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Wilfredo V. Lapitan
 WILFREDO V. LAPITAN
 Division Clerk of Court
 Third Division

MAR 23 2018

Republic of the Philippines
 Supreme Court
 Manila

THIRD DIVISION

LAND BANK OF THE PHILIPPINES, G.R. No. 188243

Petitioner,

Present:

-versus-

VELASCO, JR., J., *Chairperson*,
 BERSAMIN,
 LEONEN,
 MARTIRES,* and
 GISMUNDO, JJ.

RAUL T. MANZANO, JOSE R. JUGO,
 RAMON H. MANZANO, and HEIRS of
 PILAR T. MANZANO, namely: RICARDO T.
 MANZANO, JR., RENATO T. MANZANO,
 JR., RAMON T. MANZANO, JR.,
 RAUL T. MANZANO, RAFAEL T.
 MANZANO, ROBERTO T. MANZANO,
 and REGINA T. MANZANO,

Respondents.

Promulgated:

January 24, 2018

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Wilfredo V. Lapitan X

DECISION

LEONEN, J.:

The final determination of just compensation is strictly within the original and exclusive jurisdiction of the Special Agrarian Court. In expropriation cases, a party cannot allege lack of due process when he or she was given every reasonable opportunity to present his or her case before the courts. A judgment may be executed pending appeal for good reasons, such as where the government belatedly pays the just compensation for properties taken under the Comprehensive Agrarian Reform Program. The delay in

* On official leave, as per Letter dated January 18, 2018.

payment likewise requires the imposition of legal interest by way of damages.

This resolves a Petition for Review¹ of the Land Bank of the Philippines (Landbank) seeking to reverse and set aside the Court of Appeals May 29, 2009 Decision² in CA-G.R. SP No. 77295-MIN, which affirmed the Regional Trial Court June 27, 2003 Order.³ These assailed judgments upheld the Special Agrarian Court's determination of the just compensation to be paid.

Landbank is a government financial institution created by Republic Act No. 3844. It is one of the implementing agencies and the duly designated financial intermediary of the Comprehensive Agrarian Reform Program, and the custodian of the Agrarian Reform Fund.⁴

The Department of Agrarian Reform (DAR) is the lead agency that implements the government's agrarian reform program.⁵ Republic Act No. 6657, Section 49 gives DAR "the power to issue rules and regulations," such as administrative orders and memorandum circulars, to implement the statutory provisions.

The Heirs of Pilar T. Manzano⁶ (Heirs of Pilar), Raul T. Manzano (Raul), Ramon H. Manzano (Ramon), and Jose R. Jugo (Jugo) (collectively, respondents) were the owners of four (4) parcels of agricultural land⁷ planted with rubber trees.⁸ The lot of the Heirs of Pilar (Lot No. 426-B) measured 20.9506 hectares, Raul's lot (Lot No. 426-C) was at 22.1179 hectares, Jugo's parcel (Lot No. 426-D) was at 23.5788 hectares, and Ramon's parcel (Lot No. 426-A) was at 21.9194 hectares.⁹ Situated at (Latuan) Baluno, Isabela, Basilan Province,¹⁰ these agricultural lands had a total land area of 88.5667 hectares.

The enactment of Republic Act No. 6657, or the Comprehensive Agrarian Reform Law, has placed suitable agricultural lands under the

¹ *Rollo*, pp. 11-71.

² *Id.* at 72-95. The Decision was penned by Associate Justice Ruben C. Ayson and concurred in by Associate Justices Edgardo A. Camello and Michael P. Elbinias of the Twenty-Second Division, Court of Appeals, Cagayan de Oro City.

³ *Id.* at 239-248. The Order was penned by Presiding Judge Reinerio (Abraham) B. Ramas of Branch 18 of the Regional Trial Court, Pagadian City.

⁴ *Id.* at 14.

⁵ Rep. Act No. 6657, sec. 49.

⁶ The heirs of Pilar T. Manzano are Ricardo T. Manzano, Jr., Renato T. Manzano, Jr., Ramon T. Manzano, Jr., Raul T. Manzano, Rafael T. Manzano, Roberto T. Manzano, and Regina T. Manzano. *See rollo*, p. 3.

⁷ *Rollo*, p. 122, Provincial Agrarian Reform Adjudicator Decision.

⁸ *Id.* at 16.

⁹ *Id.* at 123, Provincial Agrarian Reform Adjudicator Decision.

¹⁰ *Id.* at 122.

coverage of the Comprehensive Agrarian Reform Program.¹¹ Under Republic Act No. 6657, Section 2, this government program aims to promote social justice and industrialization:

Section 2. Declaration of Principles and Policies. — It is the policy of the State to pursue a Comprehensive Agrarian Reform Program (CARP). The welfare of the landless farmers and farmworkers will receive the highest consideration to promote social justice and to move the nation toward sound rural development and industrialization, and the establishment of owner cultivatorship of economic-size farms as the basis of Philippine agriculture.

On January 12, 1998, respondents voluntarily offered their landholdings for agrarian reform, proposing the selling price of ₱100,000.00 per hectare to the government. They later lowered their offer to ₱83,346.76 per hectare.¹²

On April 15, 1998, DAR issued Administrative Order No. 05-98 to implement and fill in the details of Republic Act No. 6657.¹³ Administrative Order No. 05-98 provides for the formula in computing just compensation for rubber lands under Republic Act No. 6657, taking into consideration the factors laid down in Section 17 of Republic Act No. 6657.¹⁴

DAR endorsed the matter of land valuation to Landbank.¹⁵ According to Landbank, respondents' lands were planted with more than 30-year-old rubber trees that were no longer productive.¹⁶ Thus, Landbank gave a lower counteroffer to respondents, ranging from ₱26,412.61 to ₱66,118.06 per hectare, as follows:¹⁷

Landowner	Description	Land Area	LBP Valuation (land area sought)	LBP Valuation (offer price)
Ramon H. Manzano	Lot No. 426-A (OCT No. P-4747)	21.9194 hectares	20.1694 hectares	₱1,333,561.59 (₱66,118.06 per hectare)
Pilar T. Manzano	Lot No. 426-B (OCT No. P-4748)	20.9506 hectares	20.8506 hectares	₱631,784.00 (₱30,300.52 per hectare)

¹¹ Id. at 73.

¹² Id.

¹³ See *Land Bank of the Philippines v. Celada*, 515 Phil. 467-484 (2006) [Per J. Ynares-Santiago, First Division].

¹⁴ *Rollo*, pp. 37-38.

¹⁵ Id. at 73-74.

¹⁶ Id. at 16.

¹⁷ Id. at 74.

Raul T. Manzano	Lot No. 426-C (OCT No. P-4750)	22.1179 hectares	21.1627 hectares	₱558,962.17 (₱26,412.61 per hectare)
Jose R. Jugo	Lot No. 426-D (OCT No. P-4749)	23.5788 hectares	22.1975 hectares	₱672,449.78 (₱30,293.94 per hectare)
Total		88.5667 hectares	84.3802	₱3,196,757.54

Respondents refused to accept Landbank's counteroffer.¹⁸ On March 4, 1999, the matter of land valuation was referred to the Department of Agrarian Reform Adjudication Board for preliminary determination of just compensation.¹⁹

On April 15, 1999, DAR and Landbank issued Joint Memorandum Circular No. 07-99 (Revised Valuation Guidelines for Rubber Plantations) for all concerned officials and personnel of these two (2) agencies. Joint Memorandum Circular No. 07-99 provides for different valuation procedures for lands planted with rubber trees.

In view of the deadlock on the purchase price, administrative cases for land valuation were filed by respondents against Landbank and DAR.²⁰ These cases were endorsed to the Provincial Agrarian Reform Adjudicator of Isabela, Basilan Province for summary administrative proceedings.²¹

During the summary administrative proceedings, respondents moved for the revaluation of their properties. The Provincial Agrarian Reform Adjudicator found merit in their motion and directed Landbank to conduct a revaluation survey.²²

Landbank recomputed the value of the lands based on the factors provided by "the latest guidelines on land valuation."²³ Landbank's revaluation survey yielded an increase in the valuation of Lot Nos. 426-B, 426-C, and 426-D, and a decrease in that of Lot No. 426-A.²⁴

The total land value, however, posted a net decrease from

¹⁸ Id. at 123.

¹⁹ Id. at 74-75.

²⁰ *Rollo*, p. 122. The cases were docketed as DARAB Case Nos. 074, 075, 076, and 077.

²¹ Id.

²² Id. at 75.

²³ See Revised Valuation Guidelines For Rubber Plantations (1999).

²⁴ *Rollo*, p. 124.

₱3,196,757.54 to only ₱2,943,797.26 as follows:²⁵

Landowner	Land Area	LBP First Valuation	LBP Revaluation
Ramon H. Manzano (Lot No. 426-A)	20.1694 hectares	₱1,333,561.59	₱1,026,857.55
Pilar T. Manzano (Lot No. 426-B)	20.8506 hectares	₱631,784.00	₱646,947.32
Raul T. Manzano (Lot No. 426-C)	21.1627 hectares	₱558,962.17	₱591,572.25
Jose R. Jugo (Lot No. 426-D)	22.1975 hectares	₱672,449.78	₱678,420.14
Total:		₱3,196,757.54	₱2,943,797.26

Respondents rejected the new valuation for being “too low and unreasonable.”²⁶ On July 22, 1999, the Provincial Agrarian Reform Adjudication Board directed the parties to submit their position papers and supporting documents.²⁷

In its September 15, 1999 Decision,²⁸ the Provincial Agrarian Reform Adjudication Board adopted Landbank and DAR’s revaluation, stating that this was done in accordance with the relevant administrative issuances on land valuations.²⁹ According to the Board, respondents did not present contrary evidence to reject the revaluation.³⁰ Thus, it fixed the aggregate amount of ₱2,944,797.26 as just compensation for the four (4) properties.³¹

The dispositive portion of the Provincial Agrarian Reform Adjudication Board September 15, 1999 Decision read:

WHEREFORE, premises considered, judgment is hereby rendered adopting the above latest or new valuation made by respondent [Land Bank of the Philippines] as the just compensation of the subject property, as follows:

²⁵ Id. The CA Decision misquoted the Landbank revaluation value for Lot No. 426-A as ₱1,027,857.55 instead of ₱1,026,857.55. *See rollo*, p. 75.

²⁶ Id. at 123.

²⁷ Id. at 124.

²⁸ Id. at 122–125. The Decision was penned by Provincial Adjudicator Alfonso V. Quimiging of the Department of Agrarian Reform Provincial Adjudication Board in Isabela City, Basilan Province.

²⁹ Id. at 124. These administrative issuances are Administrative Order No. 06-92 (Rules and Regulations Amending the Valuation of Lands Voluntarily Offered and Compulsorily Acquired as Provided for Under Administrative Order No. 17, Series of 1989, As Amended, Issued Pursuant to Republic Act No. 6657 dated October 30, 1992), as amended by Administrative Order No. 11-94 (Revising the Rules and Regulations Covering the Valuation of Lands Voluntarily Offered or Compulsorily Acquired as Embodied in Administrative Order No. 06, series of 1992 dated September 13, 1994), and the latest guidelines on land valuations such as Administrative Order No. 05-98 and Joint Memorandum Circular No. 07-99.

³⁰ Id. at 125.

³¹ Id. at 76.

P646,947.32 for Lot No. 426-B, OCT No. 4748;
 P1,027,857.55 for Lot No. 426-A, OCT No. 4747;
 P678,420.14 for Lot No. 426-D, OCT No. 4749;
 P591,572.25 for Lot No. 426-C, OCT No. 4750.

and ordering the Land Bank of the Philippines Land Valuation and Landowners Compensation Office to pay the herein landowners individually the amount corresponding to the value of their/his/her property indicated above after said landowner/landowners shall have submitted the required documents/papers in connection therewith.

No costs.

SO ORDERED.³²

The Provincial Agrarian Reform Adjudication Board ruled that should respondents disagree with its findings, they may bring the matter to the Regional Trial Court designated as the Special Agrarian Court.³³

On November 25, 1999, respondents filed separate complaints³⁴ for judicial determination and payment of just compensation before the Regional Trial Court sitting as Special Agrarian Court. They argued that the just compensation should not be less than ₱2,000,000.00 for each of the properties.³⁵

The following is a comparative chart of the parties' respective claims:

Landowner	Land Area	LBP First Valuation	LBP Revaluation	Landowners' Complaints
Ramon H. Manzano (Lot No. 426-A)	20.1694 hectares	₱1,333,561.59	₱1,026,857.55	Not less than ₱2 million ³⁶ (Civil Case No. 4195-99)

³² Id. at 125.

³³ Id. See Rep. Act No. 6657, sec. 16(f) which provides:

Section 16. Procedure for Acquisition of Private Lands. — For purposes of acquisition of private lands, the following procedures shall be followed:

....

(f) Any party who disagrees with the decision may bring the matter to the court of proper jurisdiction for final determination of just compensation.

See also 1994 NEW RULES OF PROCEDURE OF THE DEPARTMENT OF AGRARIAN REFORM ADJUDICATION BOARD, Rule XIII, sec. 11:

Section 11. Land Valuation and Preliminary Determination and Payment of Just Compensation. — The decision of the Adjudicator on land valuation and preliminary determination and payment of just compensation shall not be appealable to the Board but shall be brought directly to the Regional Trial Courts designated as Special Agrarian Courts within fifteen (15) days from receipt of the notice thereof. Any party shall be entitled to only one motion for reconsideration.

³⁴ Id. at 156–160, Raul T. Manzano's Complaint, docketed as Civil Case Nos. 4192–99; *rollo*, pp. 161–165, Jose R. Jugo's Complaint, docketed as Civil Case Nos. 4193–99; *rollo*, pp. 166–170, the Heirs of Pilar T. Manzano's Complaint, docketed as Civil Case No. 4194–4199; and *rollo*, pp. 171–175, Ramon H. Manzano's Complaint, docketed as Civil Case No. 4195–99.

³⁵ Id. at 76.

³⁶ Id. at 174.

Pilar T. Manzano (Lot No. 426-B)	20.8506 hectares	₱631,784.00	₱646,947.32	Not less than ₱2 million ³⁷ (Civil Case No. 4194-99)
Raul T. Manzano (Lot No. 426-C)	21.1627 hectares	₱558,962.17	₱591,572.25	Not less than ₱2 million ³⁸ (Civil Case No. 4192-99)
Jose R. Jugo (Lot No. 426-D)	22.1975 hectares	₱672,449.78	₱678,420.14	Not less than ₱2 million ³⁹ (Civil Case No. 4193-99)
Total:		₱3,196,757.54	₱2,943,797.26	Not less than ₱8 million

The Regional Trial Court consolidated the complaints and, pursuant to Republic Act No. 6657, Section 58, appointed three (3) commissioners⁴⁰ to examine and ascertain the valuation of the properties.⁴¹

Meanwhile, Landbank deposited the judgment award, through cash and Landbank bonds, as provisional compensation for the acquired properties.⁴² On January 24, 2000, Jugo received cash worth ₱262,764.39 and bonds worth ₱415,655.75,⁴³ while Ramon, Raul, and the Heirs of Pilar received a total of ₱966,388.67,⁴⁴ ₱93,044.71,⁴⁵ and ₱615,894.49,⁴⁶ respectively, in cash and bonds on August 22, 2001. Respondents later withdrew these amounts.⁴⁷

On October 22, 2001, the commissioners conducted an ocular inspection of the area and interviewed some of its occupants and tenants. The tenants and tillers said that the landholdings may be sold from ₱180,000.00 to ₱200,000.00 per hectare if the rubber trees were young and productive, while the less productive land with mature rubber trees may range from ₱90,000.00 to ₱120,000.00 per hectare. The Office of the City Assessor in Isabela City, Basilan stated that the average selling price was ₱57,520.00 per hectare.⁴⁸

The commissioners set the matter of land valuation for hearing on

³⁷ Id. at 169.

³⁸ Id. at 159.

³⁹ Id. at 163.

⁴⁰ Id. at 221. Chairman Roque C. Tan and Commissioners Buhaidin Jaafar and Sean Collantes.

⁴¹ Id. at 77.

⁴² Id. at 76.

⁴³ Id. at 127, Acknowledgement Receipt.

⁴⁴ The Acknowledgement Receipts show that Ramon H. Manzano received the following: ₱354,185.37 in cash and bonds (*Rollo*, p. 136), ₱35,418.54 in cash and bonds (*Rollo*, p. 140); ₱571,031.97 in cash and bonds (*Rollo*, p. 129); ₱5,229.81 in bonds (*Rollo*, p. 137); and ₱522.98 in bonds (*Rollo*, p. 141). The total amount is ₱966,388.67.

⁴⁵ The Acknowledgement Receipts show that Raul T. Manzano received the following: ₱57,103.19 in cash and bonds (*Rollo*, p. 131), ₱35,418.54 in cash and bonds (*Rollo*, p. 142); and ₱522.98 in bonds (*Rollo*, p. 143). The total amount is ₱93,044.71.

⁴⁶ *Rollo*, pp. 128, 130, 132–135, 138–141, 144–151, 153, 155, Acknowledgement Receipts. The total amount is ₱615,894.49.

⁴⁷ Id. at 76.

⁴⁸ Id. at 213, Consolidated Commissioners' Report.

December 6, 2001. Landbank moved to reset the hearing on January 14, 2002, which the commissioners granted. The commissioners directed the parties to submit their position papers on a new scheduled hearing date.⁴⁹

During the hearing, however, only respondents submitted their position papers. Landbank and DAR moved for a 10-day extension of time and to be allowed to incorporate in their position papers “their objections and/or comments to [respondents’] position papers.”⁵⁰ The Regional Trial Court granted the motion.⁵¹ Landbank submitted its position paper accordingly, and its computation was adopted in DAR’s position paper.⁵²

The parties then agreed to dispense with the need for further hearing and to submit the case for resolution, based on their position papers and supporting documents.⁵³

In a Consolidated Report⁵⁴ dated June 2002, the commissioners found that the parties differed on the appraised value, the number and ages of existing trees, the total land area planted with rubber trees, the vacant spaces in the area, and the area of the land that formed part of the provincial or plantation road.⁵⁵ Their position papers show the following figures, among others:

Property	Owner’s Position	Landbank’s Position
Ramon H. Manzano Lot No. 426-A 20.5844 hectares	₱2,344,000.00	₱1,333,561.59
Heirs of Pilar Manzano Lot No. 426-B 20.9506 hectares	₱2,229,000.00	₱646,947.32
Raul T. Manzano Lot No. 426-C 19.7155 hectares	₱2,066,000.00	₱591,572.25
Jose R. Jugo Lot No. 426-D 22.1978 hectares	₱2,410,000.00	₱678,420.14 ⁵⁶

Faced with varying data, the commissioners conducted another ocular inspection. They were joined by the Isabela City Assessor’s Office Assessment Operations Officer and respondents’ two (2) representatives.⁵⁷ Together, they counted “the rubber trees, determined the size of the road

⁴⁹ Id. at 84.

⁵⁰ Id.

⁵¹ Id.

⁵² Id. at 215, Consolidated Commissioners’ Report.

⁵³ Id. at 214, Consolidated Commissioners’ Report.

⁵⁴ Id. at 212–221.

⁵⁵ Id. at 214–215.

⁵⁶ *Rollo*, pp. 214–215, Consolidated Commissioners’ Report.

⁵⁷ Id. at 215.

[and] the vacant or unplanted areas[,] and estimated the ages of the rubber trees planted in the four (4) landholdings.”⁵⁸

On January 19, 2002, the commissioners interviewed more people and other owners of rubber lands in the neighboring areas, including the chairman of Bgy. Begang, Isabela City, who was a member of the Filipino-Chinese Chamber of Commerce of Isabela City, to verify the declarations of the tenants and tillers on their first inspection.⁵⁹

From these interviews, the commissioners gathered that rubber lands in Isabela City generally ranged from ₱120,000.00 to ₱150,000.00 per hectare if the rubber trees were productive, and ₱80,000.00 to ₱110,000.00 per hectare if the rubber trees were unproductive.⁶⁰ According to the commissioners, the figures were more or less the same fair market value derived from the persons interviewed on the first ocular inspection and from the findings of Cuervo Appraisers, Inc.,⁶¹ a private real estate appraisal company which respondents had commissioned.⁶²

Meanwhile, the commissioners stated that the recorded sales from the City Assessor’s Office “normally [did] not reflect the true consideration or purchase price of the land[,]”⁶³ and that Landbank’s valuation “[did] not represent the fair market value . . . of [the] properties.”⁶⁴

Thus, the commissioners gave the following recommendation for the payment of just compensation:

For Ramon’s property, covered by Lot No. 426-A with 20.1694 hectares, the amount of ₱2,218,634.00 was to be paid,⁶⁵ as against Landbank’s assessed value of ₱1,333,561.59.⁶⁶ Among the four (4) lands, Lot No. 426-A had the most number of rubber trees, around 4,050.⁶⁷ A plantation or provincial road also traversed Lot No. 426-A, providing it with consequential benefits such as ease of access.⁶⁸

For the Heirs of Pilar’s property, covered by Lot No. 426-B with 20.9506 hectares, the amount of ₱2,262,664.00 was to be paid, as against Landbank’s assessed value of ₱646,947.37. The recommended amount was

⁵⁸ Id. at 216.
⁵⁹ Id.
⁶⁰ Id.
⁶¹ Id.
⁶² Id. at 330.
⁶³ Id. at 218.
⁶⁴ Id.
⁶⁵ Id. at 219.
⁶⁶ Id. at 215.
⁶⁷ Id. at 219.
⁶⁸ Id. at 220.

the prevailing market price for a land with mature rubber trees in the locality and was comparable to the prices gathered from the investigation. The commissioners disregarded respondents' new asking price of ₱200,000.00 per hectare, or a total of ₱4,190,120.00, as the rubber trees were no longer productive.⁶⁹

For Raul's property, covered by Lot No. 426-C with 21.1627 hectares, the amount of ₱2,222,083.00 was to be paid,⁷⁰ as against Landbank's valuation of ₱591,572.25.⁷¹ This value assessed by Landbank was way below the market value of ₱847,610.00, based on the 1998 tax assessment. Lot No. 426-C had 2,136 mature rubber trees that could be sold at ₱500.00 per tree, or for a total income of ₱1,068,000.00.⁷² The land was also traversed by a plantation road that is now used as a national highway. The commissioners brushed aside respondents' new asking price of ₱200,000.00 per hectare or a total of ₱4,232,540.00, considering it unrealistic.⁷³

For Jugo's property, covered by Lot No. 426-D with 22.1975 hectares, the amount of ₱2,397,330.00 was to be paid, as against Landbank's valuation of ₱678,420.14. The 3,061 mature rubber trees could yield an estimated income of ₱1,500,000.00 if used as substitutes for good lumber and sold at a higher price. The improvements in the property were worth ₱903,460.00, as shown in the 1998 tax declaration. Moreover, traversed by a plantation road that doubled as a provincial road, the land was only eight (8) kilometers away from Isabela City.⁷⁴

Finally, the commissioners recommended that the amount of just compensation be reckoned from the date the properties were transferred to the Republic of the Philippines, until fully paid, and that DAR and Landbank pay all legal fees and costs of the case.⁷⁵

Opposing the recommendations, Landbank filed its Comment to the Consolidated Commissioners' Report, in accordance with Rule 67, Section 7⁷⁶ of the Rules of Court.⁷⁷ Landbank argued that the just compensation

⁶⁹ Id. at 219.

⁷⁰ Id. at 216.

⁷¹ Id. at 217.

⁷² The Consolidated Commissioners Report erroneously computed the amount at ₱1,065,000.00 instead of ₱1,068,000.00.

⁷³ *Rollo*, p. 217.

⁷⁴ Id. at 218.

⁷⁵ Id. at 220.

⁷⁶ RULES OF COURT, Rule 67, sec. 7 provides:

Section 7. Report by commissioners and judgment thereupon. — The court may order the commissioners to report when any particular portion of the real estate shall have been passed upon by them, and may render judgment upon such partial report, and direct the commissioners to proceed with their work as to subsequent portions of the property sought to be expropriated, and may from time to time so deal with such property. The commissioners shall make a full and accurate report to the court of all their proceedings, and such proceedings shall not be effectual until the court shall have accepted their report and rendered judgment in accordance with their recommendations. Except as otherwise expressly ordered by the court, such report shall be filed within sixty (60) days from the date the

“should not be more than [respondents’] sworn valuation, as shown in their tax declarations.”⁷⁸ The Regional Trial Court set the matter for hearing on November 12, 2002, which was reset on January 21, 2003⁷⁹ and then on January 28, 2003.⁸⁰

During the hearing, Landbank admitted that it intended to present all documentary evidence which it had already incorporated in its Comment to the Consolidated Commissioners’ Report.⁸¹ Thus, in its January 28, 2003 Order, the Regional Trial Court dispensed with the presentation for witnesses and considered the Consolidated Commissioners’ Report submitted for resolution.⁸²

In its February 12, 2003 Order,⁸³ the Regional Trial Court substantially adopted the Consolidated Commissioners’ Report. The dispositive portion of this Order read:

WHEREFORE, based on the foregoing, the Court exercising its discretion hereby adopts the Consolidated Commissioners’ Report and Orders that just compensation of the properties of the [respondents] be paid as follows:

- a) Two Million Two Hundred [Twenty-]Two Thousand and Eighty[-]Three Pesos (Php 2,222[,]083.00) for the property covered by Original Certificate of Title No. P-4750 registered in the name of the herein petitioner, Mr. Raul T. Manzano for the total acquired area consisting of 21[.]1627 hectares;
- b) Two Million Three Hundred Ninety-Seven Thousand Three Hundred Thirty Pesos (Php 2,397,330.00) for the property covered by Original Certificate of Title No. P-4749 registered in the name of petitioner Jose R. Jugo, for the total acquired area consisting of 22[.]1975 hectares;
- c) Two Million Two Hundred Sixty-Two Thousand Six Hundred Sixty[-]Four Pesos (Php 2,262,664.00) for the property covered by Original Certificate of Title No. P-4748 registered in the name of Pilar Manzano, for the total acquired area consisting of 20.9506 hectares; and

commissioners were notified of their appointment, which time may be extended in the discretion of the court. Upon the filing of such report, the clerk of the court shall serve copies thereof on all interested parties, with notice that they are allowed ten (10) days within which to file objections to the findings of the report, if they so desire.

⁷⁷ *Rollo*, p. 80.

⁷⁸ *Id.* at 85.

⁷⁹ *Id.* at 80.

⁸⁰ *Id.* at 329, Reply.

⁸¹ *Id.* at 85.

⁸² *Id.* at 222. The Order was penned by Presiding Judge Reinerio (Abraham) B. Ramas of Branch 18, Regional Trial Court, Pagadian City.

⁸³ *Id.* at 232–235. The Order was penned by Presiding Judge Reinerio (Abraham) B. Ramas of Branch 18, Regional Trial Court, Pagadian City.

- d) Two Million Two hundred Eighteen Thousand Six Hundred Thirty-Four Pesos (Php 2,218,634.00) for the property covered by Original Certificate of Title No. P-4747 registered in the name of Ramon Manzano for the total acquired area consisting of 20.1694 hectares[,]

or a total of Nine Million One Hundred Thousand Seven Hundred Eleven Pesos (Php 9,100,711.00) covering the just compensation or value of the four (4) properties of the [respondents].

NO COSTS.

SO ORDERED.⁸⁴

On June 3, 2003, Landbank filed a Petition for Review before the Court of Appeals, seeking for the reversal of the Regional Trial Court February 12, 2003 Order.⁸⁵ Meanwhile, on May 9, 2003, respondents filed a motion for execution pending appeal, pursuant to Rule 39, Section 2(a)⁸⁶ of the Rules of Court.⁸⁷

While the petition was pending before the Court of Appeals, the Regional Trial Court issued an Order⁸⁸ dated June 27, 2003 granting the motion for execution pending appeal.⁸⁹ The Regional Trial Court found good reasons for granting the motion, as follows:

As borne out from the records and likewise admitted by respondent [Landbank] during the hearing, the ownership and possession of [respondents'] propert[ies] subject of these cases were already transferred to the government in 1999. Subsequently, the government thru respondent Department of Agrarian Reform (DAR) distributed and awarded the land to the tenant-beneficiaries of the Comprehensive Agrarian Reform Program (CARP). Consequently, petitioners were virtually *deprived not only of the beneficial use and enjoyment of the property but also of the fruits and income thereof since the land was taken in 1999*. While payment had already been made as claimed by Land Bank of the Philippines and admitted by the movants . . . [it] was nothing but only initial or preliminary in character . . .

⁸⁴ Id. at 234–235.

⁸⁵ Id. at 81.

⁸⁶ RULES OF COURT, Rule 39, sec. 2 provides:
Section 2. Discretionary execution. —

(a) Execution of a judgment or final order pending appeal. — On motion of the prevailing party with notice to the adverse party filed in the trial court while it has jurisdiction over the case and is in possession of either the original record or the record on appeal, as the case may be, at the time of the filing of such motion, said court may, in its discretion, order execution of a judgment or final order even before the expiration of the period to appeal.

After the trial court has lost jurisdiction, the motion for execution pending appeal may be filed in the appellate court.

Discretionary execution may only issue upon good reasons to be stated in a special order after due hearing.

⁸⁷ Id. at 240.

⁸⁸ Id. at 239–248. The Order was penned by Presiding Judge Reinerio (Abraham) B. Ramas of Branch 18, Regional Trial Court, Pagadian City.

⁸⁹ Id. at 81.

This [c]ourt likewise takes judicial notice that payment of just compensation of properties acquired under CARP is *not* wholly payable in cash compared to other expropriation cases. In this case, petitioners are to be paid partly in cash and [in Landbank] bonds as provided for under Section 18 of [Republic Act No.] 6657[,] in the proportion of thirty[-]five percent (35%) cash and sixty[-]five percent (65%) bonds. The bond has a maturity period of ten (10) years which matures annually until the tenth (10th) year.

A denial of [respondents'] Motion for Execution Pending Appeal is an infringement of their constitutional rights which in effect states that "no private property shall be taken for public use without payment of just compensation." As mentioned earlier, [the landowners'] properties were taken in 1999 or for almost four (4) years without having been justly compensated. They have since ceased to enjoy the land and its fruits considering that the tenant-beneficiaries to whom the land have been awarded are the ones enjoying their properties since 1999.

Likewise, to disallow [respondents'] Motion for Execution Pending Appeal would be prejudicial and injurious to their interest. Payment of the just compensation, which the law entitles them, can simply be stalled by frivolous appeals and other dilatory tactics causing an unwarranted delay in the payment of the just compensation. That delay may take a decade or even more[,] knowing for a fact that sixty[-]five percent (65%) of the just compensation payment shall be paid by a 10-year bond. If we add up the time difference from the period of this judgment to the date when the issue of just compensation shall have been decided with finality by the appellate courts, the delay would probably take more than one decade or so before payment can be received by petitioners. Certainly, the monetary value of [respondents'] properties as fixed by this court will no longer be the same if they are to be paid several years from the date their properties have been taken. To afford [the landowners] the true meaning and full essence of justice[,] such foreseen delay should not be allowed to take its toll at their expense and prejudice. As the saying goes: "justice delayed is justice denied."⁹⁰ (Emphasis supplied)

In the same Order, the Regional Trial Court amended the dispositive portion by adding the payment of 6% legal interest reckoned from the date of judgment or order until fully paid,⁹¹ thus:

WHEREFORE, let a Writ of Execution Pending Appeal be issued for the satisfaction of the awards rendered in the judgment hereof, as follows:

- a) Two Million Two Hundred [Twenty-]Two Thousand and Eighty[-]Three Pesos (Php 2,2[2]2,083.00) for the property covered by the Original Certificate of Title No. P-[4]750 registered in the name of the herein petitioner, Mr. Raul T. Manzano for the total acquired area consisting of 21[.]1623 hectares;

⁹⁰ Id. at 244–246.

⁹¹ Id. at 82.

- b) Two Million Three Hundred Ninety[-]Seven Thousand Three Hundred Thirty Pesos (Php 2,397,330.00) for the property covered by the Original Certificate of Title No. P-4749 registered in the name of petitioner, Jose R. Jugo, for the total acquired area consisting of 22.1975 hectares;
- c) Two Million Two Hundred Sixty[-]Two Thousand Six Hundred Sixty[-]Four Pesos (Php 2,262,664.00) for the property covered by Original Certificate of Title No. P-4748 registered in the name of Pilar Manzano, for the total acquired area of 20.9506 hectares; and
- d) Two Million Two Hundred Eighteen Thousand Six Hundred Thirty[-]Four Pesos (Php 2,218,634.00) for the property covered by Original Certificate of Title No. P-4747 registered in the name of Ramon Manzano for the total acquired area consisting of 20.1694 hectares,

or a total of Nine Million One Hundred Thousand Seven Hundred Eleven Pesos (Php 9,100,711.00) covering the just compensation or value of the four (4) properties of the [respondents].

- e) All the aforesaid are to be paid jointly and severally by Respondents Land Bank of the Philippines and the Department of Agrarian Reform with six percent (6%) legal interest reckoned from the date of judgment/order until paid, which award or satisfaction of judgment shall be deposited with the Clerk of Court . . . which shall in turn be turned over to [respondents].

SO ORDERED.⁹²

Landbank moved to reconsider the June 27, 2003 Order but was denied.⁹³

On October 17, 2003, Landbank filed an Urgent Verified Motion/Application for the Issuance of Temporary Restraining Order/Preliminary Injunction⁹⁴ (Urgent Motion) before the Court of Appeals. Landbank argued that the Regional Trial Court June 27, 2003 Order violated judicial courtesy, in light of the Court of Appeals' assumption of jurisdiction over the petition.⁹⁵

On January 14, 2004, the Court of Appeals resolved⁹⁶ to deny Landbank's Urgent Motion. Landbank did not appeal the Court of Appeals

⁹² Id. at 247–248.

⁹³ Id. at 82.

⁹⁴ Id. at 249–262.

⁹⁵ Id. at 250.

⁹⁶ Id. at 263–264. The Resolution, docketed as CA-G.R. SP No. 77295, was penned by Associate Justice Remedios A. Salazar-Fernando and concurred in by Associate Justices Eubulo G. Verzola and Edgardo F. Sundiam of the Third Division, Court of Appeals, Manila.

January 14, 2004 Resolution before this Court.

Meanwhile, on October 28, 2005, the Regional Trial Court found⁹⁷ Landbank liable for indirect contempt for failing to comply with the writ of execution pending appeal. The Regional Trial Court maintained that it had the residual authority to resolve an incident that was perfected before the appeal was given due course.⁹⁸ The dispositive portion of the October 28, 2005 Order read:

WHEREFORE, guided by the foregoing findings and disquisitions, defendant Land Bank of the Philippines is found Guilty of Indirect Contempt and its President Gilda Pico, is held liable for defendant[']s Corporate Acts is hereby Sentenced to Imprisonment until Compliance [with] the Writ of Execution issued by the Court.

For purposes of the enforcement of the order[,] the NATIONAL BUREAU OF INVESTIGATION (NBI) is directed to coordinate and assist the sheriff of this court in enforcing the order.

SO ORDERED.⁹⁹

Landbank moved for reconsideration, which the Regional Trial Court denied¹⁰⁰ on March 15, 2006. The Regional Trial Court stated that “there is no legal impediment to enforce the Writ of Execution Pending Appeal and [that the] refusal by Land Bank of the Philippines . . . to obey Court processes . . . is sanctioned by the Rules on Contempt.”¹⁰¹

In its May 29, 2009 Decision, the Court of Appeals denied¹⁰² Landbank’s appeal and affirmed the ruling of the Regional Trial Court. It held that Landbank was given a full and fair opportunity to be heard.¹⁰³ Moreover, the Consolidated Commissioners’ Report was a mere recommendation, which the trial court may adopt, modify, or disregard.¹⁰⁴ Thus, the Court of Appeals agreed with the Regional Trial Court that there was no need to conduct further hearing.¹⁰⁵

For the Court of Appeals, the factual findings of the commissioners, having specialized skills and knowledge, as well as those of the Regional Trial Court, having conducted its own investigation, must not be disturbed as

⁹⁷ Id. at 280–282. The Order was penned by Presiding Judge Reinerio (Abraham) B. Ramas of Branch 18, Regional Trial Court, Pagadian City.

⁹⁸ Id. at 280.

⁹⁹ Id. at 282, Regional Trial Court Order dated October 28, 2005.

¹⁰⁰ Id. at 285. The Order was penned by Presiding Judge Reinerio (Abraham) B. Ramas of Branch 18, Regional Trial Court, Pagadian City.

¹⁰¹ Id.

¹⁰² Id. at 72–95.

¹⁰³ Id. at 84.

¹⁰⁴ Id. at 222, Regional Trial Court Order dated January 28, 2003.

¹⁰⁵ Id. at 80.

Landbank failed to effectively rebut their findings.¹⁰⁶

According to the Court of Appeals:

Clearly, the Commissioner's Report was representative of the true value of just compensation, namely: range of prices of like properties; the value of recorded sales of rubber lands per record . . . of the City Assessor's Office of Isabela averaging at P 57,520.00/hectare; the Cuervo's appraisal which reveals that the average selling price of agricultural lands with unproductive rubber trees ranges from P 102,000.00 to P 108,000.00/hectare using different approaches to valuation (P 102,000.00/hectare using the Market Data Approach, P 108,000.00/hectare using the Income Approach, or P 104,804.76/hectare using the Residual Value Approach) and the nature and actual use of the land. Moreover, Commissioners considered the number of mature rubber trees planted, which could easily be sold at P 500.00/tree, aside from the fact that the property is traversed by a plantation road which is now used as a national highway.¹⁰⁷

Landbank elevated the case before this Court.¹⁰⁸

Petitioner Landbank alleges that the Court of Appeals erred in accepting the commissioners' recommendation without conducting a hearing,¹⁰⁹ in directing DAR and Landbank to pay 6% legal interest,¹¹⁰ and in granting the motion for execution pending appeal without good reasons.¹¹¹ It also argues that the commissioners disregarded the applicability of Republic Act No. 6657, Administrative Order No. 05-98, and Joint Memorandum Circular No. 07-99.¹¹² Thus, it avers that the Court of Appeals should not have sustained the Regional Trial Court February 12, 2003 Order, which adopted the Consolidated Commissioners' Report.¹¹³

On the other hand, respondents assert¹¹⁴ that "petitioner was given the opportunity to ventilate [its] objections"¹¹⁵ to the Consolidated Commissioners' Report. First, it was allowed to submit its position paper and incorporate its comments or objections to respondents' position paper.¹¹⁶ Second, petitioner was able to file its Comment to the Consolidated Commissioner's Report, part of which was documentary evidence that it admittedly intended to present.¹¹⁷ The Consolidated Commissioners' Report

¹⁰⁶ Id. at 93-95.

¹⁰⁷ Id. at 90.

¹⁰⁸ Id. at 11-71.

¹⁰⁹ Id. at 28.

¹¹⁰ Id. at 29.

¹¹¹ Id. at 30.

¹¹² Id. at 41-42.

¹¹³ Id. at 41.

¹¹⁴ Id. at 304-312.

¹¹⁵ Id. at 306.

¹¹⁶ Id. at 84.

¹¹⁷ Id. at 85.

also considered the factors mentioned by Republic Act No. 6657 in relation to Administrative Order No. 05-98.¹¹⁸

Respondents add that the Regional Trial Court June 27, 2003 Order directing the payment of 6% legal interest and granting execution pending appeal was already resolved by the Court of Appeals. Before this Court, Landbank fails to appeal this Order within the reglementary period; thus, it has become final and executory.¹¹⁹

In its Reply,¹²⁰ petitioner reiterates that there was no hearing on the Consolidated Commissioners' Report, which would have allowed it to cross-examine the commissioners and verify the correctness of just compensation.¹²¹ Petitioner also argues that the Regional Trial Court committed grave abuse of discretion in issuing the June 27, 2003 Order, considering that an appeal was already pending before the Court of Appeals.¹²²

This Court resolves the following issues:

First, whether or not petitioner Land Bank of the Philippines was afforded due process;

Second, in determining just compensation, whether or not the Regional Trial Court can simply adopt the Consolidated Commissioners' Report, and whether or not it is mandated to follow the formula prescribed under Republic Act No. 6657, Section 17 in relation to Administrative Order No. 05-98 and Joint Memorandum Circular No. 07-99;

Third, whether or not there may be execution pending appeal; and

Finally, whether or not the 6% legal interest should be imposed.

I

Petitioner was not deprived of due process since it was given every reasonable opportunity to ventilate its claims and objections.

Petitioner submitted before the commissioners its position paper and dispensed with the need for further hearing. Its position paper contained its

¹¹⁸ Id. at 306-307.

¹¹⁹ Id. at 311.

¹²⁰ Id. at 326-346.

¹²¹ Id. at 332.

¹²² Id. at 339.

own valuations, comments, and objections to respondents' position paper.¹²³

After the commissioners submitted their findings to the Regional Trial Court, petitioner filed its Comment to the Consolidated Commissioners' Report and objected to the recommendations made.¹²⁴

During the hearing set by the Regional Trial Court, petitioner opted to present documentary evidence that was already incorporated in its position paper. Thus, it would have been unnecessary and repetitive for the trial court to receive the same pieces of evidence.¹²⁵

A party cannot invoke deprivation of due process if he or she was given the opportunity of a hearing, through either oral arguments or pleadings.¹²⁶ The hearing does not have to be a trial-type proceeding in all situations.¹²⁷ In *National Power Corporation v. Spouses Chiong*:¹²⁸

A formal hearing or trial was not required for the petitioner to avail of its opportunity to object and oppose the majority report. Petitioner could have filed a motion raising all possible grounds for objecting to the findings and recommendations of the commissioners. It could have moved the trial court to remand the report to the commissioners for additional facts. Or it could have moved to expunge the majority report, for reasons petitioner could muster. Petitioner, however, failed to seize the opportunity to register its opposition or objections before the trial court. It is a bit too late in the day now to be asking for a hearing on the pretext that it had not been afforded due process.¹²⁹

II.A

The Regional Trial Court has the full discretion to make a binding decision on the value of the properties.¹³⁰

Under Rule 67, Section 8 of the Rules of Court, the Regional Trial Court may accept the Consolidated Commissioners' Report, recommit it to the same commissioners for further report, set it aside and appoint new commissioners, or accept only a part of it and reject the other parts.

The final determination of the Regional Trial Court sitting as a Special Agrarian Court must be respected.

¹²³ Id. at 84.

¹²⁴ Id. at 85.

¹²⁵ Id.

¹²⁶ *Alauya Jr. v. Commission on Elections*, 443 Phil. 893, 902 (2003) [Per J. Carpio, En Banc].

¹²⁷ *Republic v. Sandiganbayan*, 461 Phil. 598, 613 (2003) [Per J. Corona, En Banc].

¹²⁸ 452 Phil. 649 (2003) [Per J. Quisumbing, Second Division].

¹²⁹ Id. at 659.

¹³⁰ *Rollo*, p. 91.

The determination of just compensation is a judicial function which cannot be curtailed or limited by legislation,¹³¹ much less by an administrative rule. In *Export Processing Zone Authority v. Dulay*.¹³²

The determination of “just compensation” in eminent domain cases is a judicial function. The executive department or the legislature may make the initial determinations but when a party claims a violation of the guarantee in the Bill of Rights that private property may not be taken for public use without just compensation, *no* statute, decree, or executive order can mandate that its own determination shall prevail over the court’s findings. Much less can the courts be precluded from looking into the “just-ness” of the decreed compensation.¹³³

Republic Act No. 6657, Section 57 gives to the Special Agrarian Courts the “original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners.” In Republic Act No. 6657, Section 16(f):

Section 16. *Procedure for Acquisition and Distribution of Private Lands.* – For purposes of acquisition of private lands, the following procedures shall be followed:

....

- (f) Any party who disagrees with the decision may bring the matter to the court of proper jurisdiction for *final determination* of just compensation. (Emphasis supplied)

The use of the word “final” in the statute should not be construed to mean that the Special Agrarian Court serves as an appellate court that must wait for the administrative agencies to finish their valuation.¹³⁴

There is no need to exhaust administrative remedies through the Provincial Agrarian Reform Adjudicator, Regional Agrarian Reform Adjudicator, or the Department of Agrarian Reform Adjudication Board before a party can go to the Special Agrarian Court for determination of just compensation.¹³⁵

The final decision on the value of just compensation lies solely on the Special Agrarian Court. Any attempt to convert its original jurisdiction into

¹³¹ *National Power Corporation v. Spouses Zabala*, 702 Phil. 491, 499–501 (2013) [Per J. Castillo, Second Division].

¹³² 233 Phil. 313 (1987) [Per J. Gutierrez Jr., En Banc].

¹³³ *Id.* at 326.

¹³⁴ *Land Bank of the Philippines v. Montalvan*, 689 Phil. 641, 653–654 (2012) [Per J. Sereno, Second Division].

¹³⁵ *Id.* at 650–652.

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an appellate jurisdiction is contrary to the explicit provisions of the law.¹³⁶
In *Land Bank of the Philippines v. Montalvan*:¹³⁷

It is clear from Sec. 57 that the [Regional Trial Court], 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 [Regional Trial Court] would be undermined if the [Department of Agrarian Reform] would vest in administrative officials original jurisdiction in compensation cases and make the [Regional Trial Court] an appellate court for the review of administrative decisions. Thus, although the new rules speak of directly appealing the decision of adjudicators to the [Regional Trial Courts] sitting as Special Agrarian Courts, it is clear from Sec. 57 that the original and exclusive jurisdiction to determine such cases is in the [Regional Trial Courts]. Any effort to transfer such jurisdiction to the adjudicators and to convert the original jurisdiction of the [Regional Trial Courts] into appellate jurisdiction would be contrary to Sec. 57 and therefore would be void. Thus, direct resort to the [Special Agrarian Court] by private respondent is valid.¹³⁸

Thus, aggrieved landowners can go directly to the Special Agrarian Court that is legally mandated to determine just compensation, even when no administrative proceeding was conducted before DAR.¹³⁹

This Court now takes this opportunity to ascertain, re-examine, and clarify the application of the rationale in *Association of Small Landowners in the Philippines, Inc. v. Secretary of Agrarian Reform*:¹⁴⁰

The determination made by the [Department of Agrarian Reform] is only preliminary unless accepted by all parties concerned. Otherwise, the courts of justice will still have the right to review with finality the said determination in the exercise of what is admittedly a judicial function.¹⁴¹

An interpretation that Special Agrarian Courts merely review the decisions of DAR, and that DAR must first make a valuation of the property before the parties may seek judicial recourse for just compensation defeats the provisions of Republic Act No. 6657.

What the law contemplates that the trial court should undertake is not a review of the determination made by DAR, but an original determination as a lawful exercise of its original and exclusive jurisdiction.

¹³⁶ Id. at 656–657.

¹³⁷ 689 Phil. 641 (2012) [Per J. Sereno, Second Division].

¹³⁸ Id. at 652.

¹³⁹ *Land Bank of the Philippines v. Wycoco*, 464 Phil. 83, 96 (2004) [Per J. Ynares-Santiago, First Division].

¹⁴⁰ 256 Phil. 777 (1989) [Per J. Cruz, En Banc].

¹⁴¹ Id. at 815.

The volume of agrarian reform cases pending before this Court is a testament to the need to speed up the process by which just compensation is determined. In clarifying the doctrine in *Association of Small Landowners*, this Court seeks to expedite the resolution of agrarian reform disputes.

II.B

Article III, Section 9 of the 1987 Constitution provides that “private property shall not be taken for public use without just compensation.” This rings true for agrarian reform cases where private lands are taken by the State to be distributed to farmers who serve as beneficiaries of these lands.

The amount of just compensation must be determined based on the fair market value of the property at the time of the taking. In *National Power Corporation v. Spouses Ileteo*,¹⁴² this Court defined fair market value:

[T]he full and fair equivalent of the property taken from its owner by the expropriator. The measure is not the taker’s gain, but the owner’s loss. The word “just” is used to intensify the meaning of the word “compensation” and to convey thereby the idea that the equivalent to be rendered for the property to be taken shall be real, substantial, full and ample.

In eminent domain or expropriation proceedings, the just compensation to which the owner of a condemned property is entitled is generally the market value. Market value is “that sum of money which a person desirous but not compelled to buy, and an owner willing but not compelled to sell, would agree on as a price to be given and received therefor.” [The market value] is not limited to the assessed value of the property or to the schedule of market values determined by the provincial or city appraisal committee. However, these values may serve as factors to be considered in the judicial valuation of the property.

To determine the just compensation to be paid to the landowner, the nature and character of the land at the time of its taking is the principal criterion.¹⁴³ (Citation omitted)

The Special Agrarian Court must ensure that the amount determined at the end of the proceedings is equivalent to the fair market value of the property at the time of the taking, and not based on a strict adherence to a particular set or series of rules imposed by agricultural reform laws or administrative orders.

¹⁴² 690 Phil. 453 (2012) [Per J. Brion, Second Division].

¹⁴³ Id. at 476–477.

Petitioner invokes¹⁴⁴ *Land Bank of the Philippines v. Banal*,¹⁴⁵ *Land Bank of the Philippines v. Lim*,¹⁴⁶ and *Land Bank of the Philippines v. Kumassie*¹⁴⁷ to argue that in determining just compensation, the Special Agrarian Court is mandated to apply the factors laid down in Republic Act No. 6657, Section 17 in relation to Administrative Order No. 05-98 and Joint Memorandum Circular No. 07-99.¹⁴⁸

Petitioner seems to be imposing a double standard, as it has not shown compliance with Republic Act No. 6657, Section 17 itself. According to the Court of Appeals, petitioner “merely considered the value as appearing in the tax declaration of the properties, together with salvage values of the rubber trees but it failed to consider other factors cited under Sec. 17 of the law.”¹⁴⁹ These factors include the current value of the properties, its nature, actual use and income, and sworn valuation by the owner, among others.¹⁵⁰

In any event, the factual antecedents of the cases that petitioner cited are not on all fours with this case. There is a glaring lack of any ascertainable standard by which the Regional Trial Court arrived at a compensation that is truly just.

In *Banal*, the Special Agrarian Court relied solely on the submitted memoranda and took judicial notice of the average production figures in *another* case pending before it, without the consent of the parties. Moreover, there were no commissioners appointed in that case, or any notice, hearing, or participation from all the parties concerned.¹⁵¹

In *Lim*, the Special Agrarian Court set as just compensation the price which petitioner previously paid for the land of respondent’s brother. Such valuation can only be considered as random and arbitrary.¹⁵²

In *Kumassie*, the Special Agrarian Court ignored Republic Act No. 6675; instead:

It merely cited the location of the subject land, nature of the trees planted thereon, and [commissioner Oliver A.] Morales’ appraisal report, as bases for fixing the value of the subject land at ₱100,000.00 per hectare; which are not among the factors mentioned in Section 17 of Republic Act No. 6657.¹⁵³

¹⁴⁴ *Rollo*, p. 335, Reply.

¹⁴⁵ 478 Phil. 701 (2004) [Per J. Sandoval-Gutierrez].

¹⁴⁶ 555 Phil. 831 (2007) [Per J. Carpio-Morales, En Banc].

¹⁴⁷ 608 Phil. 523 (2009) [Per J. Chico-Nazario, Third Division].

¹⁴⁸ *Rollo*, pp. 34–35.

¹⁴⁹ *Id.* at 90.

¹⁵⁰ Rep. Act No. 6657, Section 17.

¹⁵¹ See *Land Bank of the Philippines v. Spouses Banal*, 478 Phil. 701 (2004) [Per J. Sandoval-Gutierrez].

¹⁵² See *Land Bank of the Philippines v. Lim*, 555 Phil. 831 (2007) [Per J. Carpio-Morales, En Banc].

¹⁵³ See *Land Bank of the Philippines v. Kumassie Plantation Co., Inc.*, 608 Phil. 523 (2009) [Per J. Chico-

This Court's ruling in *Lim* is crucial: the Special Agrarian Court is "required to consider" the factors in Republic Act No. 6657 and the formula in the administrative issuances.¹⁵⁴ This must be construed to mean that the Special Agrarian Court is legally mandated to take due consideration of these legislative and administrative guidelines to arrive at the amount of just compensation. Consideration of these guidelines, however, does *not* mean that these are the sole bases for arriving at the just compensation.

In *Apo Fruits Corporation v. Land Bank*,¹⁵⁵ this Court ruled that Republic Act No. 6657, Section 17 merely provides for guideposts in ascertaining the valuations for the properties, but the courts are not precluded from considering other factors.¹⁵⁶

In *Land Bank of the Philippines v. Obias*:¹⁵⁷

[A]dministrative issuances or orders, though they enjoy the presumption of legalities, are still subject to the interpretation by the Supreme Court pursuant to its power to interpret the law. *While rules and regulations issued by the administrative bodies have the force and effect of law and are entitled to great respect, courts interpret administrative regulations in harmony with the law that authorized them and avoid as much as possible any construction that would annul them as invalid exercise of legislative power.*¹⁵⁸ (Emphasis supplied, citation omitted)

Thus, while Section 17 requires due consideration of the formula prescribed by DAR, the determination of just compensation is still subject to the final decision of the proper court. In the recent case of *Alfonso v. Land Bank*,¹⁵⁹ this Court reiterated:

Out of regard for the DAR's expertise as the concerned implementing agency, courts should henceforth consider the factors stated in Section 17 of RA 6657, as amended, as translated into the applicable DAR formulas in their determination of just compensation for the properties covered by the said law. If, in the exercise of their judicial discretion, courts find that a strict application of said formulas is not warranted under the specific circumstances of the case before them, they may deviate or depart therefrom, provided that this departure or deviation is supported by a reasoned explanation grounded on the evidence on record. In other words,

Nazario, Third Division].

¹⁵⁴ *Land Bank of the Philippines v. Lim*, 555 Phil. 831, 837 (2007) [Per J. Carpio-Morales, En Banc].

¹⁵⁵ 647 Phil. 251 (2010) [Per J. Brion, En Banc].

¹⁵⁶ Id. at 287–288.

¹⁵⁷ 684 Phil. 296 (2012) [Per J. Perez, Second Division].

¹⁵⁸ Id. at 302.

¹⁵⁹ G.R. Nos. 181912 & 183347, November 29, 2016
<<http://sc.judiciary.gov.ph/pdf/web/viewer.html?file=/jurisprudence/2016/november2016/181912.pdf>>
[Per J. Jardeleza, En Banc].

*courts of law possess the power to make a final determination of just compensation.*¹⁶⁰ (Emphasis supplied, citation omitted)

Taking into consideration the totality of these principles, this Court rules that the Court of Appeals correctly affirmed the findings of the Special Agrarian Court. Petitioner's argument on mandatory adherence to the provisions of the law and the administrative orders must fail. The Regional Trial Court's judgment must be given due credence as an exercise of its legal duty to arrive at a final determination of just compensation.

This Court does not deem it necessary to question the findings of the Special Agrarian Court regarding the expanse of the area subject to the coverage. The issue on whether portions of the subject land may be subject to coverage is a question of fact that this Court cannot entertain or answer, absent any compelling circumstance or reason to do so. It requires an examination of the evidence on record, and is best left to the determination of the Special Agrarian Court as guided by the appropriate laws and administrative orders.

III

The Court of Appeals properly upheld the Regional Trial Court's issuance of a writ of execution pending appeal.

Under Rule 39, Section 2(a), a judgment appealed before the Court of Appeals may still be executed by the Regional Trial Court, provided there are good reasons for the judgment's execution.

The Regional Trial Court found that respondents have been deprived of their land since 1999.¹⁶¹ They were dispossessed of the beneficial use, fruits, and income of their properties, which were taken from them 19 years ago without compensation. Thus, the denial of the execution pending appeal will infringe on their constitutional right against taking of private property without compensation.¹⁶²

Moreover, the just compensation for respondents' properties is not wholly payable in cash. Sixty-five percent (65%) of the payment is in bonds, which will mature only after 10 years.¹⁶³ By then, the monetary value of the properties would no longer be the same.¹⁶⁴ Denying the

¹⁶⁰ Id. at 53–54 citing *Association of Small Landowners v. Secretary of Agrarian Reform*, 256 Phil. 777 (1989) [Per J. Cruz, En Banc] and *Heirs of Lorenzo and Carmen Vidad v. Land Bank of the Philippines*, 634 Phil. 9 (2010) [Per J. Carpio, Second Division].

¹⁶¹ *Rollo*, p. 244.

¹⁶² Id. at 245.

¹⁶³ Id.

¹⁶⁴ Id. at 246.

execution pending appeal can also stall the payment of respondents' properties through the filing of frivolous motions and appeals.¹⁶⁵

In their motion for execution pending appeal, respondents "indicated [their] willingness to return any amount in the event that the just compensation fixed by [the Regional Trial Court] is modified by the appellate court."¹⁶⁶ This addresses petitioner's sole objection against execution pending appeal.¹⁶⁷

In *Land Bank of the Philippines v. Spouses Orilla*:¹⁶⁸

[The following are] the good reasons cited by the [Special Agrarian Court], as affirmed by the Court of Appeals, namely: "(1) that execution pending appeal would be in consonance with justice, fairness, and equity considering that the land had long been taken by the [Department of Agrarian Reform and] (2) that suspending the payment of compensation will prolong the agony that respondents have been suffering by reason of the deprivation of their property . . .

Execution of a judgment pending appeal is governed by Section 2 (a) of Rule 39 of the Rules of Court, to wit:

SEC. 2. *Discretionary execution.* –

(a) *Execution of a judgment or a final order pending appeal.* — On motion of the prevailing party with notice to the adverse party filed in the trial court while it has jurisdiction over the case and is in possession of either the original record or the record on appeal, as the case may be, at the time of the filing of such motion, said court may, in its discretion, order execution of a judgment or final order even before the expiration of the period to appeal.

....

Discretionary execution may only issue upon good reasons to be stated in a special order after due hearing.

As provided above, execution of the judgment or final order pending appeal is discretionary. As an exception to the rule that only a final judgment may be executed, it must be strictly construed. Thus, execution pending appeal should not be granted routinely but only in extraordinary circumstances.

The Rules of Court does not enumerate the circumstances which would justify the execution of the judgment or decision pending appeal. However, we have held that "good reasons" consist of compelling or superior circumstances demanding urgency which will outweigh the injury or damages suffered should the losing party secure a reversal of the

¹⁶⁵ Id. at 245.

¹⁶⁶ Id. at 247.

¹⁶⁷ Id. at 246–247.

¹⁶⁸ 578 Phil. 663 (2008) [Per J. Nachura, Third Division].

judgment or final order. The existence of good reasons is what confers discretionary power on a court to issue a writ of execution pending appeal. These reasons must be stated in the order granting the same. Unless they are divulged, it would be difficult to determine whether judicial discretion has been properly exercised.

In this case, do good reasons exist to justify the grant by the [Special Agrarian Court] of the motion for execution pending appeal? The answer is a resounding YES.

The expropriation of private property under R.A. 6657 is a revolutionary kind of expropriation, being a means to obtain social justice by distributing land to the farmers, envisioning freedom from the bondage to the land they actually till. As an exercise of police power, it puts the landowner, not the government, in a situation where the odds are practically against him. He cannot resist it. His only consolation is that he can negotiate for the amount of compensation to be paid for the property taken by the government. As expected, the landowner will exercise this right to the hilt, subject to the limitation that he can only be entitled to “just compensation”. Clearly therefore, by rejecting and disputing the valuation of the [Department of Agrarian Reform], the landowner is merely exercising his right to seek just compensation.¹⁶⁹ (Citations omitted)

Thus, this Court agrees with the Regional Trial Court that “[f]or reasons of equity, justice and fair play, [respondents] should be paid to enable them to cope up with the loss they sustained as a result of the taking and for their economic survival.”¹⁷⁰

IV

The Regional Trial Court June 27, 2003 Order, as affirmed by the Court of Appeals, correctly imposed the payment of legal interest on the just compensation award.

In *Land Bank of the Philippines v. Lajom*:¹⁷¹

With respect to the commonly raised issue on interest, the RTC may impose the same on the just compensation award as may be justified by the circumstances of the case and in accordance with prevailing jurisprudence. The Court has previously allowed the grant of legal interest in expropriation cases where there was delay in the payment of just compensation, deeming the same to be an effective forbearance on the part of the State. To clarify, this incremental interest is not granted on the computed just compensation; rather, it is a penalty imposed for damages incurred by the landowner due to the delay in its payment.

¹⁶⁹ Id. at 672–674.

¹⁷⁰ *Rollo*, p. 247.

¹⁷¹ 741 Phil. 655 (2014) [Per J. Perlas-Bernabe, Second Division].

Thus, legal interest shall be pegged at the rate of 12% [per annum] from the time of taking until June 30, 2013. Thereafter, or beginning July 1, 2013, until fully paid, just compensation shall earn interest at the new legal rate of 6% [per annum], conformably with the modification on the rules respecting interest rates introduced by Bangko Sentral ng Pilipinas Monetary Board Circular No. 799, Series of 2013.¹⁷² (Citations omitted)

In *Land Bank of the Philippines v. Spouses Orilla*:¹⁷³

The concept of just compensation embraces not only the correct determination of the amount to be paid to the owners of the land, but also payment within a reasonable time from its taking. Without prompt payment, compensation cannot be considered “just” inasmuch as the property owner is made to suffer the consequences of being immediately deprived of his land while being made to wait for a decade or more before actually receiving the amount necessary to cope with his loss.

Put differently, while prompt payment of just compensation requires the immediate deposit and release to the landowner of the provisional compensation as determined by the [Department of Agrarian Reform], it does not end there. Verily, *it also encompasses the payment in full of the just compensation to the landholders as finally determined by the courts*. Thus, it cannot be said that there is already prompt payment of just compensation when there is only a partial payment thereof, as in this case.¹⁷⁴ (Emphasis supplied, citation omitted)

In *Land Bank of the Philippines v. Wycoco*,¹⁷⁵ this Court held that the imposition of legal interest per annum on the just compensation due to the landowner was “in the nature of damages for delay in payment[.]”¹⁷⁶ In *Apo Fruits v. Land Bank of the Philippines*:¹⁷⁷

The owner’s loss, of course, is not only his property but also its income-generating potential. Thus, when property is taken, full compensation of its value must immediately be paid to achieve a fair exchange for the property and the potential income lost. The just compensation is made available to the property owner so that he may derive income from this compensation, in the same manner that he would have derived income from his expropriated property. *If full compensation is not paid for property taken, then the State must make up for the shortfall in the earning potential immediately lost due to the taking, and the absence of replacement property from which income can be derived; interest on the unpaid compensation becomes due as compliance with the constitutional mandate on eminent domain and as a basic measure of fairness.*

In the context of this case, when the [Landbank] took the petitioners’ landholdings without the corresponding full payment, it

¹⁷² Id. at 667–668.

¹⁷³ 578 Phil. 663 (2008) [Per J. Nachura, Third Division].

¹⁷⁴ Id. at 677.

¹⁷⁵ 464 Phil. 83 (2004) [Per J. Ynares-Santiago, First Division].

¹⁷⁶ Id. at 100.

¹⁷⁷ 647 Phil. 251 (2010) [Per J. Brion, En Banc].

became liable to the petitioners for the income the landholdings would have earned had they not immediately been taken from the petitioners. What is interesting in this interplay, under the developments of this case, is that the [Landbank], by taking landholdings without full payment while holding on at the same time to the interest that it should have paid, effectively used or retained funds that should go to the landowners and thereby took advantage of these funds for its own account.¹⁷⁸ (Emphasis supplied)

In this case, the records show that petitioner already gave provisional compensation in the form of cash and bonds, based on an initial valuation of the properties. Respondents acknowledged the deposit of these amounts and later withdrew them.¹⁷⁹

However, while “the deposits might have been sufficient for purposes of the immediate taking of the landholdings[, these deposits] cannot be claimed as amounts that would excuse . . . the payment of interest on the unpaid balance of the compensation due.”¹⁸⁰

Wycoco held that interest should be awarded to the landowner if there is no “prompt and valid payment.”¹⁸¹ There is no prompt payment if the payment is only partial.¹⁸²

This is consistent with this Court’s ruling¹⁸³ on the matter of interest in expropriating private property for a public use. In *Republic v. Court of Appeals*:¹⁸⁴

The constitutional limitation of “just compensation” is considered to be the sum equivalent to the market value of the property, broadly described to be the price fixed by the seller in open market in the usual and ordinary course of legal action and competition or the fair value of the property as between one who receives, and one who desires to sell [it,] fixed at the time of the actual taking by the government. Thus, *if property is taken for public use before compensation is deposited with the court having jurisdiction over the case, the final compensation must include interests on its just value to be computed from the time the property is*

¹⁷⁸ Id. at 276–277.

¹⁷⁹ *Rollo*, p. 76.

¹⁸⁰ *Apo Fruits Corporation v. Land Bank of the Philippines*, 647 Phil. 251, 272 (2010) [Per J. Brion, En Banc].

¹⁸¹ See *Land Bank of the Philippines v. Wycoco*, 464 Phil. 83 (2004) [Per J. Ynares-Santiago, First Division].

¹⁸² See *Land Bank of the Philippines v. Spouses Orilla*, 578 Phil. 663 (2008) [Per J. Nachura, Third Division].

¹⁸³ See *Apo Fruits Corporation v. Land Bank of the Philippines*, 647 Phil. 251 (2010) [Per J. Brion, En Banc]; *Land Bank of the Philippines v. Imperial*, 544 Phil. 378 (2007) [Per J. Quisumbing, Second Division]; *Spouses Curata v. Philippine Ports Authority*, 608 Phil. 9 (2009) [Per J. Velasco Jr., En Banc]; *Philippine Ports Authority v. Rosales-Bondoc*, 557 Phil. 737 (2007) [Per J. Sandoval-Gutierrez, First Division].

¹⁸⁴ *Republic v. Court of Appeals*, 433 Phil. 106 (2002) [Per J. Vitug, First Division].

taken to the time when compensation is actually paid or deposited with the court. In fine, between the taking of the property and the actual payment, legal interests accrue in order to place the owner in a position as good as (but not better than) the position he was in before the taking occurred.¹⁸⁵ (Emphasis supplied, citations omitted)

Petitioner's delay¹⁸⁶ in payment makes it liable for legal interest by way of damages. The legal interest must be applied "on the unpaid balance of the compensation due."¹⁸⁷ Therefore, the amount already received by respondents should be subtracted from the total judgment, and the rate of legal interest should be calculated from that amount.

In view of this Court's ruling in *Nacar v. Gallery Frames*,¹⁸⁸ this Court modifies the rate of legal interest to 12% per annum from the time of taking until June 30, 2013, and 6% per annum from July 1, 2013 until fully paid.

In sum, the power of the State to expropriate property for public use is without question. In eminent domain proceedings, courts have the power to decide on the final amount of just compensation. This is especially true in cases of agrarian reform.

Since the determination of just compensation is an inherently judicial function, it cannot be curtailed or limited by legislation.¹⁸⁹ The various agrarian reform laws and the other administrative issuances are merely recommendatory to the trial court in determining just compensation.¹⁹⁰ Thus, there is a need for each case to be approached by the trial court with particular sensitivity to the local market where the subject is to be found.

This Court, as the final arbiter of law and justice, has the power to rule and provide a definitive legal standard by which a court that is acting as a Special Agrarian Court may rely upon to arrive at an amount that will compensate landowners and fulfill the intention of agrarian reform.

WHEREFORE, the Petition is **DENIED**. The Court of Appeals May 29, 2009 Decision in CA-G.R. SP No. 77295-MIN is **AFFIRMED** with **MODIFICATION** in that the rate of legal interest shall be twelve percent (12%) per annum from the time of taking until June 30, 2013, and six

¹⁸⁵ Id. at 122–123.

¹⁸⁶ *Rollo*, p. 76.

¹⁸⁷ *Apo Fruits Corporation v. Land Bank of the Philippines*, 647 Phil. 251, 272 (2010) [Per J. Brion, En Banc].

¹⁸⁸ 716 Phil. 267 (2013) [Per J. Peralta, En Banc].

¹⁸⁹ See *National Power Corporation v. Spouses Zabala*, 702 Phil. 491 (2013) [Per J. Castillo, Second Division].

¹⁹⁰ See *Land Bank of the Philippines v. Obias*, 684 Phil. 296 (2012) [Per J. Perez, Second Division].


percent (6%) per annum from July 1, 2013 until fully paid.

Moreover, the amounts already withdrawn by respondents must be subtracted from the final amount in the judgment on which the legal interest should be imposed.

SO ORDERED.


MARVIC M.V.F. LEONEN
Associate Justice

WE CONCUR:


PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson



LUCAS P. BERSAMIN
Associate Justice

On official leave
SAMUEL R. MARTIRES
Associate Justice


ALEXANDER G. GESMUNDO
Associate Justice

ATTESTATION

I attest 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.


PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson, Third Division

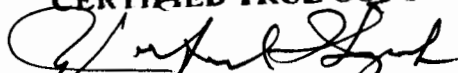
CERTIFICATION

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



MARIA LOURDES P. A. SERENO
Chief Justice

CERTIFIED TRUE COPY



WILFREDO V. LAPAN
Division Clerk of Court
Third Division

MAR 23 2018