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WHEREFORE, the petition is hereby *GRANTED*. Let the records of the case be remanded to the office of origin, the Regional Office IV of the Department of Labor and Employment, for determination of the status of petitioner's legal personality. If petitioner is still a legitimate labor organization, then said office shall conduct a certification election subject to the usual pre-election conference.

SO ORDERED.

Ynares-Santiago,[*] *Carpio (Acting Chairperson),*[**] *Leonardo-de Castro,* and *Brion,*[***] *JJ.,* concur.

THIRD DIVISION

[G.R. No. 168453. March 13, 2009]

LAND BANK OF THE PHILIPPINES, *petitioner, vs.* **HERNANDO T. CHICO and LORNA CHICO, in her capacity as Attorney-In-Fact,** *respondents.*

SYLLABUS

1. POLITICAL LAW; POWER OF EMINENT DOMAIN; JUST COMPENSATION; DEFINED AND CONSTRUED. — In *Land Bank of the Philippines v. Spouses Placido Orilla and Clara Dy Orilla*, we had the occasion to explain the matter of just compensation: Constitutionally, "just compensation" is the sum equivalent to the market value of the property, broadly described as the price fixed by the seller in open market in the usual and ordinary course of legal action and competition,

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[*] Per Special Order No. 584 dated March 3, 20009.

[**] Per Special Order No. 583 dated March 3, 2009.

[***] Per Special Order No. 570 dated February 12, 2009.

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or the fair value of the property as between the one who receives and the one who desires to sell, it being fixed at the time of the actual taking by the government. Just compensation is defined as the full and fair equivalent of the property taken from its owner by the expropriator. It has been repeatedly stressed by this Court that the true measure is not the taker's gain but the owner's loss. The word "just" is used to modify the meaning of the word "compensation" to convey the idea that the equivalent to be given for the property to be taken shall be real, substantial, full, and ample.

2. ID.; ID.; ID.; PARAMETERS FOR THE DETERMINATION THEREOF UNDER THE COMPREHENSIVE AGRARIAN REFORM LAW. — Section 17 of R.A. No. 6657 which provides for the parameters in the determination of just compensation, reads as follows: 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 farm-workers 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.

3. ID.; ID.; ID.; RECKONING PERIOD FOR DETERMINATION THEREOF. — As to the legal basis of just compensation, we hold that the applicable law is R.A. No. 6657. Our recent ruling in *Land Bank of the Philippines v. Pacita Agricultural Multi-Purpose Cooperative, Inc., etc., et al.* is enlightening. Therein, the Court made a comparative analysis of cases that confronted the issue of whether properties covered by P.D. No. 27 and E.O. No. 228, for which the landowners had yet to be paid, would be compensated under P.D. No. 27 and E.O. No. 228 or under the pertinent provisions of R.A. No. 6657. We observed that in *Gabatin v. Land Bank of the Philippines* — a case which LBP invokes in this controversy — the Court declared that the reckoning period for the determination of just compensation should be the time when the land was taken, *i.e.*, in 1972, applying P.D. No. 27 and E.O. No. 228. However, the Court also noted that after *Gabatin*, the Court had decided

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several cases in which it found it more equitable to determine just compensation based on the value of the property at the time of payment. These cases are *Land Bank of the Philippines v. Natividad*, *Meneses v. Secretary of Agrarian Reform* and *Lubrica v. Land Bank of the Philippines*, including the earlier cases of *Office of the President v. Court of Appeals* and *Paris v. Alfeche*.

4. ID.; ID.; ID.; FINDINGS ON THE VALUATION OF THE SUBJECT PROPERTY, SUSTAINED. — Inasmuch as the determination of just compensation in eminent domain cases is a judicial function, the SAC did not capriciously or arbitrarily act in setting the price at ₱200,000.00 per hectare — an award merely modified by the CA. We see no reason to disturb the factual findings on the valuation of the subject property. The amount fixed by the SAC and CA does not appear to be grossly exorbitant or otherwise unjustified. In this case, the SAC properly arrived at the amount of just compensation for the subject property, taking into account its nature as irrigated land, market value, assessed value at the time of the taking, and the volume and value of its produce, as it made the following findings: (a) [t]he prevailing market value of agricultural lands in Quezon, Nueva Ecija, and adjacent areas, where it is of public knowledge is sold at ₱80,000.00 to ₱300,000.00 per hectare; (b) [t]he presence [and] availability of an irrigation system to augment and increase agricultural production; (c) [t]he available comparable sales in the area, *i.e.* ₱80,000.00, ₱300,000.00 and ₱200,000.00; and (d) [t]he average harvests per hectare which [is] 100.05 cavans. Thus, it cannot be said that the SAC had no basis for its valuation of the subject property. It took into consideration the important factors enumerated in Section 17 of Republic Act No. 6657 which, in turn, are the very same criteria that make up the DAR formula.

5. ID.; ID.; ID.; INTEREST IS ASSESSED ONLY IN CASE OF DELAY IN THE PAYMENT THEREOF. — In *Land Bank of the Philippines v. Wycoco*, this Court held that the interest of 12% per *annum* on the just compensation is due the landowner in case of delay in payment, which will, in effect, make the obligation on the part of the government one of forbearance. On the other hand, interest in the form of damages cannot be imposed where there is prompt and valid payment of just compensation. Interest on just compensation is assessed only

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in case of delay in the payment thereof, a fact which must be adequately proved. In this case, it is noteworthy that the LBP, all the while, believed in good faith in the validity of the LTPA, assumed that the acquisition of the subject property was by way of a VLT scheme, and, thus, was not obligated to finance the transfer. Given the foregoing, we find that the imposition of interest on the award of just compensation is not justified and should therefore be deleted.

6. REMEDIAL LAW; APPEALS; ONLY QUESTIONS OF LAW MAY BE RAISED BEFORE THE SUPREME COURT. — It is hornbook doctrine that under Rule 45 of the Rules of Court, only questions of law, not of fact, may be raised before the Supreme Court. This Court is not a trier of facts and it is not its function to re-examine and weigh anew the respective sets of evidence of the parties. Factual findings of the RTC, herein sitting as a SAC, especially those affirmed by the CA, are conclusive on this Court when supported by the evidence on record. The Court shall analyze or weigh the evidence again only in the exercise of discretion and for compelling reasons, because it is not our duty to review, evaluate, and weigh the probative value of the evidence adduced before the lower courts.

7. ID.; ID.; FAVORABLE RULING, *PRO HAC VICE*; RATIONALE. — In the exercise of our mandate as a court of justice and equity, we rule in favor of respondent despite the absence of claim folders *pro hac vice*. If respondent is deprived of the just compensation due him mainly because of the absence of claim folders which were not prepared by the DAR even after it had already taken the subject property and issued the EPs in favor of the FBs, we would be abetting the perpetration of a grave injustice on the respondent.

APPEARANCES OF COUNSEL

LBP Legal Department for petitioner.
Mario T. Garcia and Associates Law Office for respondents.

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D E C I S I O N

NACHURA, *J.*:

Before this Court is a Petition[1] for Review on *Certiorari* under Rule 45 of the Rules of Civil Procedure, seeking the reversal of the Court of Appeals (CA) Decision[2] dated March 17, 2005, which affirmed with modification the Decision[3] of the Regional Trial Court (RTC) of Cabanatuan City sitting as a Special Agrarian Court (SAC), dated May 17, 2004.

The Facts

The property subject of this controversy is the 8.3027[4]-hectare portion (subject property) of three (3) parcels of irrigated rice land particularly denominated as Lot Nos. 1, 2 and 3, located at Sitio Sta. Cruz, Sto. Tomas Feria, Quezon, Nueva Ecija, containing a total area of 12.2209 hectares and covered by Transfer Certificate of Title (TCT) No. N-18893[5] (entire property) in the name of respondent Hernando T. Chico (respondent).

In his Amended Petition[6] for Fixing Just Compensation dated June 2, 2002, filed before the SAC, respondent, as represented by his Attorney-in-Fact, herein respondent Lorna Chico (Lorna), asseverated that the subject property was taken by the Department of Agrarian Reform (DAR) and the title thereto transferred to farmer-beneficiaries (FBs) Amador Gamboa, Regino Ambrocio

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[1] *Rollo,* pp. 30-70.

[2] Particularly docketed as CA-G.R. SP No. 85806, penned by Associate Justice Eugenio S. Labitoria, with Associate Justices Amelita G. Tolentino and Lucenito N. Tagle, concurring; *id.* at 71-84.

[3] Particularly docketed as AGR. Case No. 154 (AF); *rollo*, pp. 162-172.

[4] Although petitioner LBP claims that, as stipulated by the parties per Order dated March 18, 2003, the total area covered by the DAR is 8.7337 hectares (records, pp. 188-192); however, the SAC and CA found that the area covered is only 8.3027 hectares.

[5] *Rollo,* pp. 121-122.

[6] *Id.* at 114-119.

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and Romualdo Francisco,[7] with the issuance of Emancipation Patents (EPs) in their favor on December 27, 1994, without prior notice to respondent and without payment of just compensation.

Traversing the petition, the DAR claimed that respondent was duly notified of the subject property's coverage under the Operation Land Transfer (OLT) program of the government and the compensation therefor was already agreed upon at ₱10,000.00 per hectare, pursuant to the Landowner-Tenant Production Agreement[8] (LTPA) executed between respondent and the FBs. DAR submitted that the petition for just compensation was baseless and ought to be dismissed.[9]

On the other hand, petitioner Land Bank of the Philippines (LBP) opined that it did not have any legal obligation to finance the said transfer because the folder claim of respondent was not duly endorsed for processing and payment and forwarded to the LBP by the DAR. LBP supposed that the transfer may have been made through the Voluntary Land Transfer (VLT) scheme wherein the landowner and the FBs agreed on the amount of just compensation and on the manner of payment, or the FBs may have already completed paying their amortizations in accordance with DAR's valuation. In any of these instances, DAR was no longer obligated to endorse the claim folder to LBP and, in turn, LBP was under no obligation to finance said transfer. Thus, respondent had no cause of action against LBP.[10]

Trial on the merits ensued. Witnesses testified and both parties submitted their respective sets of evidence.

The SAC's Ruling

On May 17, 2004, the SAC ruled that the price of ₱10,000.00 per hectare as just compensation for the subject property, as contained in the LTPA, could not be sustained in the absence of concrete proof that respondent and the FBs voluntarily agreed

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[7] Also referred to as "Ronaldo Francisco" in other pleadings and documents.

[8] *Rollo,* pp. 160-161.

[9] DAR's Answer with Motion to Dismiss; *id.* at 140-141.

[10] LBP's Answer; *rollo,* pp. 135-137.

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thereto; otherwise, respondent would not have filed the petition for just compensation before the SAC. Moreover, the SAC noted that it would have been unrealistic and illogical for respondent to agree that the subject property, which was a prime lot, should be priced at only ₱10,000.00 per hectare. Thus, the SAC held:

> WHEREFORE, judgment is hereby rendered ordering the Department of Agrarian Reform through the Land Bank of the Philippines to pay petitioner Hernando T. Chico the total amount of ONE MILLION EIGHT HUNDRED SIXTY THOUSAND FIVE HUNDRED FORTY THOUSAND (sic) PESOS (₱1,860,540.00), Philippine Currency, representing the just compensation for his property with a total area of 9.3027 hectares, situated at Sto. Tomas Feria, Quezon, Nueva Ecija, covered by *TCT No. N-18893*, with 12% legal interest annually, from date of acquisition, until fully paid.
>
> No costs.
>
> SO ORDERED.[11]

Upon an *Ex-Parte* Motion to Correct Clerical Errors[12] filed by respondent on May 24, 2004, the SAC amended the aforementioned Decision in its Order[13] dated May 26, 2004, thus:

> WHEREFORE, judgment is hereby rendered ordering the Department of Agrarian Reform through the Land Bank of the Philippines to pay petitioner Hernando T. Chico the total amount of ONE MILLION SIX HUNDRED SIXTY THOUSAND FIVE HUNDRED FORTY THOUSAND (sic) PESOS (₱1,660,540.00), Philippine Currency, representing the just compensation of his property with a total area of 8.3027 hectares, situated at Sto. Tomas Feria, Quezon, Nueva Ecija, covered by *TCT No. N-18893*, with 12% legal interest annually, from date of acquisition, until fully paid.
>
> No costs.
>
> SO ORDERED.

LBP filed a Motion for Reconsideration, arguing that the SAC should have considered October 21, 1972 as the date of

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[11] *Rollo*, p. 172.

[12] Records, pp. 256-257.

[13] *Rollo*, p. 173.

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taking, inasmuch as the subject property was acquired under Presidential Decree (P.D.) No. 27[14] and Executive Order (E.O.) No. 228;[15] thus, it erred when it applied instead Republic Act (R.A.) No. 6657[16] as the legal basis for just compensation. In the meantime, respondent filed an Urgent Motion for Partial Release,[17] a Motion for Issuance of Writ of Execution of the Judgment[18] and a Motion to Deposit in Court Money Judgment and Interests.[19] On July 29, 2004, the SAC denied LBP's Motion for Reconsideration and correlatively granted respondent's motion for execution, directing LBP to partially pay respondent the amount of ₱800,000.00 as just compensation.[20]

Aggrieved, LBP appealed to the CA with an application for the issuance of a Temporary Restraining Order (TRO) and/or Preliminary Injunction.[21] On September 29, 2004, the CA issued a TRO, enjoining the SAC from enforcing the Writ of Partial Execution.[22]

The CA's Ruling

On March 17, 2005, the CA affirmed the ruling of the SAC giving no probative value to the LTPA because of the absence

[14] Decreeing the Emancipation of Tenants from the Bondage of the Soil Transferring to Them the Ownership of the Land They Till and Providing the Instruments and Mechanism Therefore (October 21, 1972).

[15] 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 of P.D. No. 27, and Providing for the Manner of Payment by the Farmer Beneficiary and Mode of Compensation to the Landowner (July 17, 1987).

[16] An Act Instituting a Comprehensive Agrarian Reform Program to Promote Social Justice and Industrialization, Providing the Mechanism for Its Implementation, and for other Purposes, otherwise known as the Comprehensive Agrarian Reform Law of 1988 (June 10, 1988).

[17] Records, pp. 259-261.

[18] *Id.* at 290-292.

[19] *Id.* at 304-307.

[20] SAC's Order; *rollo,* pp. 174-180.

[21] CA *rollo,* pp. 11-49.

[22] *Id.* at 198-199.

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of concrete proof that the parties voluntarily agreed thereto. The CA concurred with the SAC's logic that respondent's act of filing the petition for fixing of just compensation was clear proof to the contrary. Moreover, the CA held that the ruling of the SAC was in accord with Sec. 21[23] of R.A. No. 6657. Citing our decision in *Land Bank v. Court of Appeals*,[24] the CA declared that the provisions of R.A. No. 6657 should now govern all cases of just compensation for the acquisition of lands while the provisions of P.D. No. 27 should only be suppletory in character. However, the CA ruled that the lease rentals collected from the FBs in 1991-1993, in the total amount of ₱178,200.00, should be treated as advance payments for the subject property and must be deducted from the just compensation due respondent. The CA also opined that the twelve (12%) percent interest imposed by the SAC had no legal basis. Pursuant to Sec. 26[25] of R.A.

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[23] Sec. 21 of R.A. No. 6657 provides:

SECTION 21. Payment of Compensation by Beneficiaries under Voluntary Land Transfer. — Direct payment in cash or in kind may be made by the farmer-beneficiary to the landowner under terms to be mutually agreed upon by both parties, which shall be binding upon them, upon registration with and approval by the DAR. Said approval shall be considered given, unless notice of disapproval is received by the farmer-beneficiary within 30 days from the date of registration.

In the event they cannot agree on the price of land, the procedure for compulsory acquisition as provided in Section 16 shall apply. The LBP shall extend financing to the beneficiaries for purposes of acquiring the land.

[24] 378 Phil. 1248 (1999).

[25] Sec. 26 of R.A. No. 6657 provides:

SECTION 26. Payment by Beneficiaries. — Lands awarded pursuant to this Act shall be paid for by the beneficiaries to the LBP in thirty (30) annual amortizations at six percent (6%) interest per *annum*. The payments for the first three (3) years after the award may be at reduced amounts as established by the PARC: Provided, That the first five (5) annual payments may not be more than five percent (5%) of the value of the annual gross production as established by the DAR. Should the scheduled annual payments after the fifth year exceed ten percent (10%) of the annual gross production and the failure to produce accordingly is not due to the beneficiary's fault, the LBP may reduce the interest rate or reduce the principal obligation to make the repayment affordable.

The LBP shall have a lien by way of mortgage on the land awarded to the beneficiary; and this mortgage may be foreclosed by the LBP for non-payment

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No. 6657 and P.D. No. 27, the CA imposed an interest of six percent (6%) per *annum* from the time of taking until full payment is made. Thus, the CA disposed of the case in this wise:

> WHEREFORE, premises considered, the DECISION dated May 17, 2004 and the ORDER dated July 29, 2004 of the Regional Trial Court Branch 23 of Cabanatuan City sitting as Special Agrarian Court in AGR. Case No. 154 are hereby AFFIRMED with modification that the amount of just compensation is reduced to ONE MILLION FOUR HUNDRED EIGHTY TWO THOUSAND THREE HUNDRED FORTY PESOS (₱1,482,340.00) with interest at the legal rate of six percent (6%) per annum from the time of taking until fully paid.
>
> SO ORDERED.[26]

On April 13, 2005, LBP filed a Motion for Reconsideration[27] which the CA denied in its Resolution[28] dated June 9, 2005.

Hence this Petition based on the following grounds:

A.

THE COURT OF APPEALS GRAVELY ERRED IN SUSTAINING THE SAC WHICH ORDERED THE PETITIONER TO PAY THE RESPONDENTS THE AMOUNT OF ₱1,482,340.00 AS JUST COMPENSATION FOR SUBJECT PROPERTY IN THE ABSENCE OF A LAND TRANSFER CLAIM COMING FROM DAR WHICH IS NECESSARY FOR THE PETITIONER TO PROCESS AND PAY THE JUST COMPENSATION CLAIM.

B.

ASSUMING *ARGUENDO* THAT THE PETITIONER IS LIABLE TO PAY JUST COMPENSATION SANS ANY LAND TRANSFER CLAIM, THE COURT OF APPEALS, IN USING FACTORS

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of an aggregate of three (3) annual amortizations. The LBP shall advise the DAR of such proceedings and the latter shall subsequently award the forfeited landholdings to other qualified beneficiaries. A beneficiary whose land, as provided herein, has been foreclosed shall thereafter be permanently disqualified from becoming a beneficiary under this Act.

[26] *Rollo*, pp. 82-83.

[27] *Id.* at 92-113.

[28] *Id.* at 87-88.

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PRESCRIBED IN SEC. 17 OF R.A. NO. 6657, GRAVELY ERRED IN SUSTAINING THE JUST COMPENSATION IN THE AMOUNT OF ₱1,482,340.00 WHICH TOTALLY DISREGARDED THE VALUATION FORMULA PROVIDED FOR UNDER P.D. 27, E.O. 228 AND THE LANDOWNER-TENANT PRODUCTION AGREEMENT (LTPA) DATED APRIL 19, 1987.

C.

THE COURT OF APPEALS GRAVELY ERRED IN AWARDING SIX PERCENT (6%) INTEREST PER *ANNUM* FROM THE TIME OF TAKING UNTIL FULL PAYMENT [OF] JUST COMPENSATION FOR THE SUBJECT PROPERTY.[29]

LBP claims that before it could make any payment to the landowner, as part of the legal process, it is necessary that the records or the Land Transfer Claim (LTC) should be endorsed by DAR to LBP, because without such records, LBP has nothing to evaluate, value, process, and pay; that the evidence showed that there were no records of DAR's acquisition of the subject property as no LTC was forwarded by DAR to the LBP because respondent actually entered into a VLT which pegged the amount of ₱10,000.00 per hectare as just compensation; that this amount was reasonable, considering that the agreement was entered into in 1987; that the LTPA, being a consensual contract bearing all the requisite formalities, was valid and binding upon the parties and must, therefore, be complied with in good faith; that LBP is duty-bound to protect the Agrarian Reform Fund (ARF) from being illegally disbursed, hence, any disbursement from the ARF, being a public fund, must comply with the usual and accepted accounting and auditing rules and procedure such as the existence of the LTC; and that the CA did not resolve the issue whether or not LBP was legally obliged to compensate respondent in the absence of any LTC. Moreover, LBP argues that assuming *arguendo* that it is legally obliged to finance the transfer herein, the CA erred in making the award based on R.A. No. 6657 and not on P.D. No. 27 and/or E.O. No. 228 and the LTPA; that the CA seriously erred when it upheld the SAC's use of the zonal valuation of the subject property in the

[29] *Id.* at 268-269.

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amount of ₱200,000.00 per hectare since that valuation is intended only for taxation purposes and not for the determination of just compensation under P.D. No. 27 and/or E.O. No. 228; that the determination by the SAC of the amount of just compensation was highly speculative, conjectural and lacked legal basis; and that the CA improperly imposed an annual six percent (6%) compounded interest on the amount of just compensation because R.A. No. 6657 does not provide for payment of interest. LBP submits that the amount of ₱10,000.00 per hectare, as agreed upon by the parties under the LTPA, should be sustained as just compensation in this case.[30]

Respondent counters that since December 27, 1994, he has been deprived of the subject property and yet, has never been paid by the LBP; that where there is delay in tendering a valid payment of just compensation, the imposition of interest is in order, citing *Land Bank of the Philippines v. Wycoco*;[31] that the determination of just compensation is not an administrative matter but a judicial function;[32] that all the issues raised by LBP were squarely discussed and resolved by the CA in its assailed Decision; that LBP repeatedly raises questions of fact in its petition, which is improper, because the factual findings of the SAC and the CA are binding and conclusive, and only questions of law may be reviewed by this Court under Rule 45 of the Rules of Civil Procedure. Respondent submits that the assailed CA Decision should be affirmed.[33]

Our Ruling

Significant is the absence of claim folders, or LTC, which would ordinarily impel us to remand this case to the SAC. However, even if the obvious recourse is to remand the case, considering the lapse of time, the efforts and resources exerted, and the age and physical condition of respondent, this Court

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[30] LBP's Memorandum dated August 25, 2006; *id.* at 261-294.

[31] 464 Phil. 83 (2004).

[32] Comment filed on October 15, 2005; *rollo*, pp. 187-200.

[33] Respondent's Memorandum dated August 15, 2006; *rollo*, pp. 240-259.

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deems it proper to resolve the case on the merits here and now, if only to write *finis* to this controversy.

In *Land Bank of the Philippines v. Spouses Placido Orilla and Clara Dy Orilla*,[34] we had the occasion to explain the matter of just compensation:

> Constitutionally, "just compensation" is the sum equivalent to the market value of the property, broadly described as 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 the one who receives and the one who desires to sell, it being fixed at the time of the actual taking by the government. Just compensation is defined as the full and fair equivalent of the property taken from its owner by the expropriator. It has been repeatedly stressed by this Court that the true measure is not the taker's gain but the owner's loss. The word "just" is used to modify the meaning of the word "compensation" to convey the idea that the equivalent to be given for the property to be taken shall be real, substantial, full, and ample.

Just compensation, under the premises, presupposes the expropriation or taking of agricultural lands for eventual distribution to agrarian reform beneficiaries. Section 17 of R.A. No. 6657 which provides for the parameters in the determination of just compensation, reads as follows:

> 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 farm-workers 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.

There is no question that, in this case, the subject property was expropriated. In fact, EPs have already been issued to the

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[34] G.R. No. 157206, June 27, 2008. (Citations omitted.)

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FBs, and respondent has been deprived of the use and the fruits of the subject property.[35] Yet, respondent remains unpaid. LBP disavows any liability to respondent, relying on the LTPA which, according to LBP, proves that respondent entered into a VLT scheme with the FBs. In the same breath, LBP insists that on the basis of the LTPA, the amount of just compensation must be pegged at ₱10,000.00 per hectare. Lastly, the LBP surmises that the LTPA is the reason why no claim folder or LTC was forwarded by the DAR to LBP. By and large, LBP invites us to look closely into the LTPA.

It is hornbook doctrine that under Rule 45 of the Rules of Court, only questions of law, not of fact, may be raised before the Supreme Court. This Court is not a trier of facts and it is not its function to re-examine and weigh anew the respective sets of evidence of the parties. Factual findings of the RTC, herein sitting as a SAC, especially those affirmed by the CA, are conclusive on this Court when supported by the evidence on record.[36] The Court shall analyze or weigh the evidence again only in the exercise of discretion and for compelling reasons, because it is not our duty to review, evaluate, and weigh the probative value of the evidence adduced before the lower courts.[37] Here, we find that none of these exceptional circumstances obtains. Outright, respondent denied having signed the LTPA.[38] Both the SAC and CA gave no probative weight to the LTPA. No proof was adduced that respondent and the FBs ever entered into a VLT scheme; neither is there evidence that the rentals given to respondent by the FBs constituted payment for the subject property. As correctly pointed out by the SAC and the CA, it would indeed be highly contrary to ordinary logic that respondent would voluntarily enter into the LTPA and,

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[35] TSN, July 15, 2003, pp. 8-9.

[36] *Security Bank and Trust Company v. Gan*, G.R. No. 150464, June 27, 2006, 493 SCRA 239, 242-243, citing *Pleyto v. Lomboy*, 432 SCRA 329, 336 (2004).

[37] *Frondarina v. Malazarte*, G.R. No. 148423, December 6, 2006, 510 SCRA 223, 233.

[38] TSN, August 12, 2003, pp. 12-17 and TSN, September 16, 2003, p. 5.

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subsequently, deny the same, deprive himself of the fruits of his own land, file a case before the court and as a result, painfully undertake the rigorous, expensive and tedious process of litigation. Based on the foregoing, we find no cogent reason to deviate from the common finding of both the SAC and the CA giving no probative value to the LTPA. Necessarily, the amount of ₱10,000.00 per hectare as just compensation for the subject property must be discarded.

As to the absence of claim folders, while we understand that the LBP must give a valuation of the subject property through claim folders or LTCs forwarded by the DAR, we cannot close our eyes to the obvious reality that respondent was dispossessed of his property and has received no payment therefor.

LBP invokes our ruling in *Crisologo-Jose v. Land Bank of the Philippines*,[39] where claim folders were not forwarded to LBP, and we dismissed the petition of the landowner. However, we note that *Crisologo-Jose* and this case do not share the same factual milieu. In *Crisologo-Jose*, the properties were not actually acquired by the government, as the landowner failed to prove the fact of actual or symbolic compulsory taking by competent evidence, through such proof as the required Notice of Valuation which usually follows the Notice of Coverage, the letter of invitation to a preliminary conference and the Notice of Acquisition that DAR sends, pursuant to DAR administrative issuances, to the landowner affected. In this case, EPs were already issued in favor of the FBs. Moreover, it cannot be denied that respondent was actually deprived of rentals due him since 1994 as the FBs said that the subject property would be acquired by LBP.

In the exercise of our mandate as a court of justice and equity,[40] we rule in favor of respondent despite the absence of claim

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[39] G.R. No. 167399, June 22, 2006, 492 SCRA 322.

[40] *Republic of the Philippines, etc. v. Hon. Normelito J. Ballocanag, etc., et al.*, G.R. No. 163794, November 28, 2008, citing *Chieng v. Santos*, 531 SCRA 730, 748 (2007), further citing *National Development Company v. Madrigal Wan Hai Lines Corporation*, 458 Phil. 1038, 1055 (2003).

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folders *pro hac vice*. If respondent is deprived of the just compensation due him mainly because of the absence of claim folders which were not prepared by the DAR even after it had already taken the subject property and issued the EPs in favor of the FBs, we would be abetting the perpetration of a grave injustice on the respondent.

As to the legal basis of just compensation, we hold that the applicable law is R.A. No. 6657. Our recent ruling in *Land Bank of the Philippines v. Pacita Agricultural Multi-Purpose Cooperative, Inc., etc., et al.*[41] is enlightening. Therein, the Court made a comparative analysis of cases that confronted the issue of whether properties covered by P.D. No. 27 and E.O. No. 228, for which the landowners had yet to be paid, would be compensated under P.D. No. 27 and E.O. No. 228 or under the pertinent provisions of R.A. No. 6657. We observed that in *Gabatin v. Land Bank of the Philippines*[42] — a case which LBP invokes in this controversy — the Court declared that the reckoning period for the determination of just compensation should be the time when the land was taken, *i.e.*, in 1972, applying P.D. No. 27 and E.O. No. 228. However, the Court also noted that after *Gabatin*, the Court had decided several cases in which it found it more equitable to determine just compensation based on the value of the property at the time of payment. These cases are *Land Bank of the Philippines v. Natividad*,[43] *Meneses v. Secretary of Agrarian Reform*[44] and *Lubrica v. Land Bank of the Philippines*,[45] including the earlier cases of *Office of the President v. Court of Appeals*[46] and *Paris v. Alfeche*.[47]

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[41] G.R. No. 177607, January 19, 2009.

[42] G.R. No. 148223, November 25, 2004, 444 SCRA 176.

[43] G.R. No. 127198, May 16, 2005, 458 SCRA 441.

[44] G.R. No. 156304, October 23, 2006, 505 SCRA 90.

[45] G.R. No. 170220, November 20, 2006, 507 SCRA 415.

[46] 413 Phil. 711 (2001).

[47] 416 Phil. 473 (2001).

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Thus, based on foregoing jurisprudence, we reiterate our ruling in *Natividad*, to wit:

> Land Bank's contention that the property was acquired for purposes of agrarian reform on October 21, 1972, the time of the effectivity of PD 27, ergo just compensation should be based on the value of the property as of that time and not at the time of possession in 1993, is likewise erroneous. In *Office of the President, Malacañang, Manila v. Court of Appeals*, we ruled that the seizure of the landholding did not take place on the date of effectivity of PD 27 but would take effect on the payment of just compensation.
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> Under the factual circumstances of this case, the agrarian reform process is still incomplete as the just compensation to be paid private respondents has yet to be settled. Considering the passage of Republic Act No. 6657 (RA 6657) before the completion of this process, the just compensation should be determined and the process concluded under the said law. Indeed, RA 6657 is the applicable law, with PD 27 and EO 228 having only suppletory effect, conformably with our ruling in *Paris v. Alfeche*.
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> x x x x x x x x x
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> It would certainly be inequitable to determine just compensation based on the guideline provided by PD 27 and EO 228 considering the DAR's failure to determine the just compensation for a considerable length of time. That just compensation should be determined in accordance with RA 6657, and not PD 27 or EO 228, is especially imperative considering that just compensation should be the full and fair equivalent of the property taken from its owner by the expropriator, the equivalent being real, substantial, full and ample.[48]

Inasmuch as the determination of just compensation in eminent domain cases is a judicial function, the SAC did not capriciously or arbitrarily act in setting the price at ₱200,000.00 per hectare — an award merely modified by the CA. We see no reason to disturb the factual findings on the valuation of the subject property. The amount fixed by the SAC and CA does not appear to be grossly exorbitant or otherwise unjustified. In this case, the SAC properly arrived at the amount of just compensation for

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[48] *Supra* note 43, at 451-452. (Citations omitted.)

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the subject property, taking into account its nature as irrigated land, market value, assessed value at the time of the taking, and the volume and value of its produce, as it made the following findings:

(a) [t]he prevailing market value of agricultural lands in Quezon, Nueva Ecija, and adjacent areas, where it is of public knowledge is sold at ₱80,000.00 to ₱300,000.00 per hectare;

(b) [t]he presence [and] availability of an irrigation system to augment and increase agricultural production;

(c) [t]he available comparable sales in the area, *i.e.* ₱80,000.00, ₱300,000.00 and ₱200,000.00; and

(d) [t]he average harvests per hectare which [is] 100.05 cavans.[49]

Thus, it cannot be said that the SAC had no basis for its valuation of the subject property. It took into consideration the important factors enumerated in Section 17 of Republic Act No. 6657 which, in turn, are the very same criteria that make up the DAR formula. In *Apo Fruits Corporation v. Court of Appeals*,[50] we held:

What is clearly implicit, thus, is that the basic formula and its alternatives — administratively determined (as it is not found in Republic Act No. 6657, but merely set forth in DAR AO No. 5, Series of 1998) — although referred to and even applied by the courts in certain instances, does not and cannot strictly bind the courts. To insist that the formula must be applied with utmost rigidity whereby the valuation is drawn following a strict mathematical computation goes beyond the intent and spirit of the law. The suggested interpretation is strained and would render the law inutile. Statutory construction should not kill but give life to the law. As we have established in earlier jurisprudence, the valuation of property in eminent domain is essentially a judicial function which is vested in the regional trial court acting as a SAC, and not in administrative agencies. The SAC, therefore, must still be able to reasonably exercise its judicial discretion in the evaluation of the factors for just compensation, which cannot be arbitrarily restricted by a formula

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[49] *Rollo*, p. 73.

[50] G.R. No. 164195, December 19, 2007, 541 SCRA 117.

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dictated by the DAR, an administrative agency. Surely, DAR AO No. 5 did not intend to straightjacket the hands of the court in the computation of the land valuation. While it provides a formula, it could not have been its intention to shackle the courts into applying the formula in every instance. The court shall apply the formula after an evaluation of the three factors, or it may proceed to make its own computation based on the extended list in Section 17 of Republic Act No. 6657, which includes other factors, like the cost of acquisition of the land; the current valuation of like properties; its nature, actual use and income; the sworn valuation by the owner; the tax declarations; and the assessment made by the government assessors.[51]

However, when just compensation is determined under R.A. No. 6657, no incremental, compounded interest of six percent (6%) per *annum* shall be assessed. In this regard, LBP's point is well taken. The CA erred in imputing interest, because the same applies only to lands taken under P.D. No. 27 and E.O. No. 228, pursuant to Administrative Order No. 13, Series of 1994[52] (A.O. No. 13), and not Sec. 26 of R.A. No. 6657 as cited by the CA. Pertinent is our ruling in *Land Bank of the Philippines v. Court of Appeals*,[53] to wit:

The purpose of AO No. 13 is to compensate the landowners for unearned interests. Had they been paid in 1972 when the GSP for rice and corn was valued at ₱35.00 and ₱31.00, respectively, and such amounts were deposited in a bank, they would have earned a compounded interest of 6% per *annum*. Thus, if the PARAD used the 1972 GSP, then the product of (2.5 x AGP x ₱35 or ₱31) could be multiplied by (1.06)n to determine the value of the land plus the additional 6% compounded interest it would have earned from 1972. However, since the PARAD already increased the GSP from ₱35.00 to ₱300.00/cavan of palay and from ₱31.00 to ₱250.00/cavan of corn, there is no more need to add any interest thereon, muchless

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[51] *Id.* at 131-132.

[52] Subject: Rules and Regulations Governing the Grant of Increment of Six Percent (6%) Yearly Interest Compounded Annually on Lands Covered by Presidential Decree No. 27 and Executive Order No. 228 (October 27, 1994).

[53] *Supra* note 24.

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compound it. To the extent that it granted 6% compounded interest to private respondent Jose Pascual, the Court of Appeals erred.[54]

Likewise, the twelve percent (12%) interest imposed by the SAC has no legal basis. In *Land Bank of the Philippines v. Wycoco*,[55] this Court held that the interest of 12% per *annum* on the just compensation is due the landowner in case of delay in payment, which will, in effect, make the obligation on the part of the government one of forbearance. On the other hand, interest in the form of damages cannot be imposed where there is prompt and valid payment of just compensation. Interest on just compensation is assessed only in case of delay in the payment thereof, a fact which must be adequately proved. In this case, it is noteworthy that the LBP, all the while, believed in good faith in the validity of the LTPA, assumed that the acquisition of the subject property was by way of a VLT scheme, and, thus, was not obligated to finance the transfer. Given the foregoing, we find that the imposition of interest on the award of just compensation is not justified and should therefore be deleted.

A final note.

The Comprehensive Agrarian Reform Program was undertaken primarily for the benefit of our landless farmers. However, the undertaking should not result in the oppression of landowners by pegging the cheapest value for their lands. Indeed, the taking of properties for agrarian reform purposes is a revolutionary kind of expropriation,[56] but not at the undue expense of landowners who are also entitled to protection under the Constitution and agrarian reform laws.[57] Verily, to pay respondent only ₱10,000.00

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[54] *Id.* at 1265-1266. (Citations omitted.)

[55] *Supra* note 31, at 100, citing *Reyes v. National Housing Authority*, 443 Phil. 603 (2003), further citing *Republic of the Philippines v. Court of Appeals*, 433 Phil. 106 (2002).

[56] *Association of Small Landowners in the Philippines, Inc. v. Secretary of Agrarian Reform*, G.R. Nos. 78742, 79310, 79744, 79777, July 14, 1989, 175 SCRA 343, 386.

[57] *Land Bank of the Philippines v. CA*, 319 Phil. 246, 262 (1995), citing *Mata v. Court of Appeals*, 207 SCRA 748, 753 (1992).

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per hectare for his land today, after he was deprived of it since 1994, would be unjust and inequitable.

WHEREFORE, the instant Petition is partially *GRANTED*. The assailed Court of Appeals Decision in CA-G.R. SP No. 85806 dated March 17, 2005 is *REVERSED* and *SET ASIDE*. The Decision of the Regional Trial Court (RTC) of Cabanatuan City, sitting as a Special Agrarian Court, dated May 17, 2004, is *REINSTATED* with the *MODIFICATION* that the interest imposed is *DELETED*. No costs.

SO ORDERED.

Ynares-Santiago (Chairperson), Austria-Martinez, Corona,[*] and *Peralta, JJ.,* concur.

THIRD DIVISION

[G.R. No. 170264. March 13, 2009]

JAMES ESTRELLER, EDUARDO CULIANAN, GREG CARROS, RAQUEL YEE, JOSELITO PENILLA, LORNA DOTE, CRESENCIANA CLEOPAS, TRINIDAD TEVES, SONIA PENILLA, ANITA GOMINTONG, CHING DIONESIO, MARIBEL MANALO, DESIRES HUERTO, and RAYMUNDO CORTES, *petitioners, vs.* **LUIS MIGUEL YSMAEL and CRISTETA L. SANTOS-ALVAREZ,** *respondents.*[*]

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[*] Additional member in lieu of Associate Justice Minita V. Chico-Nazario per Raffle dated March 4, 2009.

[*] The Court of Appeals is deleted from the title pursuant to Section 4, Rule 45 of the Rules of Court.