

## SECOND DIVISION

[ G.R. No. 183688, August 18, 2010 ]

**LAND BANK OF THE PHILIPPINES, PETITIONER, VS. RIZALINA GUSTILO BARRIDO AND HEIRS OF ROMEO BARRIDO, RESPONDENTS.**

### R E S O L U T I O N

**NACHURA, J.:**

For review is the Court of Appeals (CA) Decision<sup>[1]</sup> dated February 20, 2008 and its Resolution<sup>[2]</sup> dated July 8, 2008 in CA-G.R. CEB-SP No. 01641. The assailed decision affirmed the Decision<sup>[3]</sup> of the Regional Trial Court (RTC), Branch 34, Iloilo City in Civil Case No. 04-28093; while the assailed resolution denied petitioner Land Bank of the Philippines' motion for reconsideration.

The undisputed facts are as follows:

Respondents Rizalina Gustilo Barrido and the Heirs of Romeo Barrido are the registered owners of a parcel of land with an area of 89,204 square meters covered by Original Certificate of Title No. 0-6318, situated in Barangay Apologista, Sara, Iloilo. On April 30, 2003, the government expropriated a portion of the property consisting of 43,461<sup>[4]</sup> sq m for distribution to the farmer-beneficiaries under the Land Reform Program. Petitioner offered respondents a total amount of P60,385.49 as just compensation, but respondents rejected the offer. Respondents instituted an original action before the RTC for the judicial determination of just compensation. The case was docketed as Civil Case No. 04-28093.<sup>[5]</sup>

In their separate Answers, petitioner and the Department of Agrarian Reform (DAR) insisted that the valuation made is correct, it being based on the formula laid down in Presidential Decree (P.D.) No. 27 as supplemented by Executive Order (E.O.) No. 228.<sup>[6]</sup> Under these issuances, the prescribed formula is as follows:

$$\text{Land Value} = \text{Average Gross Production (AGP)} \times 2.5 \times \text{Government Support Price (GSP)}$$

On December 8, 2005, the RTC rendered a Decision<sup>[7]</sup> fixing the just compensation at P94, 797.09 per hectare, the dispositive portion of which reads:

WHEREFORE, based on the foregoing premises, judgment is hereby rendered fixing the just compensation of land at P94,797.09 per hectare and ordering the LBP to pay plaintiffs Rizalina Gustilo Barrido and Heirs of Romeo Barrido the total sum of P411,997.63 as just compensation for

the 4.3461 hectares taken by the government pursuant to P.D. No. 27 and E.O. No. 228 plus 12% interest per annum from March 21, 2003 until full payment.

SO ORDERED.<sup>[8]</sup>

The RTC arrived at the valuation by taking the average between the amount found by the DAR using the formula prescribed by E.O. No. 228 and the market value of the property which is P175,700.00 per hectare. In addition, the court also awarded 12% interest in the form of damages in view of the delay in the payment of just compensation.<sup>[9]</sup> Petitioner's motion for reconsideration was denied on March 1, 2006.<sup>[10]</sup>

On appeal, the CA affirmed the RTC decision in its entirety. Hence, the instant petition for review which assigns the following errors:

I.

THE HONORABLE COURT OF APPEALS COMMITTED SERIOUS ERRORS OF LAW WHEN IT AFFIRMED THE DECISION DATED DECEMBER 8, 2005 AND ORDER DATED MARCH 1, 2006 OF THE REGIONAL TRIAL COURT OF ILOILO CITY, BRANCH 34 IN CIVIL CASE NO. 04-28093, FINDING THAT THE APPLICABLE LAW IN THE INSTANT CASE IS R.A. NO. 6657 AND NOT P.D. NO. 27 AND E.O. NO. 228.

II.

ASSUMING *ARGUENDO* THAT R.A. NO. 6657 IS THE APPLICABLE LAW, STILL THE HONORABLE COURT OF APPEALS COMMITTED SERIOUS ERRORS OF LAW WHEN IT AFFIRMED THE SAID DECISION AND ORDER OF THE TRIAL COURT THAT FIXED THE JUST COMPENSATION WHICH IS NOT IN ACCORDANCE WITH THE PROVISIONS OF R.A. NO. 6657 AS TRANSLATED INTO A BASIC FORMULA UNDER DAR ADMINISTRATIVE ORDER NO. 5, SERIES OF 1998.

III.

THE HONORABLE COURT OF APPEALS COMMITTED SERIOUS ERRORS OF LAW WHEN IT AFFIRMED THE SUBJECT DECISION AND ORDER OF THE TRIAL COURT THAT AWARDED IN FAVOR OF THE RESPONDENT TWELVE PERCENT (12%) INTEREST PER ANNUM FOR ALLEGED DELAY IN PAYMENT.<sup>[11]</sup>

The issues raised in the instant case are not novel. We have ruled in a number of cases that if just compensation is not settled prior to the passage of Republic Act (R.A.) No. 6657, it should be computed in accordance with said law even if the property was acquired under P.D. No. 27.<sup>[12]</sup> The fixing of just compensation should, therefore, be based on the parameters prescribed in R.A. No. 6657, with P.D. No. 27