



Republic of the Philippines  
Supreme Court  
Manila

THIRD DIVISION

LAND BANK OF THE  
PHILIPPINES,

Petitioner,

G.R. Nos. 236772-73

Present:

LEONEN, J., *Chairperson*,  
HERNANDO,  
INTING,  
DELOS SANTOS, and  
LOPEZ, JJ.

- versus -

IGNACIO PALIZA, SR.,

Respondent.

Promulgated:

June 28, 2021

Mis-PCBAH

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DECISION

LOPEZ, J., J.:

The time-honored principle is that just compensation is the fair and full equivalent of the property at the time of taking. The time of taking is the time when the landowner was deprived of the use and benefit of their property, such as when the title is transferred in the name of the Republic of the Philippines, or when the Certificate of Land Ownership Awards (CLOAs) are issued in favor of farmer-beneficiaries.

For purposes of determining just compensation in agrarian reform cases, courts are bound to consider the factors in Section 17, Republic Act (R.A.) No. 6657<sup>1</sup> and the Department of Agrarian Reform (DAR) formulas in effect at the time of taking, subject to the guidelines set forth by the Court in *Alfonso v. Land Bank of the Philippines (Alfonso)*.<sup>2</sup>

<sup>1</sup> Comprehensive Agrarian Reform Law of 1988, enacted on June 10, 1988.

<sup>2</sup> 801 Phil. 217 (2016).

The Court resolves the Petition for Review on *Certiorari*<sup>3</sup> under Rule 45 of the Rules of Court, assailing the Decision<sup>4</sup> dated May 31, 2017 and the Resolution<sup>5</sup> dated January 15, 2018 of the Court of Appeals (CA) in CA-G.R. SP Nos. 125467 and 1256211 that affirmed the Decision<sup>6</sup> of the Regional Trial Court (RTC), Branch 3, Legazpi City in Agrarian Case No. 2002-07. The RTC fixed the just compensation for the subject land at ₱374,590.77<sup>7</sup> using the formula under DAR Administrative Order No. 1, Series of 2010 (*DAR AO No. 1*),<sup>8</sup> with the modification imposing legal interest on the just compensation at 12% *per annum* to run from June 30, 2009 up to June 30, 2013, and thereafter at 6% *per annum* until full payment.

### The Facts

Ignacio Paliza, Sr. (*Ignacio*) is the owner of two coconut lands, known as Lot 5763 and Lot 5853, with areas of 3.2208 hectares and 0.5028 hectares respectively, both located in Mauraro, Guinobatan, Albay. The lands were placed under the compulsory acquisition scheme of the Comprehensive Agrarian Reform Program.<sup>9</sup>

Subsequently, petitioner Land Bank of the Philippines (*Land Bank*), with representatives from the DAR, the Municipal Agrarian Reform Office, and the Barangay Agrarian Reform Council conducted the required field investigation for Lot 5763 and Lot 5853 on March 23, 1994 and November 12, 1997, respectively.<sup>10</sup>

Land Bank received the claim folders for Lot 5763 on May 10, 1996, and for Lot 5853 on November 17, 1998. On January 20, 1997, the Registry of Deeds of Albay (*RD Albay*) cancelled Transfer Certificate Title (*TCT*) No. 39511 covering Lot 5763 and issued TCT No. T-103412 in the name of Republic of the Philippines, represented by the DAR. On March 16, 1999, RD Albay entered in its registry Original Certificate of Title (*OCT*) No. C-25449 covering Lot 5853, which the State issued in favor of farmer-beneficiary Cristina Obiasca pursuant to CLOA No. 01111260 awarded to her by the DAR.<sup>11</sup>

<sup>3</sup> *Rollo*, pp. 33-59.

<sup>4</sup> Penned by Associate Justice Zenaida T. Galapate-Laguilles, with Associate Justices Japar M. Dimaampao and Victoria Isabel A. Paredes concurring; *id.* at 14-29.

<sup>5</sup> *Id.* at 11-12

<sup>6</sup> Not attached to the Petition.

<sup>7</sup> *Rollo*, p. 27.

<sup>8</sup> Rules and Regulations on Valuation and Landowners Compensation Involving Tenanted Rice and Corn Lands under Presidential Decree (P.D.) No. 27 and Executive Order (E.O.) No. 228.

<sup>9</sup> *Rollo*, p. 15.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

Pursuant to its mandate under R.A. No. 6557, Land Bank computed the land valuation of the lands. It used the two-factor formula under DAR Administrative Order No. 5, Series of 1998 (*DAR AO No.5*) for Lot 5763 and the single-factor formula for Lot 5853. Thus, Land Bank submitted claims valuation and processing forms to prove that the valuations of the lands are ₱105,666.81 for Lot 5763 and ₱9,290.54 for Lot 5853.<sup>12</sup>

Unsatisfied with Land Bank's preliminary determination of just compensation, Ignacio filed a case with the Department of Agrarian Reform Adjudication Board (*DARAB*). The *DARAB* issued a decision, fixing the just compensation at ₱1,399,821.70 for Lot 5763 and ₱134,216.68 for Lot 5853.<sup>13</sup>

Land Bank contested the *DARAB*'s determination of just compensation. It filed a complaint before the RTC and prayed for the trial court to adopt the preliminary determination of just compensation that it formulated.<sup>14</sup>

### The RTC Ruling

On April 24, 2012, the RTC rendered its Decision, the dispositive of which states:

**WHEREFORE**, the Court hereby renders judgment and declares, as follow, to wit:

a) The just compensation for the agricultural lands owned by the private respondent, Ignacio Paliza, Sr. is hereby fixed in the amount of Php331,113.03. [For] Lot No. 5763 with an area of 3.2208 hectares and the amount of Php43,477.74 for Lot No. 5853, with an area of 0.5028 hectare or the total amount of **Php374,590.77**.

b) The petitioner is hereby directed to compensate private respondent in the aforesaid sum minus the amount actually received by him, if anything, within a period of thirty (30) days from notice of this decision free of any interest, and with interest at the rate of 12 percent per annum if not compensated within the 30-day period herein mandated, which payment of interest shall commence on the 31<sup>st</sup> day from notice of the decision until the amount of just compensation is fully satisfied or received by the private respondent.<sup>15</sup> (Emphasis in the original)

The RTC held that the determination of just compensation is exclusively a judicial function. In the performance of the same, it held that it

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<sup>12</sup> *Id.* at 15-16.

<sup>13</sup> *Id.* at 16.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.* at 16-17.

cannot be dictated by the DAR or Land Bank. Nonetheless, it ruled that it shall be guided by the applicable formula prescribed by the DAR, subject only to the determination of the date of taking. In the determination of the date of taking, the court is not strictly bound by Section 16 and 17 and other provisions of R.A. No. 6657, and it can apply, by analogy, any administrative issuance of the DAR.<sup>16</sup> Moreover, Section 17 of R.A. No. 6657, as amended by R.A. No. 9700,<sup>17</sup> and expressed either under DAR AO No. 5, DAR AO No. 2, Series of 2009, and DAR AO No. 1, is applicable for the determination of just compensation for all agricultural lands without distinction. This is true whether the lands are already subjected to the preliminary determination of land valuation by Land Bank and challenged by the landowner, or are yet to be placed under the operation of the agrarian reform program by the DAR.<sup>18</sup>

In the present case, the RTC found that neither Land Bank nor the DAR considered the date of taking when they arrived at their determination of just compensation. It then used the formula under DAR AO No. 1, which it held effectively amended the presumptive date of taking from the date of the issuance of the emancipation patent, CLOA, or title in the name of the Republic, to June 30, 2009. Thus, the RTC adopted the report of the appointed commissioner, which used the production data and values within the 12-month period preceding June 30, 2009.<sup>19</sup>

### The CA Ruling

Land Bank<sup>20</sup> and Ignacio<sup>21</sup> filed separate petitions for review before the CA. In a consolidated decision,<sup>22</sup> the CA affirmed the RTC's determination of just compensation. It held that the RTC based its determination of just compensation on the report made by the commissioner, which was in accordance with Section 17 of R.A. No. 6657, DAR AO No. 5 and DAR AO No. 1. The CA also affirmed the RTC's imposition of 12% *per annum* legal interest on the just compensation, but modified it by ruling that beginning July 1, 2013, the interest rate shall be at 6% *per annum* until the amount is fully paid.<sup>23</sup> The dispositive portion of the CA decision states:

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<sup>16</sup> *Id.* at 17.

<sup>17</sup> An Act Strengthening the Comprehensive Agrarian Reform Program (CARP), Extending the Acquisition and Distribution of All Agricultural Lands, Instituting Necessary Reforms, Amending for the Purpose Certain Provisions of Republic Act No. 6657, Otherwise Known as the Comprehensive Agrarian Reform Law of 1998, As Amended, and Appropriating Funds Therefor, passed by the Congress on August 7, 2009.

<sup>18</sup> *Rollo*, p. 17.

<sup>19</sup> *Id.* at 23-27.

<sup>20</sup> *Id.* at 33-63.

<sup>21</sup> *Id.* at 212-239.

<sup>22</sup> *Id.* at 14-29.

<sup>23</sup> *Id.* at 28.

**WHEREFORE**, premises considered, the instant Petitions are **DISMISSED**. The assailed *Decision* dated April 24, 2012 and the *Order* dated June 14, 2012 rendered by Branch 3 of the RTC, Legazpi City in Agrarian Case No. 2002-07 are hereby **AFFIRMED** with **MODIFICATION**. Legal interest on the award for just compensation shall run at the rate of 12% interest per annum from June 30, 2009 until June 30, 2013. Thereafter, or beginning July 1, 2013 until fully paid, legal interest shall be at 6% *per annum*.

**SO ORDERED.**<sup>24</sup> (Emphasis in the original)

The CA, in its Resolution<sup>25</sup> dated January 15, 2018, denied Land Bank's<sup>26</sup> and Ignacio's<sup>27</sup> motions for reconsideration. Hence, this Petition.

Land Bank argues that the CA erred in affirming the RTC's application of the formula under DAR AO No. 1. According to Land Bank, DAR AO No. 1 implements R.A. No. 9700 which amended R.A. No. 6700. The transitory provision of R.A. No. 9700, however, states that: "x x x with respect to land valuation, all Claim Folders received by Land Bank prior to July 1, 2009 shall be valued in accordance with Section 17 of R.A. No. 6657 prior to its amendment by R.A. No. 9700." In the present case, the claim folders for Lot No. 5763 and Lot No. 5853 were received by Land Bank on May 11, 1996 and December 1998, respectively. Thus, DAR AO No. 1 is inapplicable.<sup>28</sup>

In determining just compensation, Land Bank used the formula under DAR AO No. 11, Series of 1994 (*DAR AO No. 11*) for Lot 5763 and DAR AO No. 5 for Lot 5853.<sup>29</sup> In accordance with these rules, the computation was based on the data gathered during the 12-month period immediately preceding the field investigation for annual gross production (*AGP*) and the date of receipt of the claim folders for average of latest available 12-months' selling prices (*SP*).<sup>30</sup>

Citing the case of *Alfonso*,<sup>31</sup> Land Bank argues that there should be mandatory observance of the valuation factors under Section 17 of R.A. No. 6657 as translated into a basic formula in DAR AO No. 5 and DAR AO No. 11. It adds that any deviation from the application of the formula should have been exhaustively and discussed in detail by the RTC. Finally, Land Bank avers that it cannot be held liable for payment of interest because it has deposited the initial valuation of the lands in the name of landowners as early as December 21, 1996 for Lot 5763 and February 23, 1999 for Lot 5853. This

<sup>24</sup> *Id.* at 28-29.

<sup>25</sup> *Id.* at 11-12.

<sup>26</sup> *Id.* at 123-136.

<sup>27</sup> *Id.* at 140-144.

<sup>28</sup> *Id.* at 46.

<sup>29</sup> *Id.* at 50.

<sup>30</sup> *Id.* at 51-52.

<sup>31</sup> *Supra* note 2.

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timely deposit of the initial valuation is considered prompt payment of just compensation.<sup>32</sup>

In his Comment,<sup>33</sup> Ignacio argues that Land Bank's valuation of his lands is unjust and confiscatory. Moreover, he states that nothing prevents special agrarian courts from applying, by analogy, their own interpretation of Section 17 of R.A. No. 6657, if "the ends of justice will be better served through the determination of substantial, real, ample, and just compensation."<sup>34</sup>

In any case, Ignacio insists that his lands are worth more than the valuation made by the RTC and Land Bank. He contends that their determination of just compensation did not take into account the nature of his lands at the time of taking.<sup>35</sup> Lastly, Ignacio argues that the RTC and the CA did not err in imposing interest on the just compensation.<sup>36</sup>

In its Reply,<sup>37</sup> Land Bank counters that recent jurisprudence already established the binding nature of DAR formulas in computing just compensation. It cited the cases of *Alfonso v. Land Bank of the Philippines*,<sup>38</sup> *Land Bank of the Philippines v. Sps. Banal*,<sup>39</sup> *Land Bank of the Philippines v. Celada*,<sup>40</sup> and *Land Bank of the Philippines v. Yatco*.<sup>41</sup>

### The Issues Before the Court

The essential issues for the Court's resolution are (1) whether the CA committed reversible error in upholding the RTC's valuation fixing the just compensation at ₱331,113.03 for Lot No. 5763 and ₱43,477.74 for Lot No. 5853; and (2) whether the CA committed reversible error in affirming the RTC's imposition of legal interest on the just compensation.

### The Court's Ruling

The petition is partly meritorious.

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<sup>32</sup> *Rollo*, pp. 51-53.

<sup>33</sup> *Id.* at 311-318.

<sup>34</sup> *Id.* at 312.

<sup>35</sup> *Id.* at 313.

<sup>36</sup> *Id.* at 314-318.

<sup>37</sup> *Id.* at 325-334.

<sup>38</sup> *Supra* note 2.

<sup>39</sup> 478 Phil. 701 (2004).

<sup>40</sup> 515 Phil. 467 (2006).

<sup>41</sup> 724 Phil. 276 (2014).

In *Land Bank of the Philippines v. Heirs of Spouses Estaquio*,<sup>42</sup> We defined just compensation as:

xxx the full and fair equivalent of the property taken from its owner by the expropriator. The Court repeatedly stressed that the true measure is not the taker's gain but the owner's loss. The word "just" is used to modify the meaning of the word "compensation" to convey the idea that the equivalent to be given to the property to be taken shall be real, substantial, full and ample.

This Court further stated in *Republic of the Philippines v. Spouses Esquito*<sup>43</sup> that "[t]he purpose of just compensation is to compensate the owner of the property taken by the State. Just compensation is the fair and full equivalent of the property at the time of taking."

In the present case, the RTC held that in determining just compensation, the court shall be guided by the applicable formula prescribed by the DAR, subject only to the determination of the date of taking. In the determination of the date of taking, it held that the court is not strictly bound by Section 16 and 17 and other provisions of R.A. No. 6657, and it can apply, by analogy, any administrative issuance of the DAR. The RTC then declared that DAR AO No. 1 effectively amended the presumptive date of taking to June 30, 2009. Thus, it relied on the report of the appointed commissioner, which used the production data and values within the 12-month period preceding June 30, 2009.

In ruling so, the RTC grossly misapprehended the concept of *taking* in agrarian reform proceedings. It is now settled that for valuation of land acquired by the government under R.A. No. 6657, as in this case, "'the time of taking' is the time when the landowner was deprived of the use and benefit of [their] property."<sup>44</sup> Thus, there is taking when the title is transferred in the name of the Republic of the Philippines, or when the CLOAs are issued in favor of farmer-beneficiaries.<sup>45</sup> It was, therefore, inaccurate for the RTC to rule that the administrative issuances of the DAR can be applied in determining the time of taking, and that it can apply any of the issuances in doing so. The time of taking is a fixed variable in the computation of just compensation and is, again, that point when the landowner is deprived of the use and benefit of [their] property.

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<sup>42</sup> *Land Bank of the Philippines v. Heirs of Spouses Eustaquio*, G.R. No. 221890, December 10, 2019.

<sup>43</sup> *Republic of the Philippines v. Spouses Esquito*, G.R. No. 221995, October 3, 2018. (Citations omitted)

<sup>44</sup> *Land Bank of the Philippines v. Livioco*, 645 Phil. 337, 364-365 (2010); See also *Land Bank of the Philippines v. Castro*, 716 Phil. 711, 729 (2013); *Department of Agrarian Reform v. Goduco*, 689 Phil. 462, 477 (2012); *Land Bank of the Philippines v. Spouses Bona*, 698 Phil. 372, 383 (2012); *Land Bank of the Phils. v. Rural Bank of Hermosa (Bataan), Inc.*, 814 Phil. 157, 165 (2017).

<sup>45</sup> *Land Bank of the Phils. v. Rural Bank of Hermosa (Bataan), Inc.*, *supra* note 44.

To reiterate, just compensation must be valued at the time of taking. On this score, the CA erred in sustaining the RTC's valuation of the lands in accordance with DAR AO No. 1.

AO DAR No. 1 was issued by the DAR subsequent to R.A. No. 9700, which was passed on August 7, 2009 amending the provisions of RA 6657. In the present case, the TCT No. T-103412 covering Lot 5763 was issued in the name of the Republic of the Philippines on **January 20, 1997**. On the other hand, OCT No. C-25449 covering Lot 5853 was issued to a farmer beneficiary on **March 16, 1999**, pursuant to a CLOA from the DAR. Thus, the actual taking took place on January 20, 1997 and March 16, 1999, for Lot 5763 and Lot 5853, respectively. Both takings were before the effectivity of R.A. No. 9700 and DAR AO No. 1.

More importantly, the implementing rules of R.A. No. 9700, particularly DAR AO No. 2, Series of 2009,<sup>46</sup> clarified that the amendatory law shall not apply to claims/cases where the claim folders were received by Land Bank prior to July 1, 2009. Thus, in a line of cases,<sup>47</sup> the Court ruled that lands where the claim folders were received by Land Bank prior to July 1, 2009 shall be valued in accordance with Section 17 of R.A. No. 6657<sup>48</sup> prior to its further amendment by R.A. No. 9700. There is, therefore, no basis for the RTC's sweeping declaration that DAR AO No. 1 effectively amended the presumptive date of taking to June 30, 2009 of all agrarian reform proceedings. Clearly, DAR AO No. 1 applies only prospectively, and not to lands where the claim folders were received by Land Bank prior to July 1, 2009.

In the present case, the claim folders were received by Land Bank on May 10, 1996 for Lot 5763 and on November 17, 1998 for Lot 5853, also before R.A. No. 9700 and DAR AO No. 1 took effect. Thus, the lands should have been valued in accordance with the factors laid down in Section 17 of R.A. No. 6657 before its amendment, and in accordance with the relevant DAR regulations in effect at the time of taking.<sup>49</sup>

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<sup>46</sup> Rules and Procedures Governing the Acquisition and Distribution of Agricultural Lands Under Republic Act (R.A.) No. 6657, as amended by R.A. No. 9700.

<sup>47</sup> See *Land Bank v. Kho*, 787 Phil. 478, 490 (2016); *Mateo, et al. v. Department of Agrarian Reform, et al.*, 805 Phil. 707, 733 (2017); *Land Bank of the Philippines v. Del Rosario*, G.R. No. 210105, September 2, 2019; *Land Bank of the Philippines v. Ludovico Hilado*, G.R. No. 204010, September 23, 2020.

<sup>48</sup> SECTION 17. *Determination of Just Compensation.* – In determining just compensation, the cost of acquisition of the land, the currently 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, shall be considered. The social and economic benefits contributed by the farmers and the farmworkers and by the Government to the property as well as the non-payment of taxes or loans secured from any government financing institution on the said land shall be considered as additional factors to determine its valuation.

<sup>49</sup> *Supra* note 46.



In the case of *Alfonso*,<sup>50</sup> the Court, sitting *en banc*, emphasized the mandatory nature of the DAR formulas in computing just compensation. Citing *Landbank of the Philippines v. Sps. Banal*,<sup>51</sup> the Court held that “courts are obligated to apply both the compensation valuation factors enumerated by the Congress under Section 17 of R.A. No. 6657 and the formula laid down by DAR.”<sup>52</sup> If the court, however, finds that the circumstances do not warrant the strict application of the DAR formula, it may, in the exercise of judicial discretion, relax the application of the formula to fit the factual situations before it.<sup>53</sup> This rule is subject to the condition that the court should clearly explain in its decision the reasons, as borne by the evidence on record, for the deviation undertaken.<sup>54</sup> The *Alfonso* ruling has since been upheld by the court in a number of cases.<sup>55</sup>

In the present case, the Court agrees with Land Bank that the applicable DAR regulations in the valuation of Ignacio’s lands are as follows:

Lot	Time of Taking	Relevant DAR Regulation Effective at the Time of Taking
Lot No. 5763	January 20, 1997	DAR AO No. 11, Series of 1994 (DAR AO No. 11) <sup>56</sup>
Lot No. 5853	March 16, 1999	DAR AO No. 5, Series of 1998 (DAR AO No. 5) <sup>57</sup>

The RTC, however, in computing the just compensation, adopted the formula under DAR AO No. 1 as follows:

$$LV = (CNI \times 0.6) + (CS \times 0.3) + (MV \times 0.1)$$

Where: LV = Land Value

CNI = Capitalized Net Income

CS = Comparable Sales

MV = Market Value per Tax Declaration<sup>58</sup>

<sup>50</sup> *Supra* note 2.

<sup>51</sup> *Supra* note 39, at 709-710.

<sup>52</sup> *Supra* note 2, at 278.

<sup>53</sup> *Id.* at 280.

<sup>54</sup> *Id.*

<sup>55</sup> See *Land Bank of the Philippines v. Omengan*, 813 Phil. 901 (2017); *Land Bank of the Philippines v. Alcantara*, 826 Phil. 687 (2018); *Land Bank of the Philippines v. Briones-Blanco*, G.R. No. 213199, March 27, 2019; *Land Bank of the Philippines v. Hilado*, G.R. No. 204010, September 23, 2020.

<sup>56</sup> 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.

<sup>57</sup> Revising the Rules and Regulations Covering the Valuation of Lands Voluntarily Offered or Compulsorily Acquired pursuant to RA 6657.

<sup>58</sup> Part IV.2, DAR AO No. 1, specifically applicable to lands falling under Phase I of RA 9700.

The same basic formula is actually used under DAR AO No. 11<sup>59</sup> and DAR AO No. 5.<sup>60</sup> The formulas, however, materially differ in the reckoning point of the of AGP and the selling price SP, both of which are relevant to determine the capitalized net income factor, to wit:

DAR Regulation	AGP	SP
DAR AO No. 11	Average of latest available 12-month's gross production <i>immediately preceding the date of offer</i> in case of voluntary sale, or <i>date of notice of coverage</i> in case of compulsory acquisition <sup>61</sup> (Italics supplied).	The average of latest available 12-month's selling prices <i>prior to date of receipt of the claim folder by Land Bank</i> <sup>62</sup> (Italics supplied).
DAR AO No. 5	Average of latest available 12-month's gross production <i>immediately preceding the date of Field Investigation</i> <sup>63</sup> (Italics supplied).	The average of latest available 12-month's selling prices <i>prior to date of receipt of the claim folder by Land Bank</i> <sup>64</sup> (Italics supplied).
DAR AO No. 1	Average of latest available 12-month's gross production <i>preceding June 30, 2009 (for lands already distributed by DAR to farmer-beneficiaries where documentation and/or valuation is not yet complete), or July 1, 2009 (for lands falling under Phase 1 of RA 9700)</i> <sup>65</sup> (Italics supplied).	The average of latest available 12-month's selling prices <i>preceding June 30, 2009 (for lands already distributed by DAR to farmer-beneficiaries where documentation and/or valuation is not yet complete), or July 1, 2009 (for lands falling under Phase 1 of RA 9700)</i> <sup>66</sup> (Italics supplied).

Applying DAR AO No. 1, the RTC used AGP and SP values within the 12-month period preceding June 30, 2009.

Pursuant to *Alfonso*, the court may indeed deviate from the applicable DAR formula if in its discretion, a strict application of the formula is not warranted by the circumstances of the case. In that event, however, the court should clearly explain in its decision the reasons for the deviation, as supported by the evidence record. Here, the reason given by RTC in using DAR AO No.1 was simply that “[t]he preliminary or administrative determinations made by either Land Bank of the Philippines or the DARAB or the Provincial Agrarian Reform Adjudicator (*PARAD*) *did not factor in or*

<sup>59</sup> Part II.A, DAR AO No. 06, Series of 1992 (which was retained in DAR AO No. 11).

<sup>60</sup> Part II. A, DAR AO No. 5

<sup>61</sup> Part 4, DAR AO No. 11.

<sup>62</sup> *Id.*

<sup>63</sup> Part II. B, DAR AO No. 5.

<sup>64</sup> *Id.*

<sup>65</sup> Part IV.1 and IV.2, DAR AO No. 1.

<sup>66</sup> *Id.*

*consider that date of taking of the agricultural properties of the private respondents.* Thus, the court cannot adhere to such determinations made by the petitioner or the PARAD.<sup>67</sup>

The RTC's reasoning was not sufficient to warrant the deviation from the applicable DAR formulas. In fact, in applying the formula under DAR AO No. 1 and using the production data and values within the 12-month period preceding June 30, 2009, it was the RTC that did not take into account the date of taking of the lands in determining just compensation. It disregarded the fundamental principle in eminent domain proceedings that just compensation shall be determined at the time of taking. Thus, in *Land Bank of the Philippines v. Uy*,<sup>68</sup> this Court held that:

One of the basic precepts governing eminent domain proceedings is that the nature and character of the land at the time of taking is the principal criterion [in] determining how much just compensation should be given to the landowner. In other words, as of that time, all the facts as to the condition of the property and its surroundings, as well as its improvements and capabilities, should be considered.

To repeat, the taking in this case occurred on January 20, 1997 for Lot 5763 and on March 16, 1999 for Lot 5853. To be sure, the nature, character, and condition of the lands since the time of taking have vastly changed over the years. By using production data within the 12-month period preceding June 30, 2009, the RTC failed to capture the true value of the lands at the time of taking. This cannot be sustained.

The Court also notes that in applying the formula under DAR AO No. 1, the RTC used the zonal value of a second-class coconut land in Mauraro, Guinobatan, Albay for Lot 5763, and the zonal value of a third-class coconut land in the same place for Lot 5853 as the comparative sales (CS) factor. The basis for the use of the zonal value, however, is wanting. Under DAR AO No. 11 and DAR AO No.5, there are specific guidelines for the determination of the CS factor. As a general rule, there should be at least three sales transactions for the computation of the CS factor.<sup>69</sup>

Despite our pronouncement that the RTC's determination of just compensation, as affirmed by the CA, is erroneous, this Court cannot automatically adopt Land Bank's own calculation as prayed for in the petition. As We stated in *Land Bank of the Philippines v. Heirs of Tañada*:<sup>70</sup>

<sup>67</sup> Rollo, p. 22, italics supplied.

<sup>68</sup> *Land Bank of the Philippines v. Uy, et al.*, G.R. No. 221313, December 5, 2019.

<sup>69</sup> Part II.C.1.a, DAR AO No. 06, Series of 1992 (which was retained in DAR AO No. 11); Part II.C.1.a, DAR AO No. 5; See also *Land Bank of the Philippines v. Spouses Chu*, 808 Phil. 179, 195-196 (2017), where the Court held that two comparable sales transactions were insufficient to determine the CS factor.

<sup>70</sup> *Land Bank of the Phils. v. Heirs of Lorenzo Tañada, et al.*, 803 Phil. 103 (2017).

The veracity of the facts and figures which it used in arriving at the amount of just compensation under the circumstances involves the resolution of questions of fact, which, as a rule, is improper in a petition for review on *certiorari*. We have likewise consistently taken the position that the Court is not a trier of facts.<sup>71</sup>


At this point, the Court deems it proper to remand the case to the RTC for the determination of just compensation in accordance with this decision—with due consideration to the factors in Section 17 of R.A. No. 6657 and the formulas under DAR AO No. 11 for Lot 5763 and DAR AO No. 5 for Lot 5853. If the RTC finds that there is sufficient basis to relax the application of the formulas, it may, in the exercise of judicial discretion, deviate from applying these. However, it must clearly discuss in its decision the reasons for doing so, supported by the evidence on record.

A final note on the imposition of interest. It is already a settled principle that legal interest may be granted in expropriation proceedings where there is delay in the payment of just compensation, which was deemed to be “an effective forbearance on the part of the State.”<sup>72</sup> If upon remand of the case, the Land Bank is found to be in delay, it shall pay interest at 12% *per annum* computed from the date of taking until June 30, 2013, and 6% *per annum* from July 1, 2013 until fully paid,<sup>73</sup> on the just compensation to be ascertained by the RTC.

**WHEREFORE**, premises considered, the petition is **PARTIALLY GRANTED**. Accordingly, the Decision dated May 3, 2017 and the Resolution dated January 15, 2018 issued by the Court of Appeals in CA-G.R. SP Nos. 125467 and 125621 are **ANNULLED and SET ASIDE**.

Agrarian Case No. 2002-07 is **REMANDED** to the Regional Trial Court of Legazpi City, Branch 3, for the determination of the just compensation strictly in accordance with the guidelines set forth in this Decision.

**SO ORDERED.**

  
**JHOSEP V. LOPEZ**  
Associate Justice

<sup>71</sup> *Id.* at 114.


<sup>72</sup> See also *Land Bank of the Philippines v. Eugenio Uy, et al.*, G.R. No. 221313, December 5, 2019; *Land Bank of the Philippines v. Heirs of Alsua*, 753 Phil. 323, 340-341 (2015); *Land Bank of the Philippines v. Sps. Chu*, *supra* note 69, at 207; *Land Bank of the Philippines v. Santiago, Jr.*, 696 Phil. 142, 162 (2012).

<sup>73</sup> See *Nacar v. Gallery Frames*, 716 Phil. 267, 282-283 (2013).

**WE CONCUR:**



**MARVIC M.V.F. LEONEN**  
Associate Justice



**RAMON PAUL L. HERNANDO**  
Associate Justice




**HENRI JEAN PAUL B. INTING**  
Associate Justice



**EDGARDO L. DELOS SANTOS**  
Associate Justice

**ATTESTATION**

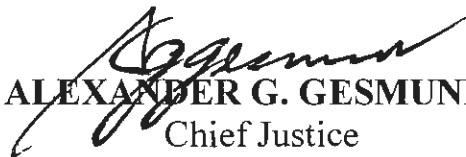
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**MARVIC M.V.F. LEONEN**  
Associate Justice  
Chairperson, Third Division

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution, and the Third 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.

  
**ALEXANDER G. GESMUNDO**  
Chief Justice