

LAND BANK OF THE PHILIPPINES, PETITIONER, VS. ORLANDO BALDOZA AND HEIRS OF SPOUSES JAIME R. BALDOZA AND VIOLETA BALDOZA, NAMELY: VINCENT BALDOZA, JUAN BALDOZA, CATHERINE BALDOZA...

Ponente: INGLES, G. T., J.

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INGLES, G. T., J.:

THE CASE

Before this Court is a Petition for Review[1] filed by petitioner Landbank of the Philippines (LBP) assailing the Decision of the Regional Trial Court, Branch 32, of Dumaguete City sitting as a Special Agrarian Court (SAC). The present Petition is filed for the purpose of seeking a reversal of the Court a quo's Decision[2] dated June 29, 2011 and the July 22, 2011 Order[3] in Civil Case No. 2010-14518 in a case for a determination of just compensation.

THE PARTIES

Petitioner Land Bank of the Philippines is a financial institution organized and existing by virtue of Republic Act No. 3844, as amended. It is filing the instant Petition for Review in its capacity as the duly designated financial intermediary of the Comprehensive Agrarian Reform Program (CARP) under Section 64 of R.A. No. 6657, as the custodian of Agrarian Reform Fund (ARF) and as one of the implementing agencies of CARP, with principal office address at Land Bank Plaza, 1598 M. H. del Pilar corner Dr. J. Quintos Sts., Malate, Manila.[4]

Respondents Orlando R. Baldoza, of legal age, married with residence at Kulo, Malita, Davao Del Sur, represented by Vincent Baldoza as his Attorney-in-Fact; Juan Baldoza, of legal age married; Catherine Baldoza, of legal age, single; Vincent Baldoza, of legal age, married; Joan Baldoza, of legal age, single; Girlie Baldoza, of legal age, married, are all residents of Jimallalud, Negros Oriental.[5]

THE ANTECEDENTS

Respondent Orlando Baldoza is the owner to the extent of one-half (½) undivided portions of the following agricultural lots situated in Cabcaban, Manjuyod, Negros Oriental more particularly described as follows:

Lot No. 42, GSS-620

A parcel of land containing an area of 20.8788 hectares, more or less situated in Cabcaban, Manjuyod, Negros Oriental, bounded as follows:

North-- Lot 41-A South-- Lot 45, 46

East --Lot 41-B West-- Lot 03, 44

Lot No. 49, GSS-620

A parcel of land containing an area of 22. 6958 hectares, more or less, situated in Cabcaban, Manjuyod, Negros Oriental, bounded as follows:

North-- Lot 95, 46 South--Lot 50, 88-A

East-- Lot 51, creek West – Lot 89-A-5

The remaining undivided one-half portions of the described Lot Nos. 42 and 49 are owned in common by the respondents-heirs of the spouses Jaime Baldoza and Violeta Baldoza.

On September 2, 2005, respondents offered for coverage Lot Nos. 42 and 49 under CARP. Such offer was duly accepted by DAR.[6] Pursuant to the voluntary offer for sale (VOS) by the respondents, DAR covered and acquired the subject lots.

Thereafter, Land Bank of the Philippines (LBP) fixed the initial valuation of Lot No. 42 with an area of 20.8788 hectares in the amount of Two Million Eight Hundred Thirty-Two Thousand Six Hundred Ninety-One and 23/100 Pesos (P2,832,691.23)[7] On the other hand, Lot No. 49, with an area of 22.6958 hectares was valued at Two Million Eighteen Thousand Eight & 99/100 (P2,018,008.99). The total value for the subject lands amounted to P4,850,700.22[8]

Subsequently, DAR offered to buy the subject lots at the above-stated LBP initial valuations. However, respondents rejected the offer on the ground that the initial valuations are way below the fair, reasonable and just compensation of the lots.[9] Respondents then elevated the determination of just compensation of the subject properties before the Department of Agrarian Reform Adjudication Board (DARAB) of the Province of Negros Oriental.[10]

On February 27, 2009, the DARAB affirmed the valuation of the subject landholdings.[11] Following the affirmation of the valuations prescribed, respondents filed a Motion for Reconsideration from the above ruling. However, the same was denied in an Order dated July 3, 2009.[12]

Undaunted, respondents sought relief before the Regional Trial Court. In ruling the issue raised, the Lower Court sought the aid of appointed Commissioners for the determination of just compensation to aid the Court in appreciating all factors in valuating the property.[13]

On the basis of the Narrative Report of the appointed Commissioners, in computing the market value of the subject properties, the Commission considered both the valuation factors taking into account R.A. 6657, as amended and the Philippine Valuation Standards with the aim of approximating as close as possible the definition of highest and best use- the most probable use of property which is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value of the property being valued.[14] We quote: xxx

The DAR formula was used in conjunction with the principle of highest and best use as follows:

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

Where: LV = Land Value

CNI = Capitalized Net Income which refers to the difference between gross sales (AGP x SP) and total Cost of Operation (CO) capitalized at 12%.

Since CO for sugar, molasses and corn could not be obtained or verified, the respective applicable assured NET INCOME RATE (NIR) for each crop was used from SRA (Sugar Regulatory Administration) (ANNEX E) and AO 5, S. of 1998.

Expressed in equation form:

$$\text{CNI} = (\text{AGP} \times \text{SP}) \times \text{NIR}$$

0.12

Where: AGP = Annual Gross Production corresponding to the latest available 12-months gross immediately preceding the date of Field Inspection (FI)

The Commission used the same AGP data of DAR-LBP since the plant crops and planted area observed on site at the time of its field inspection differed substantially from the latter's findings in terms of area planted to specific crop. Ocular inspection showed at 85% of the area is more or less planted with sugarcane (ANNEX F)

SP = Average of the latest 12 months Selling Prices prior to the date of receipt of CF (claim folder)¹⁵ by LBP for processing

For sugar and molasses, the SP used is the average of the latest available 3- years Selling Prices prior to the date of FI by the Commission (ANNEX G). This deviation from the DAR formula was made to reflect present values as contemplated in the definition of market value and highest and best use under AO No. 5, Series of 1998 and the Philippine Valuation Standards 1st Edition 2009. Moreover, since the landowner was deprived of the use of the property from the time of acquisition up to the present, it is but just and fitting that he be "compensated" for the fruits or benefits of what was otherwise rightfully his had he been the one tilling the property particularly in the period 2009-2011 when the price of sugar and molasses reached unprecedented levels. Xxx

SUGAR

MOLASSES

Crop Year

SP/Lkg

SP/M.T.

2008-2009

P995.79

P4,428.06

2009-2010

1,661.24

7,433.01

2010-2011

2, 175.16

6,871.92

4,792.19 18,732.99

Divide by

_____3

_____3

AVERAGE SP P1,597.40 P6,244.33

NIR = Net Income Rate

Sugar - 24% for Negros Occidental (SRA)

Molasses - 67% for Negros Oriental (SRA)

Corn - 20%

xxx

CR = Capitalization Rate assumed at 12%

xxx

MV = Market Value per Tax Declaration (based on government assessment) ... which is the latest Tax Declaration and Schedule of Unit of Market Value (SUMV) issued prior to receipt of CF by LBP from DAR for processing grossed up to the date of receipt of CF by LBP

The Regional Consumer Price Index (RCPI) in January 1999, the date of SUMV Effectivity uses 1994 as its base year while that of July 2008, date of receipt of CF is based on 2000=100 index. To relate January 1999 RCPI with July 2008 RCPI, we need to rebase the January 1999 index to 2000 base year index as follows:

January 1999 RCPI = 146. 20

July 2008 RCPI = 168.10

January 1999 RCPI rebased to 2000 base year =January 1999 RCPI x 100

Average 2000 RCPI

=146.20 x100 = 91.02

160.625

RCPI ADJUSTMENT FACTOR = July 2008 RCPI x 100

January 1999 Rebased

RCPI

= 168.10

91.02 = 1.847

Substituting:

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

= (7, 406,166.1616 x 0.90)

= P1,871,463.1617 x 0.10)

= 6,665,549.54 + P187,146.32

= P6,852,695.86[18]

On top of the amount arrived at by the Commissioners, the Lower Court imposed an interest of twelve percent (12%). The RTC ratiocinated, the final compensation must include interest(s) on its just value to be computed from the time the property is taken until the time when compensation is actually paid or deposited with the court.[19] Hence, it ruled:

What is apparent in the records, though, is the fact that the lots were paid by respondent LBP on August 18, 2009 for and in behalf of the Republic of the Philippines. At this point, the Government has gained at least the right to possess the subject properties, thus, this date will be considered the time of taking, absent any evidence to show the actual date of taking. Thus, as a compensation for the time lost, legal annual interest of 12% is hereby imposed on the amount of discrepancy between the total initial deposit for both lots in the amount of Four Million Eight Hundred Fifty Thousand Seven Hundred and 22/100 pesos [P4,850,700.22 (P2,832,691.23 + P2,018,008.99)] and the total actual just compensation herein determined to be Six Million Eight Hundred Fifty-Two Thousand Six Hundred Ninety-Five and 86/100 pesos (P6,852,695.86), which gives a difference of Two Million One Thousand Nine Hundred Ninety-Five and 64/100 pesos (P2,001, 995.64) from the time of taking on August 18, 2009 until the same amount is actually paid by herein Respondent LBP.

Finally, the appointment of Commissioners to aid the Court in the determination of just compensation is indispensable in this proceeding. Consequently, both Petitioners and Respondents should shoulder the payment of Commissioners' fees in the total amount of Sixty Thousand Pesos (P60,000.00), to be paid equally by them.[20]

From the above discourse, the Lower Court resolved:

WHEREFORE, premises considered, the Court finds for the Petitioners, and hereby DIRECTS the Respondent Land Bank to pay the following: (1) the remaining balance of the just compensation to the Petitioners in the amount of Two Million One Thousand Nine Hundred Ninety-Five and 64/100 pesos (P2,001,995.64) with legal interest of 12% per annum, reckoned from August 18, 2009 up to the time when the whole amount is actually paid; and (2) its share in the Commissioners' fees in the amount of P30,000.00 Finally, Petitioners are likewise directed to pay its share in the Commissioners' fees in the same amount.[21]

The unfavorable ruling rendered by the Lower Court caused petitioner LBP to file a Motion for Reconsideration[22]. The same was however denied in an Order[23] dated July 22, 2011.

Petitioner now presents the following issues for this Court's Resolution:

A

WHETHER OR NOT THE SAC GRAVELY ERRED IN FIXING THE JUST COMPENSATION IN THE AMOUNT OF P6,852,695.86 FOR THE 43.5746 HAS. ON THE BASIS OF THE COMMISSIONERS' REPORT USING THE SELLING PRICE FOR SUGAR AND MOLASSES NOT IN ACCORD WITH JMC 15, SERIES OF 1999 DAR AO 5, SERIES OF 1998 AND IN VIOLATION OF THE RULING IN THE CASES OF LBP vs. BANAL 434 SCRA 543; LBP vs. CELADA, G.R. NO. 164876, 23 JANUARY 2006 AND REITERATED IN THE CASE OF LBP vs. LUZ LIM et. al., G.R. No. 171941.

B

WHETHER OR NOT THE SAC GRAVELY ERRED IN:

1. AWARDING LEGAL INTEREST OF TWELVE PER CENT [12%] PER ANNUM RECKONED FROM 12 AUGUST 2009 UP TO THE TIME THE WHOLE AMOUNT IS ACTUALLY PAID;
2. DIRECTING LBP TO SHARE IN COMMISSIONERS' FEES IN THE AMOUNT OF P60,000.00 OR P30,000.00 EACH.[24]

Petitioner avers, there is no dispute that the subject properties was covered by DAR under the Comprehensive Agrarian Reform Program of the government by virtue of the Voluntary Offer to Sell. Hence, the determination of just compensation for the subject properties is governed by the valuation factors provided under Section 17 of RA. 6657.[25]

SECTION 17. Determination of Just Compensation. —In determining just compensation, the cost of acquisition of the land, the current value of the 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 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.

DAR, as the primary agency in the implementation of the agrarian reform program of the government, pursuant to its rule-making power issued Administrative Order No. 5, Series of 1998, which embodied the formula for the valuation of just compensation of lands acquired under RA 6657.[26]

Citing jurisprudence, petitioner avers that in determining just compensation it is mandatory to consider the factors laid down in Section 17 of RA 6657.[27]

In arriving at different land valuations, petitioners assert that the Commissioners applied erroneous data or input for Lot Nos. 42 and 49. Particularly, the selling price is not in accordance with DAR/LBP JMC 15, Series of 1999 and DAR AO 5, Series of 1998.

Petitioner LBP stresses, the Claim Folder was received by the former from DAR on September 4, 2008. Hence, in accordance with DAR Circular No. 05, Series of 1998 in conjunction with DAR/LBP JMC 15, Series of 1999, the applicable selling price data should have been the 12 months latest available selling price data from September 2008 and previous months.[28]

Contrary to the regulations imposed, the Commissioners used the selling price of sugar and molasses three (3) years or thirty-six (36) months average reckoned from 2009 to 2011. As a matter of fact, even at the time that the Commissioners conducted the ocular inspection in the year 2011, the data/inputs gathered were used, which is clearly a violation of DAR Circular No. 05, Series of 1998 and DAR/ LBP JMC 15, Series of 1999 mandating that the 12 months latest available selling price data from receipt of the claim folder, or from September 2008 and previous months shall be used.[29]

The court-appointed Commissioners' legal justification for using the average of the latest available 3-year Selling

Price prior to the date of FI to “compensate” the respondents for the fruits or benefits of what otherwise was rightfully theirs had they been the ones tilling the property particularly in the period of 2009-2011, is not in accord with existing law and jurisprudence.[30]

In support of its contention, petitioner cited the case of LBP vs. Lim et. al.[31] which reiterated the cases of LBP vs. Spouses Banal[32] and LBP vs. Leonila Celada[33]. To wit:

In determining just compensation, the RTC is required to consider several factors enumerated in Section 17 of R.A. 6657, as amended, xxx

These factors have been translated into a basic formula in DAR Administrative Order No. 6, Series of 1992, as amended by DAR Administrative Order No. 11, Series of 1994, issued pursuant to the DAR’s rule-making power to carry out the object and purposes of R.A. 6657, as amended. Xxx

Petitioner posits, the fact that the Supreme Court has already laid down the legal guidepost with respect to the proper and specific formula that must be used in the computation and determination of just compensation, all courts occupying the lower echelon of the judiciary hierarchy must, therefore, give their abiding respect thereto.[34]

For the second argument posed, petitioner asserts, the SAC (RTC) erred in awarding legal interest of twelve per cent (12%) reckoned from 12 August 2009 up to the time when the whole amount is actually paid. To petitioner, the imposition of interest on the whole amount has no basis in fact and law.[35]

It argues, that as early as December 10, 2008, the respondents had already used and benefited from the proceeds of the landholding upon its withdrawal of the said amount. Interest payment is ordinarily imposed in the nature of damages for delay in the payment of just compensation. In the case at bar, there can be no delay that may be attributed to LBP that would warrant an imposition of twelve per cent (12%) interest.[36]

Finally, the SAC erred in directing LBP to share in the Commissioners' fees in the amount of P60,000.00. As the instrumentality that implements the government's agrarian reform program, LBP is performing a governmental function in its capacity as the financial intermediary of the CARP. Hence, it is not liable for costs unless otherwise provided by law.[37]

In a resolution³⁸ dated February 29, 2012, We required respondents to file Comment to the petition filed. On March 12, 2012, in compliance to this Court's directive, respondents filed their Comment thereto.

Respondents submit the following reasons for denying due course to LBP's petition:

- Defective and Insufficient Verification and Certification against forum shopping of the petitioner Land Bank's Petition for Review.
- Petitioner Land Bank's Petition for Review is filed out of time.
- The Decision of the court a quo is in accord with the evidence on record, the applicable laws and existing jurisprudence.[39]

Respondents argue that the compensation the petitioner Land Bank insists to be due to them does not approximate, or is far from being, the “just compensation” mandated by existing laws and applicable jurisprudence. They assert, the valuation insisted by petitioner has been arrived at by mere mathematical computation without looking into every aspect of determining the value of the property as dictated by the spirit of the guideposts established under Section 17 of R.A. 6657.[40]

From the Comment filed by respondents, petitioner filed its Reply[41]. Petitioner contends, respondents raised

several issues which were intended to brush aside the correct and pivotal issue raised in the instant Petition.[42]

In support of the above contention, petitioner raised the failure of respondents to controvert in their Comment its position that the Commissioners applied or used erroneous data or inputs in coming up with the valuation of respondents' Lots 42 and 49.[43]

ISSUES

I

Whether or not the RTC-SAC correctly determined the just compensation for the subject properties;

II

Whether or not the RTC-SAC erred in imposing a twelve percent (12%) per annum interest on the just compensation arrived at;

III

Whether or not the RTC-SAC erred in ordering petitioner to jointly pay the Commissioners' fees.

OUR RULING

Just compensation paid for lands taken pursuant to the State's agrarian reform program refers to the "full and fair equivalent of the property taken from its owner by the expropriator x x x [the measure of which] is not the taker's gain but the owner's loss. The word "just" is used to intensify the meaning of the word 'compensation' to convey the idea that the equivalent to be rendered for the property to be taken shall be real, substantial, full and ample." [44]

The procedure for the determination of just compensation cases under R.A. No. 6657, as summarized in *Land Bank of the Philippines v. Banal*, is that initially, the Land Bank is charged with the responsibility of determining the value of lands placed under land reform and the compensation to be paid for their taking under the voluntary offer to sell or compulsory acquisition arrangement. The DAR, relying on the Land Bank's determination of the land valuation and compensation, then makes an offer through a notice sent to the landowner. If the landowner accepts the offer, the Land Bank shall pay him the purchase price of the land after he executes and delivers a deed of transfer and surrenders the certificate of title in favor of the government. In case the landowner rejects the offer or fails to reply thereto, the DAR Adjudicator conducts summary administrative proceedings to determine the compensation for the land by requiring the landowner, the Land Bank and other interested parties to submit evidence as to the just compensation for the land. A party who disagrees with the Decision of the DAR Adjudicator may bring the matter to the RTC designated as a Special Agrarian Court for the determination of just compensation.[45]

The LBP's valuation of lands covered by CARL is considered only as an initial determination, which is not conclusive, as it is the RTC, sitting as a Special Agrarian Court, that should make the final determination of just compensation, taking into consideration the factors enumerated in Section 17 of R.A. No. 6657 and the applicable DAR regulations.[46]

Thus, in determining just compensation, the RTC is required to consider the following factors: (1) the acquisition cost of the land; (2) the current value of the properties; (3) its nature, actual use, and income; (4) the sworn valuation by the owner; (5) the tax declarations; (6) the assessment made by government assessors; (7) the social and economic benefits contributed by the farmers and the farmworkers, and by the government to the property;

and (8) the non-payment of taxes or loans secured from any government financing institution on the said land, if any.[47]

In *Land Bank of the Philippines v. Celada*[48], the (Supreme) Court ruled that the factors enumerated under Section 17 of R.A. No. 6657 had already been translated into a basic formula by the DAR pursuant to its rule-making power under Section 49 of R.A. No. 6657. Thus, the Court held that the formula outlined in DAR AO No. 5, series of 1998, should be applied in computing just compensation.[49]

A review of the assailed Decision would reveal that the RTC-SAC has taken into consideration all other factors enumerated in Section 17 of R.A. No. 6657. The narrative report of the Commissioners relied upon by the RTC-SAC in arriving at the figures controverted, extensively discussed the scope of its appraisal. Viz:

The data contained in this report has been compiled by the appraisers from the following sources: inspection/research of the subject property to identify dimensions, nature, physical condition and any other physical factors: research of register of deeds', agrarian reform officer's and assessor's records, zoning maps and/or manuals to identify assessments, transfer activity, site parameters, etc. research and analysis of Sugar Regulatory Administration (SRA), Department of Agriculture (DA) Bureau of Agricultural Statistics (BAS), and National Statistics Office (NSO) statistical data to identify production, selling prices, and consumer price indices; research and analysis of Supreme Court rulings and jurisprudence on just compensation cases for CARP-covered landholdings acquired under R.A. No. 6657, as amended. Xxx

Aside from the above factors considered, the Commissioners' Report likewise took note of the Municipal Data, the Neighborhood Data, the Site Data as well as the Community Facilities and Utilities.[50]

From the examination of the records, the figures for the just compensation of the subject properties arrived at by petitioner LBP and the RTC-SAC differed when it considered the different values for the CNI of Lot Nos. 42 and 49.

The assailed decision of the RTC-SAC took the average of the subject properties selling price for sugar and molasses in the course of three (3) years from the crop years 2008-2009, 2009-2010 and 2010-2011.

In justifying the course of action taken, Commissioner Engr. Gregorio L. Uymatiao, Jr., explained:

xxx A: ... So I think the basic question here is why are we getting the average of three (3) years when the implementing rules specifically mention that it should be at the time of the submission of the folder. If we use that (,) we will arrive exactly at the valuation of the DAR... However, in Joint Memorandum No. 15, we would like to take note of Item "B" on the definition of net income rate. We all know that prices of sugar for the past two (2) years have increased tremendously so we are invoking this particular statement in the net income definition which says any significant increase in the computed land value vis-a-vis prevailing market value brought about by abnormal increase in the selling price of sugar may warrant a review of the net income rates prescribed under this guideline. So we are invoking this to be fair to the just valuation of the property, not for the government or landowner, but we consider it as appraiser as a fair market value, the amount which an owner might lose when this property is given to the beneficiaries. Xxx

The RTC-SAC erred in deviating from the formula imposed by law and its implementing rules.

Petitioner insists that the figures arrived at is contrary to existing law and jurisprudence. Particularly, it violates JMC No. 15, Series of 1999.[51] Petitioner argues, the applicable selling price data should have been the twelve (12) months latest available selling price data from 2008 and previous months.

Upon examination of the cited Joint Memorandum Circular, We find that the said memorandum provides for the procedure to compute for the selling price in order to arrive at the property's CNI: "Determine the average of the latest available 12-months selling price of sugar and molasses from the SRA (Annex A) prior to the date of receipt of the Claim Folders (CF) by LBP for processing." [52]

Section 57 of R.A. No. 6657 explicitly vests in the RTC-SAC the original and exclusive jurisdiction to determine just compensation for lands taken pursuant to the State's agrarian reform program.

To guide the RTC-SAC in the exercise of its function, Section 17 of R.A. No. 6657 enumerates the factors that the RTC-SAC must take into account in its determination.

On the other hand, to ensure the agrarian reform law's proper implementation, Section 49 of R.A. No. 6657 empowers the DAR to issue such rules and regulations necessary for the purpose. Thus, corollary to the agrarian reform law's guidelines, the DAR issued DAR AO 6-92, as amended by DAR AO 11-94 and, recently, by DAR AO 5-98, that incorporated, into a basic formula, Section 17's enumerated factors providing the details by which "just compensation" is to be properly approximated.

Equally settled, however, in jurisprudence is the RTC-SAC's duty to consider the factors enumerated under Section 17 of R.A. No. 6657 and the DAR formula that embodies these factors in determining just compensation.

Recently, the (Supreme) Court, in *Land Bank of the Philippines v. Yatco Agricultural Enterprises*, [53] had the occasion to reiterate and stress the need to apply and consider the factors and formula prescribed under Section 17 of R.A. No. 6657 and the pertinent DAR issuances.

Citing *Land Bank of the Philippines vs. Honeycomb Farms Corporation* [54], (The Supreme Court) ...pointedly declared as grave error, on the RTC-SAC's part, its complete disregard of the DAR formula. (The Supreme Court) emphasized that the DAR's issuances partake of the nature of statutes that have in their favor a presumption of legality. And, unless the administrative orders are declared invalid or the cases before them involve situations the(se) administrative issuances do not cover, the RTC-SAC must apply them with the equal force of the law. [55]

In a litany of cases involving the determination of just compensation involving the CARL, the Supreme Court has stressed stressed that the factors identified in R.A. 6657, and the formula as translated by the DAR in its implementing rules, are mandatory and not mere guides that the RTC-SAC may disregard. [56]

The Supreme Court has held:

While the determination of just compensation is essentially a judicial function vested in the RTC acting as a SAC, the judge cannot abuse his discretion by not taking into full consideration the factors specifically identified by law and implementing rules. SACs are not at liberty to disregard the formula laid down by the DAR, because unless an administrative order is declared invalid, courts have no option but to apply it. The SAC cannot ignore, without violating the agrarian law, the formula provided by the DAR for the determination of just compensation. [57]

Thus, as clearly stated in DAR AO No. 5, the SP for purposes of computing the CNI, must be the average of the latest available 12-months selling prices prior to the date of receipt of the claim folder by LBP, to be secured from the DA, Bureau of Agricultural Statistics or other appropriate regulatory bodies. [58]

In other words, (the) ruling in *Yatco* underscored the settled rule that, in the exercise of the essentially judicial function of determining just compensation, the RTC-SAC is not granted unlimited discretion. It must consider and apply the R.A. No. 6657-enumerated factors and the DAR formula (that reflects these factors) as they provide the

uniform framework or structure by which just compensation for property subject to agrarian reform should be determined. This uniform system, ... is important for it will ensure that the RTC-SACs “do not arbitrarily fix an amount that is absurd, baseless and even contradictory to the objectives of our agrarian reform laws as just compensation” in addition to ensuring that “the just compensation fixed represents, at the very least, a close approximation of the full and real value of the property taken that is fair and equitable for both the farmer-beneficiaries and the landowner.” [59]

In the case of *Land Bank of the Philippines vs. Department Of Agrarian Reform and Metraco Tele-Hygienic Services Corporation*[60], the the Court of Appeals sustained the RTC-SAC's computation of the selling price of palay holding that the NFA certification... as well as the receipts issued by the Republic Cereal Corporation showing ...the buying price of palay ...are recognized by DAR AO No. 5 under Item II.B.1 thereof.

The CA noted that the data from the DA thru the certification issued by the Municipal Agrarian Reform Officer (MARO) of Ramon, Isabela, relied upon by petitioner, is unreliable and inaccurate considering that: (1) it did not have figures for the months of July, August and December 2000, as well as for January and May 2001; and (2) it contained abnormal prices for the months of October and November 2000 as shown by the notation therein that “Selling price below normal due to continuous rain and typhoons experienced during these months.”

Said ruling was however overturned by the Supreme Court. In declaring error on the part of the CA and the RTC-SAC, the High Tribunal declared:

It can be safely presumed that the fluctuations in the selling price of palay were already taken into consideration since only the average of these available prices within the 12 months prior to the receipt of the CF, will be used in computing the CNI. (Underscoring Supplied) Hence, the (RTC-)SAC and CA clearly erred in completely disregarding the data provided by the MARO simply because it contained a notation that the figures indicated for two months (October and November 2000) were not normal due to typhoons.

As can be gleaned from the above ruling, the Supreme Court found no merit in the notation of the MARO regarding the abnormal prices of the palay for two months months.

By the same analogy, We too may not consider the observation of the Commissioners that the prices for the sugar have tremendously increased over the past two (2) years.

Based on the cited ruling, the average twelve (12) month period has sufficiently factored the possible fluctuation in the prices of the commodity.

From the foregoing, We find the RTC-SAC to have gravely erred in making use of the latest available 3-year selling price prior to the date of the FI. This deviation from the DAR formula is a clear violation of established laws and jurisprudence.

The RTC-SAC erred in imposing
a twelve percent (12%) interest on
the amount of just compensation
determined.

The (Supreme) Court has allowed the grant of interest in expropriation cases where there is delay in the payment of just compensation.[61] In numerous cases, it recognized that the interest imposed in case of delay in payments in agrarian cases is 12% per annum[62] as "the imposition x x x is in the nature of damages for delay in payment which in effect makes the obligation on the part of the government one of forbearance." [63]

However, We find no reason to apply the above-quoted jurisprudence in the case at bar. The Commission itself

admitted that if they followed the formula prescribed by the DAR, they would have arrived at the same valuation determined by DARAB. Hence, the amount of just compensation determined by DARAB is not in issue. Moreover, the allegation of petitioner that as early as December 10, 2008, respondents had already used and benefited from the proceeds of the landholdings upon withdrawal of the amount determined remains unrefuted by the latter. Such claim is also supported by a Certification of Deposit^[64] issued by petitioner LBP to the Department of Land Reform attesting to the deposit of the just compensation determined in favor of respondents.

Considering that no delay may be attributed to petitioner in the payment of just compensation, We find the imposition of the RTC-SAC a twelve percent (12%) on the amount due to respondents to be erroneous.

The RTC-SAC did not err in ordering petitioner LBP to jointly pay the Commissioners' fees.

Finally, We settle the issue of whether petitioner may be adjudged with the liability for the payment of the Commissioners' Fees.

In the case of *Land Bank of the Philippines vs. Veronica Atega Nable*^[65], the Supreme Court sustained the imposition of payment for the Commissioners' fees against petitioner LBP. In doing so, the High Court cited Section 16, Rule 141 of the Rules of Court, expressly recognizing such fees.

Section 16. Fees of commissioners in eminent domain proceedings. – The commissioners appointed to appraise land sought to be condemned for public uses in accordance with the rules shall each receive a compensation to be fixed by the court of not less than (P300.00) Pesos per day for the time actually and necessarily employed in the performance of their duties and in making their report to the court which fees shall be taxed as a part of costs of the proceedings.

In relation to the above-cited section, We find Section 12, Rule 67 of the Rules of Court relevant in determining who bears the cost of the Commissioners' Fees.

SEC. 12. Costs, by whom paid. — The fees of the commissioners shall be taxed as a part of the costs of the proceedings. All costs, except those of rival claimants litigating their claims, shall be paid by the plaintiff, unless an appeal is taken by the owner of the property and the judgment is affirmed, in which event the costs of the appeal shall be paid by the owner.”

However, in the instant case, the records are devoid of proof as to the actual number of days that the Commissioners spent in relation to the case at hand. Hence, this Court cannot make a determination as to the propriety of the amount imposed on the part of petitioner. Consequently, a remand of this case to the RTC-SAC is necessary for the reception of evidence relevant to the determination of the Commissioners' fees taking into consideration the above-quoted guidelines.

WHEREFORE, the Petition for Review is hereby GRANTED. The Decision of the RTC-SAC dated June 29, 2011 in Civil Case No. 2010-14518 is REVERSED and SET ASIDE. A new one is entered as follows:

- AFFIRM the Order^[66] of the DARAB dated February 27, 2009 in DARAB CASE NO. VII-LV407-NO-09 and DARAB CASE NO. VII- LV408-NO-09;
- DELETE the imposed twelve percent (12%) interest on the just compensation determined;
- REMAND the instant case to the Regional Trial Court for the determination of the Commissioners' fees in compliance with prescribed rules.

SO ORDERED.

Lagura-Yap, M.B., and Lopez, J.Y., JJ., concur.

[1] Rollo, page 13.

[2] Ibid. page 71.

[3] Id., page 87.

[4] Id., page 18.

[5] Id., pages 18-19.

[6] Id., page 132.

[7] Id., page 71.

[8] Id., page 172.

[9] Id., page 132.

[10] Id., page 72.

[11] Id., page 123.

[12] Id., page 126.

[13] Id., page 226.

[14] Id., page 228.

[15] Id., page 229.

[16]

CNI for Lot No. 42 = (4,588,429.69)

+

CNI for Lot No. 49 = (2,817,736.47)

7,406,166.16

Id., page 231.

[17]

MV for Lot No. 42 = (898,056.46)

+

MV for Lot No. 49 = (973,406.68)

1,871,463.14

Id., pages 231-232.

[18] Id., pages 228-229.

- [19] Id., page 235.
- [20] Id., page 85.
- [21] Id., page 86.
- [22] Id., page 88.
- [23] Id., page 87.
- [24] Id., pages 25-26.
- [25] Id., page 27.
- [26] Id., page 23.
- [27] Id., page 32.
- [28] Id., page 33.
- [29] Id., page 39.
- [30] Id., page 43.
- [31] G.R. No. 171941, August 2, 2007.
- [32] G.R. No. 143276, July 20, 2004.
- [33] G.R. No. 164876, January 23, 2006.
- [34] Id., page 52.
- [35] Id., page 53.
- [36] Id., pages 59.
- [37] Id., page 64.
- [38] Id., page 323.
- [39] Id., page 337.
- [40] Id., page 346.
- [41] Id., page 370.
- [42] Id.
- [43] Id., page 374.
- [44] Land Bank of the Philippines v. Benecio Eusebio, Jr., G.R. No. 160143, July 02, 2014.
- [45] Land Bank of the Philippines v. Federico Suntay, G.R. No. 188376, December 14, 2011.
- [46] Land Bank of the Philippines v. Luciano, G.R. No. 165428, November 25, 2009, 605 SCRA 426, 439.
- [47] Land Bank of the Philippines v. Heirs of Salvador Encinas and Jacoba Delgado, G.R. No. 167735, April 18, 2012.
- [48] G.R. No. 164876, January 23, 2006, 479 SCRA 495; 515 Phil. 467 (2006).

- [49] Land Bank of the Philippines v. Spouses Costo, G.R. No. 174647, December 5, 2012.
- [50] Id., pages 375-377.
- [51] Id., pages 374.
- [52] <http://www.lis.dar.gov.ph/documents/2113>
- [53] G.R. No.172551, January 15, 2014.
- [54] G.R. No. 169903, February 29, 2012.
- [55] Land Bank of the Philippines vs. Benecio Eusebio, Jr., G.R. No. 160143, July 02, 2014.
- [56] Land Bank of the Philippines v. Rufino, G.R. Nos. 175644 & 175702, October 2, 2009, 602 SCRA 399, 407.
- [57] Land Bank of the Philippines vs. Emiliano R. Santiago, Jr., G.R. No. 182209, October 3, 2012.
- [58] Land Bank of the Philippines v. Lim, G.R. No. 171941, August 2, 2007, 529 SCRA 129.
- [59] Land Bank of the Philippines vs. Benecio Eusebio, Jr., G.R. No. 160143, July 02, 2014.
- [60] G.R. No. 171840, April 4, 2011.
- [61] Land Bank of the Philippines vs. Wycoco, 464 Phil. 83, 100 (2004).
- [62] Apo Fruits Corporation v. Land Bank of the Philippines, G.R. No. 164195, October 12, 2010, 632 SCRA 727, 746, 754 (This Resolution was affirmed with finality in the Court's Resolution dated April 5, 2011, 647 SCRA 207, 230); Land Bank of the Philippines v. Wycoco, 464 Phil. 83, 100 (2004).
- [63] Land Bank of the Philippines v. Wycoco, 464 Phil. 83, 100 (2004).
- [64] Id., page 120.
- [65] G.R. No. 176692, June 27, 2012.
- [66] Id., page 121.

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