

## EIGHTEENTH DIVISION

[ CA-G.R. SP NO. 06731, February 17, 2015 ]

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

### D E C I S I O N

**LOPEZ, J.:**

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

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

**SO ORDERED."**

### **THE FACTS**

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

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

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

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

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

In its Petition, petitioner raised the following issues:

I

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

II

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

III

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

IV

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

**OUR RULING**

The petition is without merit.

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

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

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

"Section 17. *Determination of Just Compensation.* – In determining just compensation, the cost of acquisition of the land, the current value of like properties, its nature, actual use and income, the sworn valuation by the owner, the tax declarations, and the assessment made by government assessors shall be considered. The social and economic benefits contributed by the farmers and the farmworkers and by the Government to the property as well as the nonpayment of taxes or loans secured from any government financing institution on the said land shall be considered as additional factors to determine its valuation."

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

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

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

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