

LAND BANK OF THE PHILIPPINES, PETITIONER, VS. CORAZON M. VILLEGAS, RESPONDENT.

Ponente: LOPEZ, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/2136ea7d826e/>

LOPEZ, J.:

This is a Petition for Review under Rule 42 of the Rules of Court where petitioner seeks the reversal of the Decision[1] of the Regional Trial Court (RTC), Branch 32, Dumaguete City, acting as Special Agrarian Court (SAC), which determined the just compensation for respondent's land at P2,938,448.16. The fallo of the RTC-SAC Decision states:

“WHEREFORE, premises considered, the Court finds for Respondent Villegas, and hereby DIRECTS the Petitioner Land Bank to pay the following: (1) the remaining balance of the just compensation to Respondent Villegas' Estate or to her substitute in this case, representing the estate of the deceased Respondent Villegas, in the amount of Two Million Three Hundred Fifty Seven Thousand Five Hundred Forty Eight Pesos and 08/100 (2,357,548.08), with legal interest of 12% per annum, reckoned from September 29, 2004 up to the time when the whole amount is actually paid; and (2) its share in the Commissioners' fees in the amount of Thirty Thousand Pesos (P30,000.00) to the Commissioners. The Estate of Respondent Villegas or her substitute Mr. Napoleon Villegas, is likewise DIRECTED to pay her corresponding share in the commissioners' fees in an equivalent amount.

SO ORDERED.”

THE FACTS

Respondent is the registered owner of a parcel of land situated in Hibaiyo, Guihulngan, Negros Oriental containing an area of 11.7182 hectares and covered by Original Certificate of Title No. FV-12575.

On April 10, 2003, respondent offered the property to the government's Comprehensive Agrarian Reform Program (CARP) through the Voluntary Offer to Sell (VOS) scheme. Pursuant to such VOS, an ocular inspection of the property was conducted on the property where it was determined that the total area to be covered under the CARP is 10.6194 hectares.

Based on the data gathered from the ocular inspection and the valuation factors under Section 17 of Republic Act No. 6657, petitioner computed the value of respondent's property at P580,900.08, which amount was deposited in cash and bonds in the name of respondent.

Respondent, however, rejected petitioner's valuation and filed an action for the fixing of just compensation before the Provincial Agrarian Reform Adjudicator (PARAD) of Negros Oriental which affirmed petitioner's valuation of P580,900.08.[2] On appeal to the Department of Agrarian Reform Adjudication Board (DARAB), the PARAD's Order was amended and the valuation of respondent's property was increased to P1,831,351.20.[3]

Petitioner, contending that the DARAB patently disregarded the results of the actual field investigation and valuation guidelines, filed a Petition[4] for determination of just compensation before the court a quo which rendered the Decision now subject of this Petition for Review before Us.

In its Petition, petitioner raised the following issues:

I

WHETHER OR NOT THE COURT A QUO ACTED CORRECTLY IN DISREGARDING THE CLEAR AND UNCONTROVERTED EVIDENCE OF THE RESULT OF THE ACTUAL SURVEY AND OCULAR INSPECTION AS TO THE LAND USE OF THE PROPERTY;

II

WHETHER OR NOT THE COURT A QUO GRAVELY ERRED IN FIXING THE JUST COMPENSATION IN THE AMOUNT OF P2,938,448.16 FOR THE 10.6914 HECTARES ON THE BASIS OF THE COMMISSIONERS' REPORT WHICH IS NOT IN ACCORD WITH JMC 15, SERIES OF 1999 AND DAR AO5, SERIES OF 1998;

III

WHETHER OR NOT THE COURT A QUO ACTED CORRECTLY IN AWARDING LEGAL INTEREST OF TWELVE PERCENT (12%) PER ANNUM RECKONED FROM 29 SEPTEMBER 2004 UP TO THE TIME THE WHOLE AMOUNT IS ACTUALLY PAID; and

IV

WHETHER OR NOT THE COURT A QUO GRAVELY ERRED IN DIRECTING LBP TO SHARE IN COMMISSIONERS' FEES IN THE AMOUNT OF P60,000.00 OR P30,000.00 EACH FOR PETITIONER AND RESPONDENT.

OUR RULING

The petition is without merit.

Section 4, Article XIII, of the Constitution has mandated the implementation of an agrarian reform program for the distribution of agricultural lands to landless farmers subject to the payment of just compensation to the landowners, viz:

“Section 4. The State shall, by law, undertake an agrarian reform program founded on the right of farmers and regular farmworkers, who are landless, to own directly or collectively the lands they till or, in the case of other farmworkers, to receive a just share of the fruits thereof. To this end, the State shall encourage and undertake the just distribution of all agricultural lands, subject to such priorities and reasonable retention limits as the Congress may prescribe, taking into account ecological, developmental, or equity considerations, and subject to the payment of just compensation. In determining retention limits, the State shall respect the rights of small landowners. The State shall further provide incentives for voluntary land-sharing.”

The Congress has later enacted Republic Act No. 6657 to implement the constitutional mandate. Section 17 of Republic Act No. 6657 has defined the parameters for the determination of the just compensation, viz:

“Section 17. Determination of Just Compensation. – In determining just compensation, the cost of acquisition of the land, the current value of like properties, its nature, actual use and income, the sworn valuation by the owner, the tax declarations, and 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 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.”

Accordingly, Congress has thereby required that any determination of just compensation should consider the following factors, namely: (a) the cost of the acquisition of the land; (b) the current value of like properties; (c) the nature, actual use and income of the land; (d) the sworn valuation by the owner; (e) the tax declarations; (f) the assessment made by government assessors; (g) the social and economic benefits contributed to the property by the farmers and farmworkers and by the Government; and (h) the fact of the non-payment of any taxes or loans

secured from any government financing institution on the land.

Pursuant to its rule-making power under Section 49 of Republic Act No. 6657, the Department of Agrarian Reform (DAR) promulgated DAR Administrative Order (AO) No. 6, Series of 1992, DAR AO No. 11, Series of 1994 (to amend AO No. 6), and DAR AO No. 5, Series of 1998 (to amend AO No. 11) ostensibly to translate the factors provided under Section 17 in a basic formula. The formulae embodied in these AOs have been used in computing the just compensation upon taking into account all the factors stated in Section 17, *supra*. It is relevant to note that the Court has consistently regarded reliance on the formulae under these AOs to be mandatory.

As rightly held by the RTC-SAC, the valuation of P2,938,448.16 is a fair assessment of respondent's property. Contrary to petitioner's contention, the RTC-SAC, by adopting the findings of the designated Commissioners, had considered all factors in the valuation of the property. Under DAR AO No. 5, the formula for just compensation is 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

The above formula shall be used if all three factors are present, relevant, and applicable. However:

A1. When the CS factor is not present and CNI and MV are applicable, the formula shall be:

$$LV = (CNI \times 0.9) + (MV \times 0.1)$$

A2. When the CNI factor is not present, and CS and MV are applicable, the formula shall be:

$$LV = (CS \times 0.9) + (MV \times 0.1)$$

A.3 When both the CS and CNI are not present and only MV is applicable, the formula shall be:

$$LV = MV \times 2.$$

A perusal of the Appraisal Report[5] for just compensation and its annexes[6] revealed that the Commissioners applied the above-cited formulae and took into consideration all factors laid down by law. As correctly observed by the RTC-SAC, the Commissioners, in coming up with their report, looked into every aspect in determining the value of the property and abided by the spirit of the guideposts established under Section 17 of Republic Act No. 6657.

The CNI was obtained after the Annual Gross Production and the selling price of the crops were computed. The CNI in this case was computed at P3,214,044.18 and the Market Value was based on the most recent tax declaration as required under AO No. 5, in the amount of P458,084.00. Substituting the values:

$$\begin{aligned} LV &= (CNI \times 0.9) + (MV \times 0.1) \\ &= (P3,214,044.18 \times 0.90) + (P458,084.00 \times 0.10) \\ &= (P2,892,639.76 + P45,808.40) \\ &= P2,938,448.16 \end{aligned}$$

It has been consistently ruled that the ascertainment of just compensation by the RTC-SAC on the basis of the

landholding's nature, location, market value, assessor's value, and the volume and value of the produce is valid and accords with the previously-quoted Section 17.[7]

There is no merit to petitioner's assertion that the RTC-SAC made use of erroneous data and in giving credence to respondent's witnesses in determining the just compensation for the latter's property.

As borne by the record, the RTC-SAC, guided by the report of its designated Commissioners, made use of data from the provincial and municipal records, the Department of Agrarian Reform, the Department of Agriculture and other government agencies. It also made use of available data from the tax declaration of the property as well as took into consideration the actual use of the land and factored in the significant increase in the selling price of sugar and molasses to which the property is predominantly utilized.

On the other hand, as observed by the RTC-SAC, no credible data had been made available by petitioner as to the basis of its initial evaluation. The RTC-SAC thus, did not err, in adopting the findings of the designated Commissioners as to the valuation of respondent's property.

Indeed, the RTC-SAC has been statutorily determined to have original and exclusive jurisdiction over all petitions for the determination of just compensation due to landowners under the CARP. This legal principle has been upheld in a number of Supreme Court decisions and has passed into the province of established doctrine in agrarian reform jurisprudence. In fact, the exclusive authority of the SAC over the DARAB has been sustained, even in instances when no administrative proceedings were conducted in the DARAB.[8]

As to the imposition of interest and the directive for petitioner to pay its share in Commissioners' fees, no error can be imputed to the RTC-SAC when it applied interest at the rate of twelve (12%) per annum. It had been held in *Republic vs. Reyes*,[9] thus:

"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 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.

The Bulacan trial court, in its 1979 decision, was correct in imposing interests on the zonal value of the property to be computed from the time petitioner instituted condemnation proceedings and "took" the property in September 1969. This allowance of interest on the amount found to be the value of the property as of the time of the taking computed, being an effective forbearance, at 12% per annum should help eliminate the issue of the constant fluctuation and inflation of the value of the currency over time. Article 1250 of the Civil Code, providing that, in case of extraordinary inflation or deflation, the value of the currency at the time of the establishment of the obligation shall be the basis for the payment when no agreement to the contrary is stipulated, has strict application only to contractual obligations. In other words, a contractual agreement is needed for the effects of extraordinary inflation to be taken into account to alter the value of the currency." [10]

The RTC-SAC, thus, did not err in imposing a rate of twelve (12%) percent per annum on the balance of the just compensation due to respondent. Charging a share in the Commissioners' fees against petitioner is likewise correct. The fees granted to the Commissioners are commensurate to their scope of work, the location and area of the property as well as the thoroughness of their report.

WHEREFORE, the petition is DENIED. The February 8, 2012 Decision of the RTC-SAC, Branch 32, Dumaguete City in Civil Case No. 2007-14174 is hereby AFFIRMED.

SO ORDERED.

Ingles, J., Chairman, and Lagura-Yap, JJ., concur.

[1] Rollo, page 63

[2] Rollo, page 126.

[3] Rollo, page 132.

[4] Rollo, page 137.

[5] Rollo, page 192.

[6] Rollo, pp. 210-230.

[7] Landbank of the Philippines vs. Veronica Nable, G.R. No. 176692, June 27, 2012.

[8] Landbank of the Philippines vs. Paz O. Montalvan and Jesus Montalvan, G.R. No. 190336, June 27, 2012.

[9] G.R. No. 146587, July 2, 2002, cited in LBP vs. Nable, supra.

[10] Emphasis supplied.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.