

****Title:**** Land Bank of the Philippines vs. Spouses Cortez

****Facts:****

- Spouses Lydia and Carlos Cortez owned a 16.5415-hectare coconut land in Albay, part of which they offered for government acquisition under the Comprehensive Agrarian Reform Program (CARP) in January 2000.
- In April 2000, the Department of Agrarian Reform (DAR) issued a notice of coverage for the land, and a subsequent field investigation determined that only 6.0004 hectares were fit for acquisition.
- On September 26, 2001, DAR requested Land Bank of the Philippines (LBP) to value the land, which it did using the guidelines of DAR Administrative Order (AO) No. 5, Series of 1998, leading to an initial valuation of P106,542.98.
- Spouses Cortez rejected this valuation, and the amount was provisionally deposited in their name, prompting the matter to escalate to the Department of Agrarian Reform Adjudication Board (DARAB), which set the compensation at P183,273.93. LBP contested this as it provided no computation basis.
- LBP filed for judicial determination of just compensation before the RTC of Legazpi City. The RTC set the compensation at P397,958.41, adopting a formula similar to LBP's but adjusted to use June 30, 2009, as the reckoning date, which accounted for changes in economic data post-field investigation.
- LBP's motion for reconsideration was denied by the RTC, prompting LBP to appeal to the Court of Appeals (CA), which affirmed the RTC decision.

****Issues:****

1. Whether the RTC erred in using June 30, 2009, as the reckoning date for production data and values contrary to AO No. 5, Series of 1998.
2. Whether the interest rate imposed on delayed compensation payment was correctly determined.

****Court's Decision:****

1. ****Application of Correct Reckoning Date:****
 - The Supreme Court concluded that the RTC had abused its discretion by deviating from AO No. 5 without a sufficient basis in evidence. The actual reckoning periods as prescribed by AO No. 5 — based on prior to July 1, 2009, guidelines — should have been used as the claim folder was received on September 27, 2001.
 - The court reiterated that the time of property taking was January 15, 2002, and so guidelines effective at that time must govern valuation. AO No. 1, Series of 2010, which

modifies reckoning dates, was held inapplicable since it pertains to later legislative amendments.

2. **Interest on Compensation:**

- The Court held that 12% per annum interest applies from the date of taking until June 30, 2013, and 6% per annum thereafter until the decision's finality, then again 6% per annum until full payment. This interest accounts for delays in establishing just compensation.

Doctrine:

- Just compensation must be determined using factors evident at the time of taking and in compliance with governing laws and DAR regulations existing then. Courts have some discretion in deviations from standard formulas where justified by evidence, though still guided by legal standards.

Class Notes:

- Just Compensation: Full, fair value of property taken, including promptness of payment.
- Relevant Law: R.A. No. 6657 and subsequent DAR administrative orders.
- Reckoning Date: Valuation should reflect the economic conditions at the time of taking unless an amendment precisely dictates otherwise.
- Judicial Functions: Courts determine amounts and must base deviations from prescribed procedures on evidence.

Historical Background:

- The case exists within the context of land reform in the Philippines, wherein lands are redistributed pursuant to the Comprehensive Agrarian Reform Program (CARP), transitioning large land ownership into more equitable access. The legal mechanisms governing this transition seek to align economic outputs with the government's agrarian objectives, balancing state interests with those of landowners like the Cortezes.