

## THIRD DIVISION

[ G.R. No. 188243, January 24, 2018 ]

**LAND BANK OF THE PHILIPPINES, PETITIONER, V. RAUL T. MANZANO, JOSE R. JUGO, RAMON H. MANZANO, AND HEIRS OF PILAR T. MANZANO, NAMELY: RICARDO T. MANZANO, JR., RENATO T. MANZANO, JR., RAMON T. MANZANO, JR., RAUL T. MANZANO, RAFAEL T. MANZANO, ROBERTO T. MANZANO, AND REGINA T. MANZANO, RESPONDENTS.**

### DECISION

**LEONEN, J.:**

The final determination of just compensation is strictly within the original and exclusive jurisdiction of the Special Agrarian Court. In expropriation cases, a party cannot allege lack of due process when he or she was given every reasonable opportunity to present his or her case before the courts. A judgment may be executed pending appeal for good reasons, such as where the government belatedly pays the just compensation for properties taken under the Comprehensive Agrarian Reform Program. The delay in payment likewise requires the imposition of legal interest by way of damages.

This resolves a Petition for Review<sup>[1]</sup> of the Land Bank of the Philippines (Landbank) seeking to reverse and set aside the Court of Appeals May 29, 2009 Decision<sup>[2]</sup> in CA-G.R. SP No. 77295-MIN, which affirmed the Regional Trial Court June 27, 2003 Order.<sup>[3]</sup> These assailed judgments upheld the Special Agrarian Court's determination of the just compensation to be paid.

Landbank is a government financial institution created by Republic Act No. 3844. It is one of the implementing agencies and the duly designated financial intermediary of the Comprehensive Agrarian Reform Program, and the custodian of the Agrarian Reform Fund.<sup>[4]</sup>

The Department of Agrarian Reform (DAR) is the lead agency that implements the government's agrarian reform program.<sup>[5]</sup> Republic Act No. 6657, Section 49 gives DAR "the power to issue rules and regulations," such as administrative orders and memorandum circulars, to implement the statutory provisions.

The Heirs of Pilar T. Manzano<sup>[6]</sup> (Heirs of Pilar), Raul T. Manzano (Raul), Ramon H. Manzano (Ramon), and Jose R. Jugo (Jugo) (collectively, respondents) were the owners of four (4) parcels of agricultural land<sup>[7]</sup> planted with rubber trees.<sup>[8]</sup> The lot of the Heirs of Pilar (Lot No. 426-B) measured 20.9506 hectares, Raul's lot (Lot No. 426-C) was at 22.1179 hectares, Jugo's parcel (Lot No. 426-D) was at 23.5788 hectares, and Ramon's parcel (Lot No. 426-A) was at 21.9194 hectares.<sup>[9]</sup> Situated at (Latuan) Baluno, Isabela, Basilan Province,<sup>[10]</sup> these agricultural lands had a total land area of 88.5667 hectares.

The enactment of Republic Act No. 6657, or the Comprehensive Agrarian Reform Law, has placed suitable agricultural lands under the coverage of the Comprehensive Agrarian Reform Program.<sup>[11]</sup> Under Republic Act No. 6657, Section 2, this government program aims to promote social justice and industrialization:

Section 2. Declaration of Principles and Policies. — It is the policy of the State to pursue a Comprehensive Agrarian Reform Program (CARP). The welfare of the landless farmers and farmworkers will receive the highest consideration to promote social justice and to move the nation toward sound rural development and industrialization, and the establishment of owner cultivatorship of economic-size farms as the basis of Philippine agriculture.

On January 12, 1998, respondents voluntarily offered their landholdings for agrarian reform, proposing the selling price of P100,000.00 per hectare to the government. They later lowered their offer to P83,346.76 per hectare.<sup>[12]</sup>

On April 15, 1998, DAR issued Administrative Order No. 05-98 to implement and fill in the details of Republic Act No. 6657.<sup>[13]</sup> Administrative Order No. 05-98 provides for the formula in computing just compensation for rubber lands under Republic Act No. 6657, taking into consideration the factors laid down in Section 17 of Republic Act No. 6657.<sup>[14]</sup>

DAR endorsed the matter of land valuation to Landbank.<sup>[15]</sup> According to Landbank, respondents' lands were planted with more than 30-year-old rubber trees that were no longer productive.<sup>[16]</sup> Thus, Landbank gave a lower counteroffer to respondents, ranging from P26,412.61 to P66,118.06 per hectare, as follows: <sup>[17]</sup>

<b>Landowner</b>	<b>Description</b>	<b>Land Area</b>	<b>LBP Valuation (land area sought)</b>	<b>LBP Valuation (offer price)</b>
Raul H. Manzano	Lot No. 426-A (OCT No. P-4747)	21.9194 hectares	<b>20.1694 hectares</b>	<b>P1,333,561.59</b> (P66,118.06 per hectare)
Pilar T. Manzano	Lot No. 426-B (OCT No. P-4748)	20.9506 hectares	<b>20.8506 hectares</b>	<b>P631,784.00</b> (P30,300.52 per hectare)
Raul T. Manzano	Lot No. 426-C (OCT No. P-4750)	22.1179 hectares	<b>21.1627 hectares</b>	<b>P558,962.17</b> (P26,412.61 per hectare)
Jose R. Jugo	Lot No. 426-D (OCT No. P-4749)	23.5788 hectares	<b>22.1975 hectares</b>	<b>P672,449.78</b> (P30,293.94 per hectare)
Total		88.5667 hectares	<b>84.3802</b>	<b>P3,196,757.54</b>

Respondents refused to accept Landbank's counteroffer.<sup>[18]</sup> On March 4, 1999, the matter of land valuation was referred to the Department of Agrarian Reform Adjudication Board for preliminary determination of just compensation.<sup>[19]</sup>

On April 15, 1999, DAR and Landbank issued Joint Memorandum Circular No. 07-99 (Revised Valuation Guidelines for Rubber Plantations) for all concerned officials and personnel of these two (2) agencies. Joint Memorandum Circular No. 07-99 provides for different valuation procedures for lands planted with rubber trees.

In view of the deadlock on the purchase price, administrative cases for land valuation were filed by respondents against Landbank and DAR.<sup>[20]</sup> These cases were endorsed to the Provincial Agrarian Reform Adjudicator of Isabela, Basilan Province for summary administrative proceedings.<sup>[21]</sup>

During the summary administrative proceedings, respondents moved for the revaluation of their properties. The Provincial Agrarian Reform Adjudicator found merit in their motion and directed Landbank to conduct a revaluation survey.<sup>[22]</sup>

Landbank recomputed the value of the lands based on the factors provided by "the latest guidelines on land valuation."<sup>[23]</sup> Landbank's revaluation survey yielded an increase in the valuation of Lot Nos. 426-B, 426-C, and 426-D, and a decrease in that of Lot No. 426-A.<sup>[24]</sup>

The total land value, however, posted a net decrease from P3,196,757.54 to only P2,943,797.26 as follows:<sup>[25]</sup>

<b>Landowner</b>	<b>Land Area</b>	<b>LBP First Valuation</b>	<b>LBP Revaluation</b>
Ramon H. Manzano (Lot No. 426-A)	20.1694 hectares	P1,333,561.59	<b>P1,026,857.55</b>
Pilar T. Manzano (Lot No. 426-B)	20.8506 hectares	P631,784.00	<b>P646,947.32</b>
Raul T. Manzano (Lot No. 426-C)	21.1627 hectares	P558,962.17	<b>P591,572.25</b>
Jose R. Jugo (Lot No. 426-D)	22.1975 hectares	P672,449.78	<b>P678,420.14</b>
<b>Total:</b>		<b>P3,196,757.54</b>	<b>P2,943,797.26</b>

Respondents rejected the new valuation for being "too low and unreasonable."<sup>[26]</sup> On July 22, 1999, the Provincial Agrarian Reform Adjudication Board directed the parties to submit their position papers and supporting documents.<sup>[27]</sup>

In its September 15, 1999 Decision,<sup>[28]</sup> the Provincial Agrarian Reform Adjudication Board adopted Landbank and DAR's revaluation, stating that this was done in

accordance with the relevant administrative issuances on land valuations.<sup>[29]</sup> According to the Board, respondents did not present contrary evidence to reject the revaluation.<sup>[30]</sup> Thus, it fixed the aggregate amount of P2,944,797.26 as just compensation for the four (4) properties.<sup>[31]</sup>

The dispositive portion of the Provincial Agrarian Reform Adjudication Board September 15, 1999 Decision read:

WHEREFORE, premises considered, judgment is hereby rendered adopting the above latest or new valuation made by respondent [Land Bank of the Philippines] as the just compensation of the subject property, as follows:

P646,947.32 for Lot No. 426-B, OCT No. 4748;  
P1,027,857.55 for Lot No. 426-A, OCT No. 4747;  
P678,420.14 for Lot No. 426-D, OCT No. 4749;  
P591,572.25 for Lot No. 426-C, OCT No. 4750.

and ordering the Land Bank of the Philippines Land Valuation and Landowners Compensation Office to pay the herein landowners individually the amount corresponding to the value of their/his/her property indicated above after said landowner/landowners shall have submitted the required documents/papers in connection therewith.

No costs.

SO ORDERED.<sup>[32]</sup>

The Provincial Agrarian Reform Adjudication Board ruled that should respondents disagree with its findings, they may bring the matter to the Regional Trial Court designated as the Special Agrarian Court.<sup>[33]</sup>

On November 25, 1999, respondents filed separate complaints<sup>[34]</sup> for judicial determination and payment of just compensation before the Regional Trial Court sitting as Special Agrarian Court. They argued that the just compensation should not be less than P2,000,000.00 for each of the properties.<sup>[35]</sup>

The following is a comparative chart of the parties' respective claims:

<b>Landowner</b>	<b>Land Area</b>	<b>LBP First Valuation</b>	<b>LBP Revaluation</b>	<b>Landowners' Complaints</b>
Ramon H. Manzano (Lot No. 426-A)	20.1694 hectares	P1,333,561.59	P1,026,857.55	Not less than P2 million <sup>[36]</sup> (Civil Case No. 4195-99)
Pilar T. Manzano (Lot No. 426-B)	20.8506 hectares	P631,784.00	P646,947.32	Not less than P2 million <sup>[37]</sup> (Civil Case No. 4194-99)
Raul T. Manzano (Lot No. 426-C)	21.1627 hectares	P558,962.17	P591,572.25	Not less than P2 million <sup>[38]</sup> (Civil Case No. 4192-99)

Jose R. Jugo (Lot No. 426-D)	22.1975 hectares	P672,449.78	P678,420.14	Not less than P2 million <sup>[39]</sup> (Civil Case No. 4193-99)
<b>Total:</b>		<b>P3,196,757.54</b>	<b>P2,943,797.26</b>	<b>Not less than P8 million</b>

The Regional Trial Court consolidated the complaints and, pursuant to Republic Act No. 6657, Section 58, appointed three (3) commissioners<sup>[40]</sup> to examine and ascertain the valuation of the properties.<sup>[41]</sup>

Meanwhile, Landbank deposited the judgment award, through cash and Landbank bonds, as provisional compensation for the acquired properties.<sup>[42]</sup> On January 24, 2000, Jugo received cash worth P262,764.39 and bonds worth P415,655.75,<sup>[43]</sup> while Ramon, Raul, and the Heirs of Pilar received a total of P966,388.67,<sup>[44]</sup> P93,044.71,<sup>[45]</sup> and P615,894.49,<sup>[46]</sup> respectively, in cash and bonds on August 22, 2001. Respondents later withdrew these amounts.<sup>[47]</sup>

On October 22, 2001, the commissioners conducted an ocular inspection of the area and interviewed some of its occupants and tenants. The tenants and tillers said that the landholdings may be sold from P180,000.00 to P200,000.00 per hectare if the rubber trees were young and productive, while the less productive land with mature rubber trees may range from P90,000.00 to P120,000.00 per hectare. The Office of the City Assessor in Isabela City, Basilan stated that the average selling price was P57,520.00 per hectare.<sup>[48]</sup>

The commissioners set the matter of land valuation for hearing on December 6, 2001. Landbank moved to reset the hearing on January 14, 2002, which the commissioners granted. The commissioners directed the parties to submit their position papers on a new scheduled hearing date.<sup>[49]</sup>

During the hearing, however, only respondents submitted their position papers. Landbank and DAR moved for a 10-day extension of time and to be allowed to incorporate in their position papers "their objections and/or comments to [respondents'] position papers."<sup>[50]</sup> The Regional Trial Court granted the motion.<sup>[51]</sup> Landbank submitted its position paper accordingly, and its computation was adopted in DAR's position paper.<sup>[52]</sup>

The parties then agreed to dispense with the need for further hearing and to submit the case for resolution, based on their position papers and supporting documents.<sup>[53]</sup>

In a Consolidated Report<sup>[54]</sup> dated June 2002, the commissioners found that the parties differed on the appraised value, the number and ages of existing trees, the total land area planted with rubber trees, the vacant spaces in the area, and the area of the land that formed part of the provincial or plantation road.<sup>[55]</sup> Their position papers show the following figures, among others:

Property	Owner's Position	Landbank's Position