioner Rafael Vales executed a sworn declaration,⁹ asserting that he and his sisters are co-owners of the subject lands. This notwithstanding, the subject lands were placed under the coverage of the government's Operation Land Transfer (OLT) Program as properties belonging to Sps. Vales, not to petitioners.¹⁰

Invoking the landowner's retention rights provided under PD 27,¹¹ petitioners filed, on December 23, 1975, a letter-request¹² for the retention of the subject lands with the Office of the Agrarian Reform Team No. 06-24-185, which, however, was not acted upon.¹³ On March 31, 1980, they filed a petition¹⁴ before the then Ministry of Agrarian Reform-Region VI, praying that they be certified as owners of the subject lands which they have declared in their names for tax purposes as early as November 29, 1972.¹⁵ They further prayed that they be allowed to partition the subject lands with the end in view of obtaining titles for their respective shares. The petition, however, remained unresolved¹⁶ for nearly two (2) decades.

⁵ Died on September 8, 1985. (See Certificate of Death; id. at 124.)

⁶ Id. at 73-74.

⁷ Id. at 384-385.

⁸ Entitled "DECREEING THE EMANCIPATION OF TENANTS FROM THE BONDAGE OF THE SOIL, TRANSFERRING TO THEM THE OWNERSHIP OF THE LAND THEY TILL AND PROVIDING THE INSTRUMENTS AND MECHANISM THEREFOR."

⁹ *Rollo*, p. 97.

¹⁰ Id. at 383.

¹¹ PD 27 pertinently reads as follows:

x x x x

The tenant farmer, whether in land classified as landed estate or not, shall be deemed owner of a portion constituting a family-size farm of five (5) hectares if not irrigated and three (3) hectares if irrigated;

In all cases, the landowner may retain an area of not more than seven (7) hectares if such landowner is cultivating such area or will now cultivate it; (Emphasis supplied)

x x x x

¹² *Rollo*, p. 120.

¹³ Id. at 173.

¹⁴ Id. at 121-123.

¹⁵ Id. at 156. See also the tax declarations covering the subject landholding; id. at 75-79.

¹⁶ Id. at 173.

Meanwhile, during the period July to August 1987, petitioners entered into several Agricultural Leasehold Contracts¹⁷ with the following tenants: Milagros Allaga, Wenceslao Perez, Dalmacio Parian, Francisco Choresca, Teofilo Amado, Vivencio Ordoyo, Melchor Choresca, Ricardo Paniza, and Rodolfo Porcal. These contracts were duly registered with the Office of the Municipal Treasurer of Cabatuan.¹⁸ **The following year, 1988, Emancipation Patents¹⁹ (EPs) were issued to certain tenants of the subject lands.** Petitioners claimed, however, that such issuances were made “without [their] knowledge and despite their vehement protest and opposition.”²⁰

On January 12, 1998, petitioners filed a petition²¹ before the Regional Office of the Department of Agrarian Reform (DAR), docketed as Administrative Case No. A-0604-0014-98, asking for: (a) the resolution of the earlier petition dated March 31, 1980; (b) the exemption of the subject lands from the coverage of the OLT Program; and (c) the affirmation of petitioners’ right to retain seven (7) has. as provided under PD 27, which they requested way back in December 1975, but to no avail. Significantly, petitioners admitted in their petition that the subject sale was not registered and thus, the titles to the subject lands were not transferred to their names. This was supposedly due to the fact that the lands were tenanted, and that the Minister of Agrarian Reform refused to issue the required certification for purposes of registration.

The DAR Regional Director Ruling

In an Order²² dated August 16, 1999, the DAR Regional Director declared that ownership over the subject lands remained with Sps. Vales due to petitioners’ failure to effect the registration or even the annotation of the subject sale before October 21, 1972 as required under DAR Memorandum²³ dated May 7, 1982 (May 7, 1982 DAR Memorandum). Hence, the sale did not bind the tenants concerned, and no retention rights were transferred to petitioners. Accordingly, the DAR Regional Director denied the petitions for exemption and retention, and affirmed the placing of the subject lands under

¹⁷ Id. at 125-133.

¹⁸ Id. (see dorsal portion). See also id. at 35.

¹⁹ Id. at 135-154.

²⁰ Id. at 36.

²¹ Id. at 155-159.

²² Id. at 382-387. Issued by DAR OIC Regional Director Othelo C. Clement. CESO IV.

²³ The May 7, 1982 DAR Memorandum pertinently reads as follows:

With respect to **transfers of ownership of lands covered by P.D. 27 executed prior to October 21, 1972**, you shall be guided by the following:

Transfers of ownership of lands covered by a Torrens Certificate of Title duly executed prior to October 21, 1972 but **not registered with the Register of Deeds concerned before said date** in accordance with the Land Registration Act (Act No. 496) shall not be considered a valid transfer of ownership insofar as the tenant-farmers are concerned and therefore the land shall be placed under Operation Land Transfer. (Emphases supplied; id. at 384-385.)

the OLT Program of the government pursuant to PD 27, as well as the issuance of EPs in favor of the tenants.

Petitioners moved for reconsideration which was, however, denied in an Order²⁴ dated December 6, 1999, prompting their appeal before the DAR Secretary, docketed as Adm. Case No. A-9999-06-E-247-00.

The DAR Secretary Ruling

In an Order²⁵ dated December 11, 2002 (December 11, 2002 Order), the DAR Secretary reversed and set aside the orders of the DAR Regional Director, and thereby granted the petitions for exemption and retention, subject, however, to the provisions of LOI 474 dated October 21, 1976.²⁶ The DAR Secretary ruled that petitioners were able to prove by substantial evidence that the tenants had knowledge of the subject sale in their favor and had even recognized petitioners as the new owners of the subject lands as they paid rentals to them.²⁷ Hence, the sale was valid and binding on the tenants pursuant to the May 7, 1982 DAR Memorandum,²⁸ thus removing the subject lands from the OLT Program coverage. However, in line with LOI 474, the DAR Secretary directed the Municipal Agrarian Reform Officer to determine if petitioners own other agricultural lands of more than seven (7) has. or lands used for residential, commercial, industrial or other urban purposes from which they derive adequate income to support themselves and their families.

Some of the tenants and/or their relatives – namely, herein respondents Ma. Luz Choresca Galinato, Ernesto Choresca, Teofilo Amado, Lorna Parian Medianero, Rebecca Porcal and Vivencio Ordoyo (respondents) – filed a motion for reconsideration²⁹ which was initially denied³⁰ but subsequently granted by the DAR Secretary in an Order³¹ dated September 25, 2003 (September 25, 2003 Order).

In granting the motion and reversing his earlier decision, the DAR

²⁴ *Rollo*, pp. 167-170.

²⁵ *Id.* at 172-179. Penned by then DAR Secretary Hernani A. Braganza.

²⁶ As will be explained in greater detail below, under LOI 474, all tenanted rice/corn lands with areas of seven (7) has. or less belonging to landowners who own other agricultural lands of more than seven (7) has. in aggregate areas or lands used for residential, commercial, industrial or other urban purposes from which they derive adequate income to support themselves and their families were placed under the OLT Program of the government.

²⁷ *Rollo*, p. 177.

²⁸ The May 7, 1982 DAR Memorandum pertinently reads as follows:

In order that the foregoing transfers of ownership mentioned in the preceding two paragraphs **may be binding upon the tenants, such tenants should have knowledge of such transfers prior to October 21, 1972, have recognized the persons of the new owners, and have been paying rentals/amortizations to such new owners.** (Emphasis supplied; *id.* at 176.)

²⁹ *Id.* at 180-183.

³⁰ See Order dated May 26, 2003, penned by DAR Secretary Roberto M. Pagdanganan; *id.* at 184-186.

³¹ *Id.* at 191-198.

Secretary held that the tenants must be shown to have acquired actual knowledge of the subject sale prior to October 21, 1972 in order to grant validity thereto. **However, it appears from the date of the earliest receipts evidencing the rental payments to petitioners that the tenants knew of the said sale only in 1977.** As such, petitioners never became valid owners of the subject lands,³² thus warranting the denial of their petitions for exemption and retention.

Dissatisfied, petitioners elevated the matter to the OP.

The Proceedings Before the OP

In a Decision³³ dated December 30, 2003 (December 30, 2003 Decision), the OP affirmed the findings and conclusions of the DAR Secretary which thereby prompted petitioners to file a motion for reconsideration,³⁴ wherein they proffered a new argument, particularly, that when their father, Perfecto Vales (Perfecto), died on September 8, 1985, they acquired ownership of the subject lands by intestate succession, including the right of retention as owners.³⁵

Finding merit in the argument, the OP, in a Resolution³⁶ dated April 6, 2004 (April 6, 2004 Resolution), reversed its earlier ruling, holding that upon the demise of Perfecto, his heirs, including herein petitioners, became co-owners of the subject lands by intestate succession with the inherent right to apply for exemption/retention. Considering, however, that the subject lands were conjugal in nature, Perfecto's half of the entire 20.3168 hectare area was transferred by intestacy to petitioners and their mother, giving each heir about 2.5 has., which was within the seven-hectare (7-hectare) retention limit under PD 27.³⁷ Consequently, the OP exempted the *pro-indiviso* shares of petitioners in the subject lands and ordered the cancellation of the EPs covering the same.

On respondents' motion for reconsideration,³⁸ the OP modified its April 6, 2004 Resolution in an Order³⁹ dated August 19, 2004 (August 19, 2004 Order), declaring that petitioners should be considered as only one landowner with respect to their undivided portions and not as separate landowners pursuant to Article 3⁴⁰ of DAR Memorandum dated January 9,

³² See *id.* at 194-196.

³³ *Id.* at 207-215. Issued by then Assistant Executive Secretary Edwin R. Enrile.

³⁴ *Id.* at 216-223.

³⁵ *Id.* at 221.

³⁶ *Id.* at 226-228. Issued by then Presidential Assistant Manuel C. Domingo.

³⁷ *Id.* at 227.

³⁸ *Id.* at 229-233.

³⁹ *Id.* at 247-249.

⁴⁰ The January 9, 1973 DAR Memorandum pertinently reads as follows:

3. Some landowners are now subdividing their farms among their children as heirs after October 21, 1972. There should be no subdivision of property after October 21, 1972.

1973 (January 9, 1973 DAR Memorandum). Consequently, it excluded from the coverage of the OLT Program only a 7-hectare portion of the subject lands as petitioners' collective retention area and maintained the OLT Program coverage of the remaining portion.

Both petitioners and respondents filed their respective motions for reconsideration which were denied in an Order⁴¹ dated September 5, 2005. The OP reinstated its initial December 30, 2003 Decision, holding that the non-registration of the subject sale and the tenants' lack of actual knowledge thereof prior to October 21, 1972 rendered the transfer as invalid and non-binding on third persons. The subject lands, thus, remained under the ownership of Sps. Vales for purposes of determining OLT Program coverage. Considering, however, that Sps. Vales' aggregate landholding consists of 58.606 has., which exceeded the 24-hectare landholding limit under PD 27, they were therefore disqualified to avail of any retention rights under the said law, without prejudice to the availment of the retention rights granted under the new law, Republic Act No. (RA) 6657,⁴² otherwise known as the "Comprehensive Agrarian Reform Law of 1988."

Feeling aggrieved, petitioners filed an appeal before the CA.

The CA Ruling

In a Decision⁴³ dated July 25, 2007, the CA denied petitioners' appeal, holding that since their predecessors-in-interest (*i.e.*, Sps. Vales) were not entitled to exemption and retention under PD 27 given that their aggregate landholdings consist of 58.606 has., neither could petitioners avail of said rights under RA 6657. In this relation, the CA noted that while PD 27 allows a covered landowner to retain not more than seven (7) has. of his land, if his aggregate landholdings do not exceed 24 has., on the other hand, under LOI 474, where his aggregate landholdings exceed 24 has., the entire landholding inclusive of the seven (7) has. or less of tenanted rice or corn lands will be covered without any right of retention.⁴⁴ Accordingly, the CA pronounced that the new retention rights under RA 6657 are likewise unavailing to petitioners as the same is premised on the existence of such right under PD 27.⁴⁵

Unperturbed, petitioners moved for reconsideration which was,

If not yet subdivided among the heirs before October 21, 1972, the property is considered under one ownership. (Id. at 248.)

⁴¹ Id. at 257-261. Issued by then Executive Secretary Eduardo R. Ermita.

⁴² 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."

⁴³ *Rollo*, pp. 8-19.

⁴⁴ Id. at 15-16.

⁴⁵ Id. at 17.

however, denied in a Resolution⁴⁶ dated September 27, 2007, hence, this petition.

The Issues Before the Court

The essential issues in this case are whether or not: (a) the subject lands are exempt from OLT Program coverage; and (b) petitioners are entitled to avail of any retention right under existing agrarian laws.

The Court's Ruling

The petition lacks merit.

A. *Legal Parameters of Exemption and Retention in Agrarian Reform*

PD 27, which implemented the OLT Program of the government, covers tenanted rice or corn lands. The requisites for coverage under the OLT Program are the following: (a) the land must be devoted to rice or corn crops; and (b) there must be a system of share-crop or lease-tenancy obtaining therein. If either requisite is absent, a landowner may apply for **exemption** since the land would not be considered as covered under the OLT Program. Accordingly, **a landowner need not apply for retention where his ownership over the entire landholding is intact and undisturbed.**⁴⁷

If the land is covered by the OLT Program, which, hence, renders the right of retention operable, the landowner who cultivates or intends to cultivate an area of his tenanted rice or corn land has the right to retain an area of not more than seven (7) has. thereof,⁴⁸ on the condition that his aggregate landholdings **do not exceed 24 has.** as of October 21, 1972. **Otherwise, his entire landholdings are covered by the OLT Program without him being entitled to any retention right.**⁴⁹ Similarly, by virtue of **LOI 474**, if the landowner, as of October 21 1976, owned **less than 24 has.** of tenanted rice or corn lands, but additionally owned (a) other agricultural lands of more than 7 has., whether tenanted or not, whether cultivated or not,

⁴⁶ Id. at 21-22.

⁴⁷ *Daez v. CA*, 382 Phil. 742, 751 (2000).

⁴⁸ PD 27 pertinently provides:

x x x x

The tenant farmer, whether in land classified as landed estate or not, shall be deemed owner of a portion constituting a family-size farm of five (5) hectares if not irrigated and three (3) hectares if irrigated;

In all cases, the landowner may retain an area of not more than seven (7) hectares if such landowner is cultivating such area or will now cultivate it;

x x x x

⁴⁹ Id.

and regardless of the income derived therefrom, or (b) lands used for residential, commercial, industrial or other urban purposes, from which he derives adequate income to support himself and his family, his entire landholdings shall be similarly placed under OLT Program coverage, **without any right of retention.**⁵⁰ As stated in DAR Administrative Order No. 4, series of 1991, or the “Supplemental Guidelines Governing the Exercise of Retention Rights by Landowners Under Presidential Decree No. 27,” issued on April 26, 1991:

X X X X

B. Policy Statements

1. Landowners covered by PD 27 are entitled to retain seven hectares, except those whose entire tenanted rice and corn lands are subject of acquisition and distribution under Operation Land Transfer (OLT). **An owner of tenanted rice and corn lands may not retain these lands under the following cases:**
 - a. If he, as of 21 October 1972, owned more than 24 hectares of tenanted rice and corn lands;
 - b. By virtue of LOI 474, if he as of 21 October 1976, owned less than 24 hectares of tenanted rice or corn lands, but additionally

⁵⁰ LOI 474 reads in full:

To: The Secretary of Agrarian Reform.

WHEREAS, last year I ordered that small landowners of tenanted rice/corn lands with areas of less than twenty-four hectares but above seven hectares shall retain not more than seven hectares of such lands except when they own other agricultural lands containing more than seven hectares or land used for residential, commercial, industrial or other urban purposes from which they derive adequate income to support themselves and their families;

WHEREAS, the Department of Agrarian Reform found that in the course of implementing my directive there are many landowners of tenanted rice/corn lands with areas of seven hectares or less who also own other agricultural lands containing more than seven hectares or lands used for residential, commercial, industrial or other urban purposes where they derive adequate income to support themselves and their families;

WHEREAS, it is therefore necessary to cover said lands under the Land Transfer Program of the government to emancipate the tenant-farmers therein.

NOW, THEREFORE, I, PRESIDENT FERDINAND E. MARCOS, President of the Philippines, do hereby order the following:

1. **You shall undertake to place under the Land Transfer Program of the government pursuant to Presidential Decree No. 27, all tenanted rice/corn lands with areas of seven hectares or less belonging to landowners who own other agricultural lands of more than seven hectares in aggregate areas or lands used for residential, commercial, industrial or other urban purposes from which they derive adequate income to support themselves and their families.**
2. Landowners who may choose to be paid the cost of their lands by the Land Bank of the Philippines shall be paid in accordance with the mode of payment provided in Letter of Instructions No. 273 dated May 7, 1973.

Done in the City of Manila, this 21th day of October in the year of Our Lord, nineteen hundred and seventy-six. (Emphasis supplied)

owned the following:

- Other agricultural lands of more than seven hectares, whether tenanted or not, whether cultivated or not, and regardless of the income derived therefrom; or
- Lands used for residential, commercial, industrial or other urban purposes, from which he derives adequate income to support himself and his family. (Emphasis and underscoring supplied)

Subsequently, or on June 10, 1998, Congress passed RA 6657 which modified the retention limits under PD 27. In particular, Section 6⁵¹ of RA 6657 states that covered landowners are allowed to retain a portion of their tenanted agricultural land not exceeding an area of five (5) has. and, further thereto, provides that an additional three (3) has. may be awarded to each child of the landowner subject to certain qualifications. While landowners who have not yet exercised their rights of retention under PD 27 are entitled to the new retention rights provided by RA 6657, a landowner who filed an application under RA 6657 shall be subject to the limitations stated under LOI 474 as above stated.

***B. Propriety of the Denial of
the Petition for Exemption***

Petitioners sought exemption of the subject lands from the OLT

⁵¹ SEC. 6. *Retention Limits.* - Except as otherwise provided in this Act, no person may own or retain, directly, any public or private agricultural land, the size of which shall vary according to factors governing a viable family-sized farm, such as commodity produced, terrain, infrastructure, and soil fertility as determined by the Presidential Agrarian Reform Council (PARC) created hereunder, but in no case shall the retention by the landowner exceed five (5) hectares. Three (3) hectares may be awarded to each child of the landowner, subject to the following qualifications: (1) that he is at least fifteen (15) years of age; and (2) that he is actually tilling the land or directly managing the farm: Provided, That landowners whose lands have been covered by Presidential Decree No. 27 shall be allowed to keep the area originally retained by them thereunder; Provided, further, That original homestead grantees or direct compulsory heirs who still own the original homestead at the time of the approval of this Act shall retain the same areas as long as they continue to cultivate said homestead.

The right to choose the area to be retained, which shall be compact or contiguous, shall pertain to the landowner; provided, however, That in case the area selected for retention by the landowner; is tenanted, the tenant shall have the option to choose whether to remain therein or be a beneficiary in the same or another agricultural land with similar or comparable features. In case the tenant chooses to remain in the retained area, he shall be considered a leaseholder and shall lose his right to be a beneficiary under this Act. In case the tenant chooses to be a beneficiary in another agricultural land, he loses his right as a leaseholder to the land retained by the landowner. The tenant must exercise this option within a period of one (1) year from the time the landowner manifests his choice of the area for retention.

In cases, the security of tenure of the farmers or farm workers on the land prior to the approval of this Act shall be respected.

Upon the effectivity of this Act, any sale, disposition, lease, management contract or transfer of position of private lands executed by the original landowner in violation of this Act shall be null and void: Provided, however, That those executed prior to this Act shall be valid only when registered with the Register of Deeds within a period of three (3) months after the effectivity of this Act. Thereafter, all registers of Deeds shall inform the DAR within thirty (30) days of any transaction involving agricultural lands in excess of five (5) hectares.

Program of the government by claiming ownership thereof on the basis of a sale thereof by the registered owners, *i.e.*, Sps. Vales, executed on **March 3, 1972**. However, said transaction, in order to be valid and equally deemed as binding against the tenants concerned, should be examined in line with the provisions of the May 7, 1982 DAR Memorandum, to wit:

Transfers of ownership of lands covered by a Torrens Certificate of Title duly executed prior to October 21, 1972 **but not registered with the Register of Deeds concerned before said date** in accordance with the Land Registration Act (Act No. 496) **shall not be considered a valid transfer of ownership insofar as the tenant-farmers are concerned and therefore the land shall be placed under [the OLT Program]**.

Transfer of ownership of unregistered lands (ownership may be evidenced by tax declaration, deeds of conveyance) executed prior to October 21, 1972, whether registered or not with the Register of Deeds concerned pursuant to Act No. 3344 may be considered a valid transfer/conveyance as between the parties subject to verification of the due execution of the conveyance/transfer in accordance with the formalities prescribed by law.

In order that the foregoing transfers of ownership mentioned in the preceding two paragraphs **may be binding upon the tenants, such tenants should have knowledge of such transfers/conveyance prior to October 21, 1972, have recognized the persons of the new owners, and have been paying rentals/amortization to such new owners.** (Emphases and underscoring supplied)

Tersely put, the May 7, 1982 DAR Memorandum provides that tenants should (a) have actual knowledge of unregistered transfers of ownership of lands covered by Torrens Certificate of Titles prior to October 21, 1972, (b) have recognized the persons of the new owners, and (c) have been paying rentals/amortization to such new owners **in order to validate the transfer and bind the tenants to the same.**

In the case at bar, it is undisputed that the subject sale was not registered or even annotated on the certificates of title covering the subject lands. More importantly, the CA, which upheld the final rulings of the DAR Secretary and the OP, found that the tenants categorically belied having actual knowledge of the said sale, and that the tenants still recognized Sps. Vales as the landowners.⁵² In this regard, petitioners failed to show any justifiable reason to warrant a contrary finding.⁵³ Thus, keeping in mind that the factual findings of the CA are generally accorded with finality absent any sufficient countervailing reason therefor,⁵⁴ it may be concluded that petitioners failed to comply with the requirements stated under the May 7, 1982 DAR Memorandum. As a result, the subject sale could not be considered as valid, especially as against the tenants and/or their relatives –

⁵² *Rollo*, p. 14.

⁵³ *Id.*

⁵⁴ See *Ampo v. CA*, G.R. No. 169091, February 16, 2006, 482 SCRA 562, 570.

particularly, herein respondents. The subject lands were therefore correctly placed under the OLT Program of the government, which thereby warranted the denial of the petition for exemption.

C. Propriety of the Denial of the Petition for Retention

Anent the issue on retention, suffice it to state that Sps. Vales had no right to retain the subject lands considering that their aggregate landholdings, consisting of 58.6060 has.,⁵⁵ exceeded the 24-hectare landholding limit as above-explained. Consequently, the subject lands would fall under the complete coverage of the OLT Program, without any right of retention on petitioners' part, either under PD 27 or RA 6657, being mere successors-in-interest of Sps. Vales by virtue of intestate succession. In this respect, the denial of the petition for retention was likewise proper.

D. Propriety of the Reconsideration of the DAR Secretary's December 11, 2002 Order

Finally, the Court finds no merit in petitioners' claim that the December 11, 2002 Order of the DAR Secretary granting the petitions for exemption and retention had already attained finality and can no longer be reconsidered, reversed or modified, especially on a second motion for reconsideration which is a prohibited pleading.⁵⁶ In his September 25, 2003 Order, the DAR Secretary explained that a "palpable mistake"⁵⁷ and "patent error"⁵⁸ had been committed in determining the date of the filing of respondents' motion for reconsideration, which upon review, was shown to have been timely filed, warranting reconsideration of his earlier order. Settled is the rule that issues of retention and non-coverage of a land under agrarian reform are within the domain of the DAR Secretary.⁵⁹ By virtue of such special competence, he should be given an opportunity, even on a second motion for reconsideration, to rectify the errors he may have committed. The time-honored rule is that if a remedy within the administrative machinery can still be had by giving the administrative officer concerned every opportunity to decide on the matter that comes within his jurisdiction, then such remedy should be priorly exhausted.⁶⁰ Besides, rules of procedure are construed liberally in administrative proceedings as administrative bodies are not bound by the technicalities applicable to courts of law, hence, should not be used to override substantial justice,⁶¹ as in this case.

⁵⁵ *Rollo*, pp. 382-383.

⁵⁶ *Id.* at 45.

⁵⁷ *Id.* at 192.

⁵⁸ *Id.* at 193.

⁵⁹ *Sta. Ana v. Sps. Carpo*, 593 Phil. 108, 127 (2008).


⁶⁰ See *DAR v. Uy*, 544 Phil. 308, 328 (2007), citing *Land Car, Inc. v. Bachelor Express Inc.*, 462 Phil 796, 802 (2003).

⁶¹ *Id.* at 330.


All told, the Court finds no cogent reason to reverse the denial of the tribunals *a quo* of the petitions for exemption and retention herein considered.

WHEREFORE, the petition is **DENIED**. The Decision dated July 25, 2007 and the Resolution dated September 27, 2007 of the Court of Appeals in CA-G.R. SP No. 01130 are hereby **AFFIRMED**.

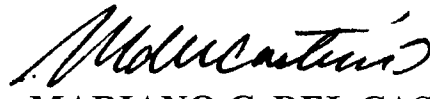
SO ORDERED.


ESTELA M. PERLAS-BERNABE
Associate Justice

WE CONCUR:


ANTONIO T. CARPIO
Acting Chief Justice
Chairperson



ARTURO D. BRION
Associate Justice


MARIANO C. DEL CASTILLO
Associate Justice


JOSE PORTUGAL PEREZ
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.


ANTONIO T. CARPIO
Acting Chief Justice