



Republic of the Philippines
 Supreme Court
 Manila

SUPREME COURT OF THE PHILIPPINES
 PUBLIC INFORMATION OFFICE
RECEIVED
 JUL 16 2019
 BY: YLA
 TIME: 2:40

FIRST DIVISION

LAND BANK OF THE PHILIPPINES,
G.R. No. 196264

Petitioner, Present:

BERSAMIN, CJ., *Chairperson,*
DEL CASTILLO, *Working Chairperson*
JARDELEZA,
GESMUNDO, and
CARANDANG, JJ.*

-versus-

LINA B. NAVARRO,
Represented by her Attorney-in-
Fact, FELIPE B. CAPILI,

Respondent. Promulgated:

JUN 06 2019

X ----- X

DECISION

JARDELEZA, J.:

This is a petition for review on *certiorari*¹ assailing the June 25, 2009 Decision² and March 18, 2011 Resolution³ of the Court of Appeals (CA) in CA-G.R. CV No. 79097. The CA affirmed with modification the June 17, 2002 Decision⁴ of the Regional Trial Court acting as Special Agrarian Court⁵ (SAC) in Civil Case No. 23,806-95. In this case, we restate the rule that courts should consider the factors stated in Section 17 of Republic Act No. (RA) 6657,⁶ as amended, and as translated into a basic formula by the Department of Agrarian Reform (DAR) in their determination of just compensation for properties covered by the said law.⁷

Lina is the daughter of Antonio Buenaventura (Antonio) and stepdaughter of Jovita Buenaventura (Jovita). Antonio and Jovita owned Lot No. 6561, Cad-174 of the Guianga Cadastre located at Catalunan Grande,

* On official leave.

¹ *Rollo*, pp. 12-61.

² *Id.* at 65-84. Penned by Associate Justice Romulo V. Borja with Associate Justices Jane Aurora C. Lantion and Edgardo T. Lloren, concurring.

³ *Id.* at 87-90. Penned by Associate Justice Romulo V. Borja with Associate Justices Edgardo T. Lloren and Ramon Paul L. Hernando (now a Member of this Court), concurring.

⁴ Records, pp. 478-485.

⁵ 11th Judicial Region, Branch 15, Davao City.

⁶ Comprehensive Agrarian Reform Law of 1988.

⁷ *Alfonso v. Land Bank of the Philippines*, G.R. Nos. 181912 and 183347, November 29, 2016, 811 SCRA 27.

Davao City. The property, covered by Original Certificate of Title (OCT) No. P-2182, is an agricultural land with an area of 29.0772 hectares or 290,772 square meters (sq. m.). When Antonio died, Jovita was appointed as the administratrix of his estate in Special Proceeding Case No. 1920. Lot No. 6561 was also partitioned between Jovita and Lina, Jovita got a 75% *pro-indiviso* share while Lina received the remaining 25% *pro-indiviso* share.⁸

Sometime in 1988, the government, pursuant to its land transfer program under Presidential Decree No. (PD) 27,⁹ expropriated 21.890 hectares of Lot No. 6561 (property). The DAR valued it at ₱49,025.15 based on the Landowner-Tenant Production Agreement and Farmer's Undertaking (LTPA-FU) executed between Jovita and the farmer/tenant-beneficiaries over the property.¹⁰ Petitioner Land Bank of the Philippines (LBP) concurred with the valuation of the DAR. Out of the ₱49,025.15, Jovita was paid ₱36,768.86. Lina on the other hand rejected a tender of ₱12,256.29 for her share.¹¹

On August 9, 1995, Lina filed a petition¹² with the SAC for the fixing of just compensation against the DAR and the LBP. She alleged that the property was expropriated by the government, by virtue of which Emancipation Patents (EPs) were issued to tenant-farmers, namely: EP 221 to EP-234.¹³ She stated that the DAR valued the property at ₱0.17 per sq. m. only, which is ridiculously low. Thus, she did not accept the payment for her 25% *pro-indiviso* share amounting to ₱12,256.29 for being confiscatory, unrealistic, and violative of her rights to just compensation and due process.¹⁴ She asked the SAC to consider the comparable sales of lots similarly situated within or near the location of the property.

In its answer,¹⁵ the LBP denied that the valuation was confiscatory. The property was valued in accordance with the provisions of PD 27 as amended by Executive Order No. (EO) 228.¹⁶ It further argued that the property is not physically subdivided between Jovita and Lina. Thus, the portion belonging to Lina for purposes of determining just compensation still cannot be identified.¹⁷ The LBP prayed for the dismissal of the case for lack of merit. Similarly, the DAR claimed that its valuation is fair and just, as it was fixed in accordance with the criteria prescribed under Section 17 of RA 6657. The DAR contended that since Lina failed to exhaust

⁸ *Rollo*, p. 66.

⁹ 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 (1972).

¹⁰ *Rollo*, p. 66.

¹¹ *Id.* at 67.

¹² Records, pp. 1-5.

¹³ *Id.* at 2.

¹⁴ *Id.* at 3.

¹⁵ *Id.* at 18-19.

¹⁶ Declaring Full Land Ownership to Qualified Farmer Beneficiaries Covered by Presidential Decree No. 27: Determining the Value of Remaining Unvalued Rice and Corn Lands Subject to P.D. No. 27; and Providing for the Manner of Payment by the Farmer Beneficiary and Mode of Compensation to the Landowner (1987).

¹⁷ Records, p. 19.

administrative remedies, her case should be dismissed for lack of jurisdiction.¹⁸ Lina filed a reply¹⁹ alleging that the doctrine of exhaustion of administrative remedies is not applicable to her action.²⁰

Pre-trial followed. On May 30, 2002, the parties submitted a Stipulation of Facts, which we quote in full as follows:

STIPULATION OF FACTS

THE PARTIES, assisted by their respective counsels, and unto this Honorable Court hereby stipulate as follows, that:

1. Out of the total land area of 29.0772 has. belonging to the estate of Antonio Buenaventura and covered by OCT No. P-2182[,] 21.890 was covered by the DAR under P.D. 27 as shown by TCT Nos. EP-221 up to EP-234 to be marked in exhibit as Exhibits "O" up to "BB";

2. Of the 21.890 that was covered by the DAR, 6.5006 was paid directly by the tenants to Jovita Buenaventura representing a portion of her 75% share in the 21.890 has. and these are covered by EP 229 (Exh. "V") for 2.4268 has., EP 228 (Exh. ("U") for 3.8889 has., EP 221 (Exh. "O") for 900 sq.m. and EP-222 (Exh. "P") for 948 sq.m.;

3. The remaining 15.2999 has. was paid for by the government through the Land Bank as evidenced by the Deed of Assignment, Warranties, and Undertaking (or DAWU) to be marked in exhibit as Exhibit "1" – LBP;

4. Hence, the share of petitioner for which just compensation should be fixed is 5.4725 has. (i.e., 25% of 21.890 has.)

RESPECTFULLY SUBMITTED.²¹

On even date, the SAC issued an Order²² submitting the case for decision.

In its Decision²³ dated June 17, 2002 the SAC ruled in favor of Lina. It explained that out of Lot No. 6561's total area of 290,772 sq. m., **234,702 sq. m.** were taken by the DAR and distributed among the tenant-farmers through EPs 221-234. The estate of Antonio retained 56,070 sq. m.²⁴ The SAC computed Lina's 25% share out of the 234,702 sq. m. to be equivalent

¹⁸ *Id.* at 23.

¹⁹ *Id.* at 34-35.

²⁰ *Id.* at 34.

²¹ *Id.* at 438-439.

²² *Id.* at 470.

²³ *Supra* note 4.

²⁴ Records, p. 482.

to **58,675.50 sq. m.** It also declared that the actual taking of the property happened on June 13, 1988 when OCT No. P-2182 was cancelled and EPs were issued. Despite this, the LBP offered to pay Lina the value of the property as of March 11, 1993 as shown by LBP's letter of the same date.²⁵ Subsequently, in arriving at the valuation of ₱10.00 per sq. m., the SAC considered the market value approach as the "fairer gauge."²⁶

Lina filed a motion for reconsideration²⁷ but it was denied.²⁸ The parties separately filed their respective notices of appeal. The LBP took issue with the date of taking as found by the SAC, as well as the factors and formula by the court in arriving at the valuation of ₱10.00 per sq. m. It alleged that the property was covered and acquired by the government pursuant to PD 27; thus, the SAC should have followed the valuation formula under that law.²⁹ The LBP also questioned the imposition of legal interest on the just compensation awarded.³⁰ Lina, meanwhile, faulted the SAC for fixing just compensation at a low price and for ruling that she did not claim for attorney's fees in her petition.³¹ Lina asserts the SAC failed to consider that the value of the property as of 1988 was ₱20.00 per sq. m., as established by the testimonies of the duly licensed real estate appraisers she presented as witnesses.³²

On November 27, 2003, while the appeal was still at the completion-of-records stage, Lina filed before the CA a motion for execution pending appeal of the SAC Decision. She cited her old age and sickness and the fact that 14 years had already elapsed since the taking of her property by the government.³³ The CA granted the motion and ordered the Division Clerk of Court to issue a writ of execution. The LBP sought reconsideration but this was denied by the CA.³⁴

After the case was submitted for decision, the LBP filed a manifestation/compliance relative to the execution of the SAC Decision pending appeal, stating that:

5. While we are ready and willing to comply with the *Alias Writ of Execution Pending Appeal* of 10 pesos per square meter, we are faced, however, with a compelling reality that only 3.8249 hectares rightfully belonged to Lina Navarro.

16. It is for this reason that LBP can only effect payment on the 3.8249 hectares, (25% of 15.2999 hectares)

²⁵ *Id.* at 483.

²⁶ *Id.* at 484.

²⁷ *Id.* at 489-493.

²⁸ *Id.* at 497.

²⁹ *Rollo*, p. 77.

³⁰ *Id.* at 71.

³¹ *Id.* at 70.

³² *Id.* at 76-77.

³³ *Id.* at 71.

³⁴ *Id.* at 72.

despite the SAC's pronouncement of 5.8070 hectares (25% of 23.4702). Accordingly, a Manager's Check (No. 29586) dated January 12, 2007 in the amount of P1,235,578.93 x x payable to LINA B. NAVARRO was delivered by LBP, through its AOC in Davao, to the handling Sheriff on January 19, 2007 as LBP's compliance for the writ of execution.³⁵ (Citation omitted.)

The CA then required the parties to simultaneously submit a memorandum on the matter of the hectarage of the property.³⁶

Lina claimed in her memorandum that a typographical error attended the recording of the total area placed under agrarian reform. Instead of recording the total area as covering only 21.8005 hectares, what was recorded was an area of 21.890 hectares.³⁷ Nevertheless, she contended that the controversy as to the actual area of the property, to which she was entitled had long been settled in the parties' Stipulation of Facts. In its Item No. 4, the parties agreed that Lina's 25% share shall be based on [21.890] 21.8005 hectares. Thus, her compensable share should be 5.4501 hectares.³⁸

The LBP for its part asserted that the total area acquired by the government, based on the LTPA-FU and the Land Valuation Summary and Farmer's Undertaking, was 15.2999 hectares only.³⁹ Under Item No. 2 of the Stipulation of Facts clearly stated that, of the 21.890 hectares placed under agrarian reform, 6.5006 hectares was paid directly by the tenants to Jovita represented a portion of her 75% share in the 21.980 hectares. The remaining 15.2999 hectares was paid for by the government. The LBP insisted that Lina's 25% share should only be based on the 15.2999 hectares because the payment for 6.5006 hectares was directly paid by the tenants to Jovita. Thus, the difference in area of about 1.7 hectares may be recovered by Lina from Jovita, but not from LBP.⁴⁰

In its Decision⁴¹ dated June 25, 2009, the CA denied the appeal and affirmed the ruling of the SAC with modification, to wit:

WHEREFORE, the appeal is DENIED. The assailed Decision is hereby AFFIRMED with MODIFICATION that the total area to which petitioner is entitled should be [5.4501 hectares] only and not 5.8070 hectares. The Court directs the LBP to pay petitioner the value of the remaining portion of 1.7 hectares at P10.00 per square meter plus twelve percent (12%) per annum interest to be computed from June 13, 1988 until fully paid.

³⁵ *Id.*

³⁶ *Id.*


³⁷ *Rollo*, p. 74.

³⁸ *Id.* at 74-75.

³⁹ *Id.* at 73.

⁴⁰ *Id.* at 75.

⁴¹ *Supra* note 2.



SO ORDERED.⁴²

The CA was convinced that the total land area covered by the agrarian reform program is 21.8005 hectares. Likewise, it held that Lina's 25% share shall be based on 21.8005 hectares, and not 15.2999 hectares as alleged by the LBP. The CA opined that LBP is bound by the Stipulation of Facts, Item No. 2 of which states that the 6.5006 hectares (which was directly paid for by the tenant-farmers) is chargeable to Jovita's 75% share and not to Lina's 25% share.⁴³ Thus, it ruled that Lina is entitled to a compensable area of 5.4501 hectares.

The CA, however, held that LBP's reliance on the valuation formula under PD 27 was misplaced. Lina's property was taken by the government under PD 27, but it was only on March 11, 1993, or after five years that the LBP offered payment.⁴⁴ When RA 6657 was enacted into law in 1998, the amount to be paid to Lina was still unsettled. Hence, the CA declared that just compensation should be determined and the expropriation process conducted under RA 6657. It opined that this is provided for in *Land Bank of the Philippines v. Heirs of Angel T. Domingo*⁴⁵ and *Land Bank of the Philippines v. Natividad*.⁴⁶ There we ruled that the determination of just compensation for lands taken under PD 27 should be made in accordance with Section 17 of RA 6657, with PD 27 and EO 228 merely having suppletory effect.⁴⁷

For purposes of computing just compensation, the CA noted that the date of taking of the property should be reckoned from the issuance of the EPs because these constitute the conclusive authority for the issuance of transfer certificate of title in the name of the grantee. Otherwise stated, it is from the issuance of an EP that the grantee can acquire the vested right of ownership in the landholding, subject to the payment of just compensation to the landowner.⁴⁸

Meanwhile, the CA sustained the valuation of the ₱10.00 per sq. m. It stated that the fact that the SAC did not consider the commissioners' recommendation of ₱20.00 per sq. m. does not make the SAC's finding erroneous. Reports of commissioners are merely advisory and recommendatory in character and courts are not bound by them.⁴⁹

Finally, the CA noted that pursuant to the writ of execution pending appeal, the LBP had already paid Lina for the value of 3.8249 hectares at

⁴² *Rollo*, p. 83.

⁴³ *Id.* at 75.

⁴⁴ *Id.* at 78-79.

⁴⁵ G.R. No. 168533, February 4, 2008, 543 SCRA 627.

⁴⁶ G.R. No. 127198, May 16, 2005, 458 SCRA 441.

⁴⁷ *Rollo*, p. 78.

⁴⁸ *Id.* at 80.

⁴⁹ *Id.* at 82.

₱10.00 per sq. m. Hence, it directed the LBP to pay Lina the value of the *remaining* 1.72011 hectares also at ₱10.00 per sq. m.⁵⁰

The LBP filed a motion for reconsideration⁵¹ reiterating its earlier argument that just compensation should be fixed using the valuation provided under PD 27 and that Lina be compensated only for the value of 3.8249 hectares. However, before the CA could resolve the motion, the LBP filed a manifestation and motion, informing the court of the passage of RA 9700⁵² which took effect on July 1, 2009.⁵³ Section 5 of RA 9700 provides that “all previously acquired lands wherein valuation is subject to challenge by landowners shall be completed and finally resolved pursuant to Section 17 of [RA 6657], as amended x x x.” The case falls under this category, the LBP pleaded that the issue of whether the SAC disregarded the valuation under PD 27 in determining just compensation is now moot and academic. Nevertheless, it asserted that while the applicable law is RA 6657, still, the SAC’s valuation of the property is not compliant with the pertinent DAR valuation guidelines. The LBP thus prayed for the remand of the case to the SAC for further proceedings to determine just compensation under Section 17 of RA 6657.⁵⁴

In a Resolution⁵⁵ dated March 18, 2011, the CA denied LBP’s motion for reconsideration. Hence, this petition.

The LBP raises the following issues:

1. Whether the CA erred in holding that Lina’s compensable share in the property is 5.4725 hectares;
2. Whether the just compensation fixed by the SAC and affirmed by the CA is correct; and
3. Whether the CA erred in upholding the imposition of 12% interest over the compensation awarded.

The petition is partly meritorious.

I

At the outset, we shall settle the matter of the hectarage of the property. This determination is crucial in identifying the compensable area

⁵⁰ *Id.* at 83.

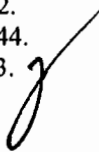
⁵¹ *Id.* at 93-127.

⁵² An Act Strengthening the Comprehensive Agrarian Reform Program, Extending the Acquisition and Distribution of all Agricultural Lands, Instituting Necessary Reforms, amending for the Purpose Certain Provisions of Republic Act No. 6657, Otherwise Known as the Comprehensive Agrarian Reform Law of 1998, as Amended, and Appropriating Funds Therefor.

⁵³ *Rollo*, p. 142.

⁵⁴ *Id.* at 143-144.

⁵⁵ *Supra* note 3.



to which Lina is entitled. In this regard, we note that the parties entered into a Stipulation of Facts before the SAC. Item No. 1 reads:

1. Out of the total land area of 29.0772 has. belonging to the estate of Antonio Buenaventura and covered by OCT No. P-2182[,] **21.890 was covered by the DAR under P.D. 27** as shown by TCT Nos. EP-221 up to EP-234 to be marked in exhibit as Exhibits "O" up to "BB"[.]⁵⁶ (Emphasis supplied.)

Lina pleaded before the CA that there was a typographical error in recording the total area placed under agrarian reform. Instead of 21.8005 hectares, the Stipulation of Facts stated 21.890 hectares. As proof, Lina presented the 14 EPs derived from the property and which was subsequently issued to tenants-beneficiaries by the DAR. These EPs were the same ones referred to in the Stipulation of Facts as Exhibits "O" to "BB." Adding up the land area covered by each of the EPs, Lina concluded that the total area acquired by the government is 21.8005 hectares only.⁵⁷ The CA agreed and reckoned Lina's 25% share from 21.8005 hectares.

We concur with the CA. As a rule, facts stipulated during pre-trial are considered judicial admissions which are legally binding on the parties making them. Even if placed at a disadvantageous position, a party may not be allowed to rescind them unilaterally and must assume the consequence of the disadvantage.⁵⁸ However, the rule on conclusiveness of judicial admission admits of two exceptions: 1) when it is shown that the admission was made through palpable mistake; and 2) when it is shown that no such admission was in fact made.⁵⁹ In *Atlas Consolidated Mining & Development Corporation v. Commissioner of Internal Revenue*,⁶⁰ we ruled that a fact stipulated is not binding on a declarant if it was proved that it was made through palpable mistake such as in the case of a clerical oversight, to wit:

Respondent commissioner counters that by virtue of the Joint Stipulation of Facts, petitioner is bound by its admission therein that it was registered as a VAT enterprise effective only from August 15, 1990, well beyond the first quarter of 1990, the period for which it is applying for tax credit.

We agree with the Court of Appeals that, as a rule, a judicial admission, such as that made by petitioner in the Joint Stipulation of Facts, is binding on the declarant. However, such rule does not apply when there is a showing

⁵⁶ Records, p. 438.

⁵⁷ CA rollo, pp. 398-399.

⁵⁸ *Constantino v. Heirs of Pedro Constatino, Jr.*, G.R. No. 181508, October 2, 2013, 706 SCRA 580, 596-597, citing *Bayas v. Sandiganbayan*, G.R. Nos. 143689-91, November 12, 2002, 391 SCRA 415, 426.

⁵⁹ *Constantino v. Heirs of Pedro Constatino, Jr.*, *supra* at 598, citing *Atillo III v. Court of Appeals*, G.R. No. 119053, January 23, 1997, 266 SCRA 596, 602.

⁶⁰ G.R. No. 134467, November 17, 1999, 318 SCRA 386.

that (1) the admission was made through a “palpable mistake,” or that (2) “no such admission was made.” x x x

x x x x

In the present case, we are convinced that a “palpable mistake” was committed. True, petitioner was VAT-registered under Registration No. 32-A-6-00224, as indicated in Item 2 of the Stipulation:

“2. Petitioner is engaged in the business of mining, production and sale of various mineral products, consisting principally of copper concentrates and gold duly registered with the BIR as a VAT enterprise per its Registration No. 32-A-6-002224 (p. 250, BIR Records).”

Moreover, the Registration Certificate, which in the said stipulation is alluded to as appearing on page 250 of the BIR Records, bears the number 32-0-004622 and became effective August 15, 1990. But the *actual* VAT Registration Certificate, which petitioner mentioned in the stipulation, is numbered 32-A-6-002224 and became effective on January 1, 1988, thereby showing that petitioner had been VAT-registered even prior to the first quarter of 1990. Clearly, there exists a discrepancy, since the VAT registration number *stated* in the joint stipulation is NOT the one mentioned in the actual Certificate attached to the BIR Records.

The foregoing simply indicates that petitioner made a “palpable mistake” either in referring to the wrong BIR record, which was evident, or in attaching the wrong VAT Registration Certificate. The Court of Appeals should have corrected the unintended clerical oversight. In any event, the indelible fact is: the petitioner was VAT-registered as of January 1, 1988.⁶¹ (Emphasis supplied, italics in the original, citation omitted.)

Similarly, in this case before us, the record shows that a palpable mistake was committed in the arithmetical computation of the total areas stated in the EPs and the typing/recording of the area taken pursuant to the agrarian reform program. Our examination of EPs 221 to 234 shows that they cover an aggregate land area of only 21.8005 hectares. Item Nos. 2 and 3 of the Stipulation of Facts also support this conclusion, *viz.*:

2. Of the **21.890** that was covered by the DAR, **6.5006** was paid directly by the tenants to Jovita Buenaventura representing a portion of her 75% share in the 21.890 has. and these are covered by EP 229 (Exh. “V”) for 2.4268 has., EP 228 (Exh. (“U”) for 3.8889 has., EP 221 (Exh. “O”) for 900 sq.m. and EP-222 (Exh. “P”) for 948 sq.m.;

⁶¹ *Id.* at 396-397

3. The remaining **15.2999** has. was paid for by the government through the Land Bank as evidenced by the Deed of Assignment, Warranties, and Undertaking (or DAWU) to be marked in exhibit as Exhibit "1" – LBP[.]⁶² (Emphasis supplied.)

If we subtract the 6.5006 hectares compensation for which were paid directly by the tenant-farmers from the stipulated 21.890 hectares, the remaining area will be 15.3894 hectares. This will not tally with what was stated in Item No. 3 that there is a remaining 15.2999 hectares. However, if we use 21.8005 hectares as the base area, the remaining portion will be exactly 15.2999 hectares. Unsurprisingly, the LBP did not refute or oppose the correction made by Lina that 21.8005 hectares was the correct hectarage. In fact, in its memorandum before us, the LBP recognized that 21.8005 hectares were acquired for agrarian reform purposes.⁶³

Having settled the matter of hectarage, we shall now proceed to the three issues *in seriatim*.

II

a

The LBP faults the CA for finding that Lina is entitled to a compensable area of 5.4725 hectares.⁶⁴ It insists that Lina should receive just compensation for only 3.824975 hectares. The LBP avers that while it is true that Item No. 4 of the Stipulation of Facts states that Lina's 25% share is equivalent to 5.4725 hectares, it cannot bind the LBP as a judicial admission for violating Article 493 of the Civil Code. This provision, the LBP asserts, mandates that *pro-indiviso* shares can only be determined with particularity by way of a partition.⁶⁵ Since the property is not yet partitioned, specific portions cannot be awarded to Jovita and Lina. Hence, Jovita who has 75% *pro-indiviso* share in the property, could not have validly transferred 6.5006 hectares directly to the tenant-farmers if Lina's 25% *pro-indiviso* share was not included.⁶⁶ It thereafter proposes that Lina's 25% share in the property be determined as follows:

- 25% or 1.62515 hectares of the 6.5006 hectares sold through the direct payment scheme; and
- **25% or 3.824975 hectares of the 15.2999 hectares financed by petitioner LBP for acquisition by the farmer-beneficiaries.**⁶⁷ (Emphasis supplied.)

⁶² Records, pp. 438-439.

⁶³ *Rollo*, p. 421.

⁶⁴ *Id.* at 29-36. But see CA's Decision which actually states that Lina is entitled to a compensable area of 5.4501 hectares, *id.* at 83.

⁶⁵ *Id.* at 30-31.

⁶⁶ *Id.* at 32.

⁶⁷ *Id.* at 35.

The LBP further maintains that it cannot be estopped in relation to the facts stipulated because any act in violation of Article 493 is illegal, and estoppel cannot be predicated on an illegal act.⁶⁸

The LBP is incorrect.

That Item No. 4 of the Stipulation of Facts states that Lina's 25% share is equivalent to 5.4725 hectares (now, 5.4501 hectares)⁶⁹ does not mean that a specific or definite portion was determined ahead of the property's actual partition. A definite portion of the land refers to specific metes and bounds of a co-owned property. Thus, in *Cabrera v. Ysaac*,⁷⁰ we ruled that:

If the alienation precedes the partition, the co-owner cannot sell a definite portion of the land without consent from his or her co-owners. He or she could only sell the undivided interest of the co-owned property. As summarized in *Lopez v. Ilustre*, "[i]f he is the owner of an undivided half of a tract of land, he has a right to sell and convey an undivided half, but he has no right to divide the lot into two parts, and convey the whole of one part by metes and bounds."

The undivided interest of a co-owner is also referred to as the "ideal or abstract quota" or "proportionate share." On the other hand, the definite portion of the land refers to specific metes and bounds of a co-owned property.

To illustrate, if a ten-hectare property is owned equally by ten co-owners, the undivided interest of a co-owner is one hectare. The definite portion of that interest is usually determined during judicial or extrajudicial partition. After partition, a definite portion of the property held in common is allocated to a specific co-owner. The co-ownership is dissolved and, in effect, each of the former co-owners is free to exercise autonomously the rights attached to his or her ownership over the definite portion of the land. It is crucial that the co-owners agree to which portion of the land goes to whom.⁷¹ (Citations omitted, emphasis supplied.)


Here, the 21.8005-hectare property is owned by Jovita and Lina at a 75% and 25% ratio, respectively. Following the illustration in *Cabrera*, the undivided interest of Jovita is 16.3504 hectares while the undivided interest of Lina is 5.4501 hectares. Thus, when the parties entered into the

⁶⁸ *Id.* at 34.

⁶⁹ We earlier resolved the matter of hectarage of the property to be 21.8005 hectares and not 21.890 hectares as written in the Stipulation of Facts. Item No. 4 of the Stipulation of Facts based the 25% share of Lina from 21.890 hectares thus it stated 4.5725 hectares. However, applying the correct hectarage, Lina's 25% share is equivalent to 5.4501 hectares.

⁷⁰ G.R. No. 166790, November 19, 2014, 740 SCRA 612.

⁷¹ *Id.* at 629-630.



Stipulation of Facts stating the hectarage of Lina's 25% share, they did not determine a definite or specific portion of the property; rather, they merely provided for the undivided interest of Lina.

b

We also reject LBP's argument that, since the property is not yet partitioned, Lina's 25% share is necessarily included when Jovita transferred 6.5006 hectares of the property to tenant-farmers under the direct payment scheme. A co-owner has an absolute ownership of his/her undivided and *pro-indiviso* share in the co-owned property. He/she has the right to alienate, assign and mortgage it, even to the extent of substituting a third person in its enjoyment provided that no personal rights will be affected.⁷² This is allowed by Article 493 of the Civil Code, which states:

Art. 493. Each co-owner shall have the full ownership of his part and of the fruits and benefits pertaining thereto, and he may therefore alienate, assign or mortgage it, and even substitute another person in its enjoyment, except when personal rights are involved. But the effect of the alienation or the mortgage, with respect to the co-owners, shall be limited to the portion which may be allotted to him in the division upon the termination of the co-ownership.


Here, the LBP admitted that the 6.5006 hectares were taken from the 75% share of Jovita. Item No. 2 of the Stipulation of Facts is clear, *viz.*:

2. Of the 21.890 that was covered by the DAR, **6.5006 was paid directly by the tenants to Jovita Buenaventura representing a portion of her 75% share in the 21.890 has.** and these are covered by EP 229 (Exh. "V") for 2.4268 has., EP 228 (Exh. ("U") for 3.8889 has., EP 221 (Exh. "O") for 900 sq.m. and EP-222 (Exh. "P") for 948 sq.m.[.]⁷³ (Emphasis supplied.)

As explained earlier, facts stipulated by the parties during pre-trial are binding on them as judicial admissions. Since the LBP did not deny that it made the admission nor allege that the admission was made through palpable mistake, it is bound by the admissions it made in the Stipulation of Facts. It cannot now argue that a proportionate part of the 6.5006 hectares should be charged to Lina's 25% share. Further, the LBP failed to present any evidence to support its contention or to refute its admission. In fine, the CA did not err in ruling that Lina's compensable area which represents her 25% share in the property is equivalent to 4.501 hectares.

⁷² *Torres, Jr. v. Lapinid*, G.R. No. 187987, November 26, 2014, 742 SCRA 646, 651.

⁷³ Records, p. 438.



III

With the passage of RA 9700, the LBP abandoned its original theory that just compensation of the property should be fixed in accordance with the valuation formula provided in PD 27. It alleges, however, that while the CA is correct that Section 17 of RA 6657 should govern the determination of just compensation, the appellate court erred in sustaining the valuation made by the SAC because the court *a quo* did not actually apply Section 17. Instead, the SAC determined just compensation solely on the basis of the market value of the property.⁷⁴ The LBP asserts that the SAC should have applied the factors stated in Section 17 as well as the pertinent provisions of DAR AO No. 5, in computing the valuation of the property.⁷⁵

Lina, for her part, avers that the issue of non-compliance with DAR AO No. 5 was not raised by the LBP during trial or on appeal. Thus, she maintains that the LBP is barred from raising it for the first time before us.⁷⁶

We are not persuaded. The rule that no questions will be entertained on appeal unless it has been raised in the proceedings below⁷⁷ admits of exceptions. These exceptions include: (1) the issue of lack of jurisdiction which may be raised at any stage; (2) cases of plain error; (3) when there are jurisprudential developments affecting the issues; and (4) when the issues raised present a matter of public policy.⁷⁸ As will be seen shortly, the second, third and fourth instances obtain in this case. Accordingly, we shall proceed to resolve the LBP's contention that the SAC and the CA committed reversible error in fixing the just compensation of the property.

When the agrarian reform process under PD 27 remains incomplete and is overtaken by RA 6657, such as when the just compensation due to the landowner has yet to be settled, as in this case, just compensation should be determined and the process conducted under RA 6657, as amended, with PD 27 and EO 228 applying only suppletorily.⁷⁹

Notably, in its Decision, the CA correctly ruled that the provisions of RA 6657, particularly Section 17, apply in this case. The property was taken pursuant to PD 27 but the issue of just compensation was not yet settled when RA 6657 took effect in 1988. Further, while the case was still pending before the CA, RA 9700 extending the agrarian reform program under RA 6657 was passed into law. Section 5 of RA 9700 states that "all previously acquired lands wherein valuation is subject to challenge by landowners shall be completed and finally resolved pursuant to Section 17 of Republic Act No. 6657, as amended." Section 17 reads:

⁷⁴ *Rollo*, p. 37.

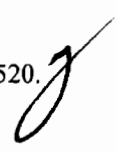
⁷⁵ *Id.* at 39.

⁷⁶ *Id.* at 353-354.

⁷⁷ *Lorzano v. Tabayag, Jr.*, G.R. No. 189647, February 6, 2012, 665 SCRA 38, 49-50.

⁷⁸ *Del Rosario v. Bonga*, G.R. No. 136308, January 23, 2001, 350 SCRA 101, 110-111.

⁷⁹ *Land Bank of the Philippines v. Lajom*, G.R. No. 184982, August 20, 2014, 733 SCRA 511, 520.



Sec. 17. *Determination of Just Compensation.* – In determining just compensation, the cost of acquisition of the land, the value of the standing crop, the current value of like properties, its nature, actual use and income, the sworn valuation by the owner, the tax declarations, the assessment made by government assessors, and seventy percent (70%) of the zonal valuation of the Bureau of Internal Revenue (BIR), translated into a basic formula by the DAR shall be considered, subject to the final decision of the proper court. The social and economic benefits contributed by the farmers and the farmworkers and by the Government to the property as well as the nonpayment of taxes or loans secured from any government financing institution on the said land shall be considered as additional factors to determine its valuation.

Pursuant to its rule-making power under Section 49 of RA 6657, the DAR translated the valuation factors enumerated in Section 17 into a basic formula outlined in DAR AO No. 5, series of 1998, AO No. 2, series of 2009, AO No. 1, series of 2010, and the most recent DAR AO No. 7, series of 2011,⁸⁰ to wit:

$$LV = (CNI \times 0.6) + (CS \times 0.30) + (MV \times 0.10)$$

Where: LV = Land Value
 CNI = Capitalized Net Income (based on land use and productivity)
 CS = Comparable Sales (based on fair market value equivalent to 70% of BIR zonal value)
 MV = Market Value per Tax Declaration (based on Government assessment)

a. If the three factors are present

When the CNI, CS and MV are present, the formula shall be:

$$LV = (CNI \times 0.60) + (CS \times 0.30) + (MV \times 0.10)$$

b. If two factors are present

b.1 When the CS factor is not present and CNI and MV are applicable, the formula shall be:

$$LV = (CNI \times 0.90) + (MV \times 0.10)$$

b.2 When the CNI factor is not present, and CS and MV are applicable, the formula shall be:

$$LV = (CS \times 0.90) + (MV \times 0.10)$$

⁸⁰ *Land Bank of the Philippines v. Prado Verde Corp.*, G.R. No. 208004, July 30, 2018

c. If only one factor is present

When both the CS and CNI are not present and only MV is applicable, the formula shall be:

$$LV = MV \times 2$$

In no case shall the value of idle land using the formula (MV x 2) exceed the lowest value of land within the same estate under consideration or within the same barangay, municipality or province (in that order) approved by the LBP within one (1) year from receipt of the claim folder.⁸¹

In the recent case of *Alfonso v. Land Bank of the Philippines (Alfonso)*,⁸² we underscored the mandatory character of the application of Section 17, as amended, and translated into a basic formula by the DAR, to wit:

This Court thus for now gives full constitutional presumptive weight and credit to Section 17 of RA 6657, DAR AO No. 5 (1998) and the resulting DAR basic formulas. x x x

x x x x

For the guidance of the bench, the bar, and the public, we reiterate the rule: **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, courts of law possess the power to make a final determination of just compensation.⁸³ (Citations omitted, emphasis supplied.)

In this case, we find that the SAC wantonly disregarded Section 17, as amended, and the applicable DAR formula, in its valuation of the property. The SAC used the "market approach" in arriving at the valuation of ₱10.00 per sq. m., to wit:

19) That as of 1988 there were already four existing big subdivisions, Skyline, Montemaria, NHA and the biggest Regional Major Seminary in Mindanao within a radius of 7 kilometers from the petitioner's lot, the

⁸¹ Section 85, DAR AO No. 7, series of 2011.

⁸² *Supra* note 7.

⁸³ *Id.* at 121-123.

major national highway was seven kilometers from it, the land is traversed by an all weather barangay road which links it to the main city roads and the city poblacion is only about 30 minutes by car.

- 20) **That the market value approach is a fairer gauge;** the Zonal Valuation is often unreliable while the tax declaration valuation is unrealistic as the state knows the landowner tries to reduce the value of his land for real estate tax purposes and the landowner's appraisal of his land is not against law[,] public order, public policy and good customs, that it is the Assessment law that forces the landowner to declare how much his land is worth for taxation purposes and since the law give (*sic*) no guidelines to the landowner on how much it should be, there is no fraud or bad faith in putting the value the landowner thinks it should be for taxation purposes.
- 21) That there are very few [fruit] trees on the land.
- 22) That the reports of the Commissioners show that the selling price of the land in Catalunan Grande since 1980 is per square meter and not per hectare.
- 23) That the subdivisions were fully develop[ed] in 1988 and have few empty lots.

X X X X

WHEREFORE, the respondents shall solidarily pay the petitioner ten pesos per square [meter] for the fifty eight thousand seventy square meters plus twelve percent per annum interest to be computed from June 13, 1988 until fully paid.

SO ORDERED.⁸⁴ (Emphasis supplied.)

We note that the SAC decided the issue of just compensation on June 17, 2002, well before the passage of RA 9700 in 2009 and DAR AO No. 7 in 2011. Nevertheless, Section 17 of RA 6657 was at that time translated into a basic formula under DAR AO No. 5, series of 1998. As the applicable law and rule at the time, the SAC should have considered their applicability for purposes of arriving at a valuation of Lina's property. This it did not do. What the SAC applied, instead, was the market value approach, which it deemed to be the "fairer gauge" of just compensation. Similarly, the CA, in sustaining the SAC's ruling, did not test whether the latter applied the appropriate formula. It merely noted that courts are not bound by the reports of commissioners as to the surrounding circumstances of the property and their recommendation as to the valuation of the property. Consequently, we reject the just compensation of the property as determined by the SAC and

⁸⁴ Records, pp. 484-485.

affirmed by the CA for failure to observe the statutory guidelines for fixing just compensation.

Meanwhile, we reviewed the record of the case and find insufficient data to arrive at a valuation of the property. As we are not a trier of facts, we cannot receive any new evidence from the parties to aid us in the prompt resolution of the case.⁸⁵ Hence, we remand the case to the SAC for the fixing of just compensation for Lina's 25% share in accordance with Section 17 of RA 6657, as amended, and the pertinent DAR regulations, as held in *Alfonso*.

IV

The LBP avers that the SAC and the CA erred in imposing 12% legal interest *per annum* on the compensation awarded to Lina. It alleges that there was no delay on its part in the payment of just compensation as it was Lina who refused to accept the payment.⁸⁶ It also asserts that the courts *a quo* failed to give factual and legal bases for the grant of interest.

We disagree.

In its petition, the LBP did not dispute the date of taking of the property as June 13, 1988, the date when EPs were issued to the tenant-farmers under the agrarian reform program. It also did not dispute Lina's allegation (as validated by the SAC) that it was only on March 11, 1993 that the LBP offered to pay for the property. Evidently, property was taken for public use without payment of just compensation. We note that, even the offer of payment, made five years after the actual taking, was also delayed. Thus, the imposition of interest on the final amount of just compensation is warranted under the circumstances. In this regard, we cite our ruling in *National Power Corporation v. Manalastas*,⁸⁷ viz.:

We recognized in *Republic v. Court of Appeals* the need for prompt payment and the necessity of the payment of interest to compensate for any delay in the payment of compensation for property already taken. We ruled in this case that:

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, i[f] fixed at the time of the actual taking by the government.

⁸⁵ *Land Bank of the Philippines v. Eusebio, Jr.*, G.R. No. 160143, July 2, 2014, 728 SCRA 447, 467.

⁸⁶ *Rollo*, p. 50.

⁸⁷ G.R. No. 196140, January 27, 2016, 782 SCRA 363.

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 interest[s] on its just value to be computed from the time the property is 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 interest[s] 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. x x x⁸⁸ (Emphasis in the original.)

The award of interest is imposed in the nature of damages for delay in payment which, in effect, makes the obligation on the part of the government one of forbearance to ensure prompt payment of the value of the land and limit the opportunity loss of the owner.⁸⁹

Accordingly, we find that the CA was correct in upholding SAC's imposition of interest on the just compensation awarded to Lina. However, we modify the rate of legal interest in conformity with *Nacar v. Gallery Frames*.⁹⁰ The just compensation due to Lina (as finally determined by the SAC on remand) shall earn legal interest at the rate of 12% *per annum* computed from the time of taking on June 13, 1988 until June 30, 2013. From July 1, 2013 until full payment, the amount shall earn an interest at the rate of 6% *per annum* in accordance with *Bangko Sentral ng Pilipinas* Monetary Board Circular No. 799, series of 2013.⁹¹ The amount which Lina already received from the LBP pursuant to the writ of execution issued by the CA pending appeal shall be deducted from the amount of just compensation finally determined by the SAC.

WHEREFORE, and in view of the foregoing, the petition is **PARTLY GRANTED**. The June 25, 2009 Decision and March 18, 2011 Resolution of the CA in CA-G.R. CV No. 79097 are **REVERSED** and **SET ASIDE** insofar as they upheld the valuation of Lina's compensable share in the property computed by the SAC. The finding of the CA that Lina's compensable area is equivalent to 5.4501 hectares is however **AFFIRMED**.

⁸⁸ *Id.* at 369-370, citing *Republic v. Court of Appeals*, G.R. No. 146587, July 2, 2002, 383 SCRA 611, 622-623.

⁸⁹ *Land Bank of the Philippines v. Spouses Avanceña* (Concurring Opinion), G.R. No. 190520, May 30, 2016, 791 SCRA 319, 330, citing *Republic v. Soriano*, G.R. No. 211666, February 25, 2015, 752 SCRA 71, 92-93; *Land Bank of the Philippines v. Rivera*, G.R. No. 182431, February 27, 2013, 692 SCRA 148, 153, citing *Land Bank of the Philippines v. Celada*, G.R. No. 164876, January 23, 2006, 479 SCRA 495, 512, also citing *Land Bank of the Philippines v. Wycoco*, G.R. No. 140160, January 13, 2004, 419 SCRA 67, 80, further citing *Reyes v. National Housing Authority*, G.R. No. 147511, January 20, 2003, 395 SCRA 494, 505-506.

⁹⁰ G.R. No. 189871, August 13, 2013, 703 SCRA 439.

⁹¹ Rate of Interest in the Absence of Stipulation; See also *Land Bank of the Philippines v. Spouses Avanceña*, *supra* at 330-331; *Land Bank of the Philippines v. Lajom*, *supra* note 79 at 524; *Department of Agrarian Reform v. Beriña*, G.R. No. 183901, July 9, 2014, 729 SCRA 403, 418; and *Land Bank of the Philippines v. Eusebio, Jr.*, *supra* note 85 at 467.

Consequently, the case is **REMANDED** to the Regional Trial Court, 11th Judicial Region, Branch 15, Davao City for recomputation of just compensation. The trial court is **DIRECTED** to conform strictly to the ruling and guidelines set forth in the Court’s Decision in G.R. Nos. 181912 and 183347, entitled “*Alfonso v. Land Bank of the Philippines*,” promulgated on November 29, 2016, and to conduct the proceedings with reasonable dispatch.

Whatever amounts received by Lina from the LBP pursuant to the writ of execution pending appeal shall be deducted from the recomputed amount. Thereafter, the final amount of just compensation shall earn legal interest at the rate of 12% *per annum* from June 13, 1988 to June 30, 2013. Then from July 1, 2013 until full payment, the legal interest shall be at the rate of 6% *per annum*.

SO ORDERED.




FRANCIS H. JARDELEZA
Associate Justice

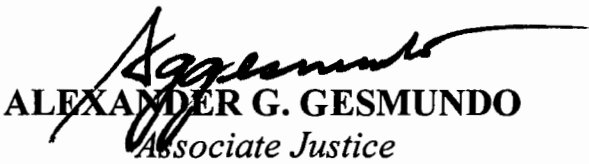
WE CONCUR:



LUCAS P. BERSAMIN
Chief Justice
Chairperson



MARIANO C. DEL CASTILLO
Associate Justice
Working Chairperson

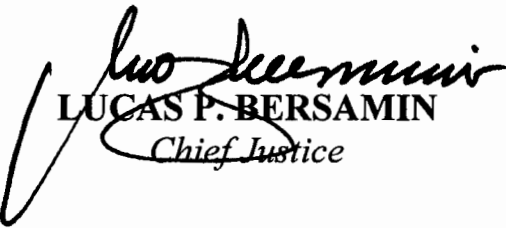


ALEXANDER G. GESMUNDO
Associate Justice

(*On Official Leave*)
ROSMARI D. CARANDANG
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, it is hereby certified 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.



LUCAS P. BERSAMIN
Chief Justice