

LAND BANK OF THE PHILIPPINES, PETITIONER, VS. HEIRS OF JESUS S. YUJUICO, MARIETTA V. YUJUICO AND DR. NICOLAS VALISNO, SR., RESPONDENTS.*G.R. No. 184719. March 21, 2012*

Ponente: SERENO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-184719/>**SERENO, J.:**

Before us is a Petition for Review[1] under Rule 45 of the Rules of Court, assailing the 23 May 2008 Decision[2] of the Court of Appeals (CA) in CA-GR SP Nos. 90905 and 91047. The CA reversed the Decision of the Regional Trial Court (RTC), which upheld the assertion of Spouses Jesus Y. Yujuico and Marietta V. Yujuico (respondents) that they should be paid by the government in the amount of P150,000 per hectare of land distributed by public respondent Department of Agrarian Reform (DAR) to their farmer-beneficiaries.

Respondents were the registered owners of eight parcels of land as reflected in the following Transfer Certificates Title (TCT):[3]

- Lot 1 – 52.9200 hectares (TCT No. NT-77818)
- Lot 2 – 53.1741 hectares (TCT No. NT-77819)
- Lot 3 – 44.5588 hectares (TCT No. NT-174919)
- Lot 4 – 49.1347 hectares (TCT No. NT-77820)
- Lot 5 – 52.9200 hectares (TCT No. NT-77821)
- Lot 6 – 45.8068 hectares (TCT No. NT-77822)
- Lot 7 – 37.6290 hectares (TCT No. NT-77823)
- Lot 8 – 20.9027 hectares (TCT No. NT-110213)

The DAR claims that, following the mandate of Presidential Decree No. 27 (P.D. 27)[4] and Executive Order No. 228 (E.O. 228), Lots 3, 4, and 7 and parts of Lots 1, 5, and 6 were placed under the Operation Land Transfer (OLT) program of the government.[5] The remaining parts of Lots 1, 5, and 6 were covered by Republic Act No. 6657 (R.A. 6657), otherwise known as the Comprehensive Agrarian Reform Law of 1988 (CARL).[6] As a consequence of these moves, the properties were acquired by the DAR and thereafter distributed to the proper farmer-beneficiaries.

The Land Bank of the Philippines (LBP) offered respondents the amount of P2,422,883.88 as payment for their properties. Not satisfied with this amount, respondents filed an action for the payment of just compensation with the DAR Adjudication Board (DARAB) of Nueva Ecija, Cabanatuan City. After several hearings, the hearing adjudicator passed away.

Realizing that “there are many important and crucial issues related to the payment of just compensation, that are beyond the competence and jurisdiction of DARAB to decide and rule on,”[7] respondents filed a Complaint for determination and payment of just compensation[8] before the Special Agrarian Court (SAC) of the RTC on 20 August 2001, even before the DARAB could resolve the case. On 29 November 2001, they filed an Amended Complaint.[9]

Pending resolution of the Complaint, initial payments for some of the lots were accepted by respondents from the LBP. The parties agreed that these amounts should be deducted from whatever total amount the court would award to respondents. According to the LBP, P2,422,883.88 in the form of cash and bonds had already been deposited in the account of respondents.[10] However, Atty. Leandro Valisno, the lawyer and administrator of their properties, claims that his clients received only the following initial payments: P128,221.36 for Lot 1; P300,483.24 for Lot 4; P176,880.08 for Lot 5; and P205,516.75 for Lot 6[11] – or a total of P811,101.43. Yet, for no apparent reason, in the Memorandum they filed with this Court, they claim that the total amount they received as payment was only P810,806.43.[12]

During the pendency of the case with the trial court, Jesus Yujuico died. Consequently, his heirs—his surviving spouse and six of his children—were substituted as respondents in the case.[13]

In its Answer to the Amended Complaint,[14] the DAR avers that the determination of the just compensation for the Lots placed under the OLT program should be governed by the provisions of P.D. 27 and E.O. 228.[15]

Paragraph 4 of P.D. 27 reads:

For the purpose of determining the cost of the land to be transferred to the tenant-farmer pursuant to this Decree, the value of the land shall be equivalent to two and one-half (2 1/2) times the average harvest of three normal crop years immediately preceding the promulgation of this Decree;

Section 2 of E.O. 228 provides:

Sec. 2. Henceforth, the valuation of rice and corn lands covered by P.D. No. 27 shall be based on the average gross production determined by the Barangay Committee on Land Production in accordance with Department Memorandum Circular No. 26, Series of 1973, and related issuances and regulations of the Department of Agrarian Reform. The average gross production per hectare shall be multiplied by two and a half (2.5), the product of which shall be multiplied by Thirty Five Pesos (P35.00), the government support price for one cavan of 50 kilos of palay on October 21, 1972, or Thirty One Pesos (P31.00), the government support price for one cavan of 50 kilos of corn on October 21, 1972, and the amount arrived at shall be the value of the rice and corn land, as the case may be, for the purpose of determining its cost to the farmer and compensation to the landowner.

Lease rentals paid to the landowner by the farmer beneficiary after October 21, 1972, shall be considered as advance payment for the land. In the event of dispute with the land owner regarding the amount of lease rental paid by the farmer beneficiary, the Department of Agrarian Reform and the Barangay Committee on Land Production concerned shall resolve the dispute within thirty (30) days from its submission pursuant to Department of Agrarian Reform Memorandum Circular No. 26, Series of 1973, and other pertinent issuances. In the event a party questions in court the resolution of the dispute, the landowner's compensation claim shall still be processed for payment and the proceeds shall be held in trust by the Trust Department of the Land Bank in accordance with the provisions of Section 5 hereof, pending the resolution of the dispute before the court.

The DAR concludes that if the foregoing provisions were reduced to an equation, this would be the resulting formula: “Land Value (LV) = AGP x 2.5 x P35.00 x no. of has.”[16] The LBP concurs and asserts the same formula.[17]

As the taking of the other properties were carried out through the application of the provisions of the CARL, the DAR submits that it is the CARL that should be used or applied in determining the value of these properties.

The DAR issued Administrative Order No. 5, Series of 1998 (A.O. 5) in order to implement Section 17 of the CARL, which reads:

SEC. 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 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.

The LBP asserts that in determining the value of respondents' properties, it merely applied and conformed to the mandate of Section 17 of the CARL as implemented by A.O. 5.[18]

Respondents, for their part, explain that the lots expropriated yielded an average of 90-100 cavans per harvest per hectare. They claim that since their properties are surrounded by the Diapo River and the Tamale Creek, these have a natural year-round supply of irrigation water, making it possible for them to have two harvesting periods per year.[19]

Respondents thus insist that in determining the just compensation owed to them, the following formula should be adhered to: "90 cavans x 50 kgs. x 204.8507 has. x P6.00/kg. x 2 cropping season = total amount payable." [20]

They further submit that P.D. 27 is inapplicable to this case, since the Emancipation Patents (EPs) issued to the farmer-beneficiaries in Lots 1, 5, and 7[21] were issued "not in 1972 when P.D. 27 was approved, but just after the approval of CARP." [22] Since P.D. 27 is not the proper law to be applied, respondents assert thus:

Consequently, the just compensation for the aforementioned titled lands should legally be plugged and anchored in the vicinity of sales of lands thereat in 1988-1991 when said lands were issued E.P.s and other like titles.[23]

Respondents presented as a witness the Municipal Assessor, who testified that the prevailing market price of the properties in the area at the time they were taken was from P150,000 to P200,000 per hectare. This testimony was, in petitioner's opinion, corroborated by the testimonies of their other witness, the manager of a community rural bank in the area. The bank manager testified that he followed the aforementioned appraisal values in processing loan applications.[24]

Out of the 357.0461 hectares of agricultural land owned by respondents, the DAR took 204.8507 hectares, for which respondents demand that they be justly compensated in the amount of P30,727,605.[25] This amount is the product of 204.8507 hectares multiplied by P150,000.

The DAR claims that with respect to Lot 2 respondents have no cause of action against it, because it never endorsed to the LBP the alleged transfer of this property "for either processing and payment (R.A. 6657) or simply payment (P.D. 27/E.O. 228)." [26] In the same vein, the LBP also claims that no cause of action can be imputed to it by respondents in this regard. It contends that, until and unless the DAR endorses the claim folder of a particular landholding to respondents, there arises no obligation to determine the value of the lot—much less, pay the value thereof to the owners.[27]

The questions that need to be resolved in this case are the following:

- The exact land area actually taken by the government from respondents;

- The law that should be followed in determining the amount owed by the government to respondents for such taking; and
- The amount the government should pay respondents.

In a Decision[28] dated 30 January 2005, the RTC asserted that the Supreme Court had already declared the application of E.O. 228 and P.D. 27 in valuing expropriated properties as “unfair and unjust” to landowners,[29] to wit:

Tackling the issues formulated by the parties, the Supreme Court has ruled in several decisions that the application of Executive Order No. 228 in conjunction with the provisions of P.D. No. 27, used by defendants DAR and LBP, in arriving at a valuation of properties is unfair and unjust to the landowner. For just compensation means the equivalent for the value of the property at the time of its taking. Anything beyond is more and anything short of that is less, than just compensation.

The valuation at an average of P3,120.25 per hectare for the lands of plaintiffs covered by PD 27 is ridiculously low. Hence the formula used by the DAR and LBP using that provided under PD 27 and Executive Order No. 228 in arriving at the landholdings’ valuation should be disregarded.

On the other hand regarding those covered by R.A. 6657, the valuation at an average of P18,000.00 per hectare, more or less, is still low. In this connection the Court is convinced that it is not the just compensation contemplated by law.[30]

The trial court found that the actual area of the landholding placed under the coverage of land reform was 179.2302 hectares.[31] Finding that the price of P150,000 per hectare was more reflective of the actual value of the properties, the RTC awarded an amount of P26,884,530 in favor of respondents. The dispositive portion reads:

WHEREFORE, let judgment be rendered ordering defendant Department of Agrarian Reform through the defendant Land Bank of the Philippines to pay plaintiffs the Heirs of Jesus Yujuico, and Marietta Valisno-Yujuico, the total amount of Twenty Six Million Eight Hundred Eighty Four Thousand Five Hundred Thirty (P26,884,530.00) Philippine Currency, representing the just compensation of the property with a total area of 179.2302 hectares, situated at Digmala (formerly Macabaclay), Bongabon, Nueva Ecija, covered by: (1) TCT No. NT-77818; (2) TCT No. NT-77819; (3) TCT No. NT-174919; (4) TCT No. NT-77820; (5) TCT No. NT-77821; (6) TCT No. NT-77822; and (7) TCT No. NT-77823, with legal interest of six percent (6%) per annum from date of taking (which the Court determines to be November 29, 2001) until fully paid.

SO ORDERED.[32]

The RTC made no pronouncement in its Decision on Lot 8.

Both the LBP and the DAR filed their Motions for Reconsideration (MR), while respondents filed a partial MR. The trial court denied the MRs of LBP and the DAR on 22 July 2005, but it granted the partial MR of respondents and changed the date from which legal interest shall accrue—from 29 November 2001 to June 1989, because the EPs had been awarded to the land tillers as early as June 1988 until October 2001.

The LBP and the DAR filed Petitions for Review, which were later consolidated by the appellate court.

In determining whether to apply the formula ordered by P.D. 27 and E.O. 28 or that found in Section 17 of the CARL in relation to its implementing regulation A.O. 5, the CA ruled that it should be the law in effect on the date of payment and not—as the LBP insists—the law in effect at the time of the taking, to wit:

The question of what formula to use in determining the value of the property taken raises the corollary issue of whether the value should be computed as of the time of taking or time of payment. An erudite discussion of the issue in *Lubrico vs. Land Bank of the Philippines* 507 SCRA 415 underscores the date of payment as the

reckoning point in the determination of value. In that case, the landowners were deprived of their property since 1972 but had not yet received payment when the Supreme Court handed down its decision in 2006. The tribunal noted that expropriation proceedings had been initiated under PD 27 but were not completed when RA 6657 was passed. It was held that since the process was to be completed under RA 6657, the method of valuation in that statute must be followed.

The Land Bank still insists that the lands should be valued under the laws in effect at the time of taking. Hence, for lands taken under PD 27, the formula in PD 27 should be followed, for those under EO 228, the formula in EO 228 should be used, and for those under RA 6657, the formula of that statute should apply. However, from the very records of Land Bank, the earliest payment was made in March 1992 – long after CARP was in effect. Subsequent payments were effected until 2003. Following judicial doctrine, the valuation must be determined under RA 6657 as implemented by AO 5.[33]

In support of this stance, the CA stated that the date of taking used to be the date when the interest would begin to accrue. However, this Court, in *Land Bank of the Philippines v. Wycoco*,^[34] already ruled that “interest is no longer imposed x x x unless there is a finding of delay to justify interest as damages,”^[35] making any final determination—with regard to that date—completely superfluous.

Thereafter, the appellate court decided to order the return of the records of the case to the trial court “for the re-computation of the valuation of the properties.”^[36] The dispositive portion of the CA Decision reads:

IN VIEW OF THE FOREGOING, the decision subject of review is SET ASIDE. Let this case be remanded to the Special Agrarian Court for it to proceed with dispatch on the computation of the final valuation of the lands in accordance with our decision.

SO ORDERED.[37]

The LBP filed an MR^[38] of the CA Decision, but the motion was denied through a Resolution^[39] dated 30 September 2008. Hence, this appeal via a Petition for Review^[40] under Rule 45.

The LBP presents its own breakdown^[41] of the lots taken by the DAR; the respective land areas thereof; the law used as basis for the taking; the just compensation supposedly due to respondents for the expropriation of the said properties; and the status of the payment, viz:

1) Lot 1

a) Acquired under P.D. 27 and E.O. 228

-11.3945 hectares taken

-just compensation of P35,553.69 fully paid

b) Acquired under the CARL

-33.6187 hectares taken

-just compensation of P613,174.16 partially paid

2) Lot 4

a) Acquired under P.D. 27 and E.O. 228

-49.1347 hectares

-just compensation of P85,476.14 fully paid

3) Lot 5

a) Acquired under P.D. 27 and E.O. 228

-15.17186 hectares
-just compensation of P176,880.00 fully paid

b) Acquired under the CARL

-8.9257 hectares
- just compensation of P155,516.75 unpaid

4) Lot 6

a) Acquired under P.D. 27 and E.O. 228

-18.3063 hectares
- just compensation of P57,120.23 fully paid

b) Acquired under the CARL

-13.8215 hectares
- just compensation of P303,615.78 fully paid

5) Lot 7

a) Acquired under P.D. 27 and E.O. 228

-27.5143 hectares
-just compensation of P480,544.40 unpaid

The breakdown shows that only Lots 1(b), 5(b) and 7—all of which were taken pursuant to the CARL—remain unpaid.

This Court cannot determine, based on the allegations of the LBP, if the latter paid respondents P613,174.16 as part of an undetermined total sum for Lot 1(b), or if the bank has made an undetermined partial payment for the P613,174.16 it owes to respondents for Lot 1(b); the same is true for Lot 5(b). As to Lot 7, respondents claim that the entire amount of P480,544.40 remains unpaid.

The LBP prays that this Court annul and set aside the CA's Decision or, in the alternative, resolve the issue of just compensation by upholding the legality of the amount of ₱2,422,883.88 deposited in respondents' favor as just compensation.[42]

The trial court's finding with respect to the actual land area expropriated is supported by the evidence on record.

In the Memorandum[43] respondents submitted to the RTC on 13 September 2004, the 204.8507 hectares for which they demanded compensation in their original Complaint became 215.7187 hectares; and the P30,727,605 became P87,177,000. In the Memorandum[44] they submitted to this Court, the total land area was again changed from 215.7187 hectares to 204.8507 hectares. Meanwhile, their lawyer admitted that the total land area actually acquired by the DAR was only 204 hectares.[45]

Still, in the Memorandum submitted by respondents to this Court, they present no evidence or argument against the finding of the RTC that the actual land area taken from them was only 179.2302 hectares, to wit:

Respondents, from its inception, claimed payment for just compensation for their 204.8507 hectares of Rice Land acquired and distributed by petitioners to farmer beneficiaries. Nevertheless, the Special Agrarian Court made a findings (sic) that only 179.2302 hectares of respondent properties were actually taken for land reform. Be that as it may, respondents are primarily obsessed for a fair and just compensation contemplated by applicable rules and guidelines which is the equivalent of the value of the properties at the time of taking. Any

thing beyond is more and anything short of that is less than just compensation.[46]

For its part, the LBP claims that only a total of 201.8897 hectares was taken from respondents.[47] However, based on the breakdown presented in its Petition for Review, LBP now claims that only a total of 177.89026 hectares was taken from respondents.

The RTC resorted to several documents to ascertain the total landholding or actual area placed under the coverage of land reform. Taking all the pieces of evidence presented to it, the court found that the actual area acquired by the government was 179.2302 hectares, broken down as follows:

Lot 1 - 11.3945

- 31. 2950

Lot 2 - 21.6034

Lot 3 - 22.1848

Lot 4 - 27.3940

Lot 5 - 15.7186

- 19.1239

Lot 6 - 18.3063

- 8.9257

Lot 7 - 3.2840

The RTC also ruled that even though LBP claimed that the DAR had never transmitted the folder of Lot 2 to the bank for payment, the evidence showed that 21.6034 hectares had actually been taken from respondents.

The trial court also found that respondents failed to present evidence to prove that Lot 8 had been acquired by the government for land reform.

The CA adopted these findings.

We sustain the foregoing factual findings of the trial court, as they are supported by the evidence on record. The trial court examined the annotations at the back of the titles of the properties, the allegations of the LBP in its Answer, and the letters from the Valuation and Landowner's Compensation Office of the LBP and, from there, arrived at the aforementioned figures.[48]

If the issue of just compensation is not settled prior to the passage of the CARL, the said compensation should be computed in accordance with the said law, even though the property was acquired under P.D. 27.

We shall now rule on the allegation of LBP that the RTC and the appellate court should have used either P.D. 27 in relation to E.O. 228 or the CARL in relation to A.O. 5—depending on which law was used to acquire the properties—in determining just compensation.

LBP avers that the CA erred when the latter ordered the RTC to determine the value of respondents' rice lands, following the mandate of the CARL, even though these lots were acquired pursuant to P.D. 27 and E.O. 228.[49] LBP argues that E.O. 229, which provides for the mechanism of the CARL, specifically states that P.D. 27 shall continue to operate with respect to rice and corn lands covered thereunder despite the passage of the CARL.[50] The LBP thus insists that the valuation of lands acquired under the OLT should be made in accordance with the mandate of P.D. 27 and E.O. 228, because the CARL did not repeal or supersede P.D. 27.[51]

Resolving these allegations, the trial court boldly proclaimed that this Court, in Export Processing Zone Authority

v. Dulay,[52] had already declared the use of E.O. 228 and P.D. 27 in valuing expropriated properties as “unfair and unjust” to the landowner.[53]

The case cited above focused on the validity of certain provisions that dictate the proper method for computing just compensation. We declared as unconstitutional these provisions in P.D. 76, 464, 794 and 1533. We ruled that the methods of valuation found in those laws may serve only as guiding principles or one of the factors to be considered in determining just compensation, but they may not substitute for the court’s own judgment as to what amount should be awarded and how to arrive at that amount. We held that the determination of just compensation is ultimately a judicial function, to wit:

The determination of “just compensation” in eminent domain cases is a judicial function. The executive department or the legislature may make the initial determinations but when a party claims a violation of the guarantee in the Bill of Rights that private property may not be taken for public use without just compensation, no statute, decree, or executive order can mandate that its own determination shall prevail over the court’s findings. Much less can the courts be precluded from looking into the “justness” of the decreed compensation.[54]

Thus, this Court ruled that those provisions are unconstitutional insofar as they allow an impermissible encroachment on judicial prerogatives.

Export Processing Zone Authority v. Dulay never discussed P.D. 27. Contrary to the trial court’s assertion, we had already affirmed the constitutionality of P.D. 27 in *Sigre v. Court of Appeals, et al.*,[55] viz:

The objection that P.D. 27 is unconstitutional as it sets limitations on the judicial prerogative of determining just compensation is bereft of merit. P.D. 27 provides:

“For the purpose of determining the cost of the land to be transferred to the tenant-farmer pursuant to this Decree, the value of the land shall be equivalent to two and one half (2 ½) times the average harvest of three normal crop years immediately preceding the promulgation of this Decree;”

x x x x x x x x

The determination of just compensation under P.D. No. 27, like in Section 16 (d) of R.A. 6657 or the CARP Law, is not final or conclusive. This is evident from the succeeding paragraph of Section 2 of E.O. 228.

x x x x x x x x

x x x, unless both the landowner and the tenant-farmer accept the valuation of the property by the Barrio Committee on Land Production and the DAR, the parties may bring the dispute to court in order to determine the appropriate amount of compensation, a task unmistakably within the prerogative of the court.

What is clear from all of these instances is that although a law may suggest or provide a method or formula to be used in determining the value of expropriated properties or just compensation, the value arrived at in applying it is not and should not be considered final and absolute. No law can deprive the courts of the power to review, alter, or modify the amount arrived at if they believe it to be unfair or unjust. The final determination of the proper amount of compensation still rests upon the court.

This Court has already categorically declared in *LBP v. Domingo Soriano*[56] that if the issue of just compensation is not settled prior to the passage of the CARL, it should be computed in accordance with the said law, although the property was acquired under P.D. 27, viz:

In the instant case, while the subject lands were acquired under Presidential Decree No. 27, the complaint for just compensation was only lodged before the court on 23 November 2000 or long after the passage of Republic Act No. 6657 in 1988. Therefore, Section 17 of Republic Act No. 6657 should be the principal basis of the computation for just compensation. As a matter of fact, the factors enumerated therein had already been

translated into a basic formula by the DAR pursuant to its rule-making power under Section 49 of Republic Act No. 6657. The formula outlined in DAR Administrative Order No. 5, series of 1998 should be applied in computing just compensation, thus:

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

Where: LV = Land Value

CNI = Capitalized Net Income

CS = Comparable Sales

MV = Market Value per Tax Declaration.[57]

The same rule holds true for the present case. While some of the lands were acquired under P.D. 27, the Complaint for just compensation was lodged before the court only on 20 August 2001, long after the passage of the CARL, or on 15 June 1988.

We have, in several cases by reason of equity, applied the CARL in determining just compensation for lands acquired under P.D. 27 and before the effectivity of the CARL.[58]

Additional evidence is required to determine the precise amount already received by respondents; to determine the actual time of taking to identify when interest shall begin to accrue; and to supply the figures needed to apply the formula found in A.O. 5, series of 1998.

Respondents insist that the LBP erred when it followed A.O. 5 and relied on the market value of the lots, as reflected in respondents' Tax Declarations, because the bank should have used the prevailing market price of the lots at the time they were taken as mandated by the CARL.[59] In addition, respondents aver that the market value appearing on the Tax Declarations should not be used as basis, since they are not accurate, to wit:

Moreover, the market value appearing on the Tax Declaration of the property made as the basis of the defendant Land Bank in the determination of just compensation, is both incredible and unreliable for being purely self-serving. They are simply the product of the individual act of the landowners who are always inclined to declare a much lower market value to maximized (sic) tax liability. This procedure as a matter of fact has been exemplified thru the testimony given in court by the Municipal Assessor of Bongabon, N. Ecija.
x x x[60]

We disagree.

In *Land Bank of the Philippines v. Celada*,[61] the Court ruled that the factors enumerated under Section 17 of R.A. 6657 had already been translated into a basic formula by the DAR as reflected in A.O. 5, which provides:

A. There shall be one basic formula for the valuation of lands covered by VOS or CA:

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

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.

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:

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

A3. 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 $MV \times 2$ exceed the lowest value of land within the same estate under consideration or within the same barangay or municipality (in that order) approved by LBP within one (1) year from receipt of claimfolder.

In *Land Bank of the Philippines v. Spouses Banal*,^[62] we remanded the case to the SAC for further reception of evidence, because the trial court had based its valuation upon a different formula and had not conducted any hearing for the reception of evidence.

The mandatory application of the aforementioned guidelines in determining just compensation was reiterated in *Land Bank of the Philippines v. Lim*^[63] and *Land Bank of the Philippines v. Heirs of Eleuterio Cruz*,^[64] wherein we also ordered the remand of the cases to the SAC for the determination of just compensation strictly in accordance with the applicable DAR regulations.

With respect to the time of taking, the LBP believes that it should be the date P.D. 27 became effective, to wit:

7.33 The issue as to when is the date of taking which is the basis in the determination of just compensation, has long been settled in this jurisdiction. The Honorable Supreme Court in its doctrinal pronouncement in the case of *Locsin vs. Valenzuela*, *supra*, ruled that:

“In respect of land subjected to OLT, the tenant-farmers became the owners of the land they tilled as of the effective date of Presidential Decree No. 27, i.e., 21 October 1972. (Emphasis in the original)”^[65]

The RTC, on the other hand, decided to peg the time of taking from the filing of the Complaint, viz:

Based on the annotations on the titles, emancipation patents were awarded or issued as early as June 21, 1988 (EP 45739/TCT NT-77818), others were issued on different dates the latest of which is on October 11, 2001 (EP 87958/TCT NT-77822) or a span of thirteen (13) years. for practical purposes therefore, the Court arbitrarily sets the date of taking on November 29, 2001 when the Amended Complaint (p. 45, record) was filed.^[66]

It is necessary to determine the actual time of taking, as it is the value of the properties at that time that should be used to compute the just compensation. It will also be the date when the applicable interest in expropriation cases begins to accrue. The exact date when each property was taken from respondents cannot be determined from the evidence already presented by the parties.

The exact amount already paid to and received by respondents as initial payment should also be determined, as this amount will be deducted from whatever amount will be awarded to them as just compensation.

According to the LBP, P2,422,883.88 has already been deposited in the account of respondents.^[67] However, the latter claim that the total amount they have received as payment is only P810,806.43.^[68]

Neither the RTC nor the appellate court made a pronouncement as to the total amount already received by respondents as initial payment.

The evidence on record is not sufficient to enable this Court to determine the said amount.

We find that since some of the lands had already been acquired even before the CARL became effective, the

acceleration of the final disposition of this case is warranted. Hence, we deem it best to commission the CA as our agent pro hac vice to receive and evaluate the evidence of the parties. Its mandate is to ascertain the just compensation due in accordance with this Decision, applying Section 17 of R.A. 6657 and A.O. 5.[69]

The case is remanded to the appellate court, which is ordered to require the parties to submit further evidence to establish the actual amount already received by respondents as payment for their properties and the actual date of the taking thereof. The CA is also ordered to admit evidence to determine the Market Value per Tax Declaration of the expropriated properties and the capitalized net income and/or the comparable sales thereof. The resulting figures shall be used to compute the land value using the equation reflected in A.O. 5.

WHEREFORE, in view of the foregoing, the Petition is PARTLY GRANTED, and the case is REMANDED to the Court of Appeals, Manila, which is ordered to do as follows:

(1) RECEIVE evidence and DETERMINE the exact amount already paid to and received by respondents, Heirs of Jesus S. Yujuico, as initial payment for the taking of the following:

- (a) 42.6895 hectares taken from TCT No. NT-77818
- (b) 21.6034 hectares taken from TCT No. NT-77819
- (c) 22.1848 hectares taken from TCT No. NT-174919
- (d) 27.3940 hectares taken from TCT No. NT-77820
- (e) 34.8425 hectares taken from TCT No. NT-77821
- (f) 27.2320 hectares taken from TCT No. NT-77822
- (g) 3.2840 hectares taken from TCT No. NT-77823

(2) RECEIVE evidence and DETERMINE the actual date when the government took possession of each of the above-listed properties or when the Department of Agrarian Reform distributed them to the farmer-beneficiaries.

(3) RECEIVE evidence and DETERMINE with dispatch the following values of the properties enumerated in the first paragraph:

- (a) Market Value per Tax Declaration at the time of taking; and
- (b) Capitalized Net Income and/or the Comparable Sales at the time of taking.

(4) COMPUTE the just compensation due respondents for the 179.2302 hectares taken from them by using the foregoing established values of the expropriated properties in accordance with the guidelines set by Section 17 of R.A. 6657 and the formula decreed in DAR A.O. No. 5, series of 1998.

(5) SUBTRACT from the determined total amount of just compensation the determined total amount already received by respondents as initial payment.

(6) IMPOSE on the resulting amount the applicable interest rate from the time of the taking of the properties until the full payment thereof.

The Court of Appeals is directed to conclude the proceedings and submit to this Court a report on its findings and recommended conclusions within forty-five (45) days from notice of this Decision. The Court of Appeals is further directed to raffle the case immediately upon receipt of this Decision.

SO ORDERED.

Carpio, (Chairperson), Brion, Perez, and Reyes, JJ., concur.

[1] Rollo, pp. 23-74.

[2] Rollo, pp. 9-19; Penned by Associate Justice Mario L. Guariña III and concurred in by Associate Justices Japar B. Dimaampao and Romeo F. Barza.

[3] Rollo, p. 238.

[4] P.D. 27, October 21, 1972, Decreeing the Emancipation of Tenants from the Bondage of Soil, Transferring to them the Ownership of the Land they Till and Providing the Instruments and Mechanism Therefor.

[5] E.O. 228, July 17, 1987, 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.

[6] Rollo, p. 260.

[7] Id. at 239.

[8] RTC Records, pp. 2-7.

[9] Rollo, pp. 237-244; RTC Records, pp. 45-52.

[10] Rollo, p. 35.

[11] RTC Records, p. 380.

[12] Rollo, p. 456.

[13] RTC Records, p. 383.

[14] Rollo, pp. 230-232.

[15] Rollo, p. 232

[16] Rollo, p. 261.

[17] See rollo, p. 341.

[18] Rollo, p. 341.

[19] Id. at 241.

[20] Id. at 242

[21] See rollo, p. 344.

[22] Rollo, p. 344.

[23] Id. at 344-345.

[24] Id. at 345.

[25] Id. at 241.

[26] Id. at 260.

[27] Id. at 342.

[28] RTC Records, pp. 377-387, penned by Judge Lydia Bauto Hipolito.

- [29] RTC Records, p. 384 citing *Export Processing Zone v. Dulay*, 233 Phil. 313 (1987).
- [30] *Id.* at p. 384.
- [31] *Id.* at 386.
- [32] *Id.* at 387.
- [33] CA rollo, p. 636.
- [34] 464 Phil. 83 (2004).
- [35] Rollo, p. 17.
- [36] *Id.*
- [37] *Id.*
- [38] Rollo, pp. 92-128.
- [39] Rollo, p. 89.
- [40] *Id.* at 23-74.
- [41] See rollo, pp. 31-33.
- [42] Rollo, p. 70.
- [43] Rollo, pp. 343-349.
- [44] Rollo, pp. 454-464.
- [45] RTC Records, p. 380.
- [46] Rollo, p. 458.
- [47] See rollo, p. 48.
- [48] RTC Records, p. 386.
- [49] Rollo, pp. 43-44.
- [50] *Id.*
- [51] *Id.*
- [52] 233 Phil. 313 (1987).
- [53] RTC Records, p. 384.
- [54] *Supra* note 52, at 236.
- [55] 435 Phil. 711, 723-725 (2002).
- [56] G.R. Nos. 180772 and 180776, 6 May 2010, 620 SCRA 347.
- [57] *LBP v. Domingo Soriano*, G.R. Nos. 180772 and 180776, 6 May 2010, 620 SCRA 347, 353; citing *Land Bank of the Philippines v. Celada*, 479 SCRA 495, 508 (2006).
- [58] *LBP v. Heirs of Asuncion Añonuevo vda. de Santos*, G.R. No. 179862, 3 September 2009, 598 SCRA 115.

[59] Rollo, p. 345.

[60] Id.

[61] Land Bank of the Philippines v. Celada, 515 Phil. 467, 480 (2006).

[62] 478 Phil. 701 (2004).

[63] G.R. No. 171941, 2 August 2007, 529 SCRA 129.

[64] G.R. No. 175175, 29 September 2008, 567 SCRA 31.

[65] Rollo, p. 63.

[66] RTC Records, p. 387.

[67] Rollo, p. 35.

[68] Id. at 456.

[69] LBP v. Luciano, G.R. No. 165428, 25 November 2009, 605 SCRA 426.

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.