



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

Please take notice that the Court, First Division, issued a Resolution dated August 17, 2022 which reads as follows:

“G.R. No. 235488 (*Land Bank of the Philippines v. Heirs of Milagros Arrieta [formerly Milagros Arrieta as represented by her Attorney-in-Fact, Ma. Rosni V. Arrieta]*). – This resolves the Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court assailing the Decision² dated August 28, 2015 and Amended Decision³ dated October 10, 2017 of the Court of Appeals (CA) in CA-G.R. CEB-SP No. 06037.

The case involves a 0.6169-hectare parcel of agricultural land situated in Mayaposi, Mabinay, Negros Oriental, covered by Transfer Certificate of Title (TCT) No. T-15028⁴ (subject land), and registered in the name of Milagros Arrieta (Milagros), now deceased and substituted by her legitimate children, respondents herein.⁵ Milagros offered the subject land for sale pursuant to the Voluntary Offer to Sell (VOS) scheme of the Comprehensive Agrarian Reform Program (CARP) of the Department of Agrarian Reform (DAR).⁶

Petitioner Land Bank of the Philippines (LBP) valued the subject land at a total amount of One Hundred Eight Thousand Nine Hundred Twenty Seven Pesos and Fifty One Centavos (₱108,927.51).

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¹ *Rollo*, pp. 3-18.

² *Id.* at 27-36. Penned by Associate Justice Renato C. Francisco, and concurred in by Associate Justices Edgardo L. Delos Santos (a retired Member of the Court) and Edward B. Contreras.

³ *Id.* at 39-51. Penned by Associate Justice Edgardo L. Delos Santos (a retired Member of the Court), and concurred in by Associate Justices Edward B. Contreras and Geraldine C. Fiel-Macaraig.

⁴ Not attached to the petition.

⁵ The heirs of Milagros Arrieta are: Ma. Rosni V. Arrieta, Ma. Antonia V. Arrieta, Ma. Rufina Lucille V. Arrieta-Montenegro, Ma. Sarah V. Arrieta, Anton Dominador V. Arrieta, Jose Maria V. Arrieta, Ma. Belina V. Arrieta, Raymond, Ma. Milagros V. Arrieta-Masias, and Ma. Lourdes V. Arrieta-Castañeda. See *rollo*, p. 39, footnote 1.

⁶ *Rollo*, p. 28.

0.4631 hectare of it, however, with a valuation of Eighty One Thousand Seven Hundred Seventy Pesos and Sixty Eight Centavos (₱81,770.68), was later found to be an easement and was referred to DAR to determine its coverability and compensability. Meanwhile, LBP offered Twenty Seven Thousand One Hundred Fifty Six Pesos and Eighty Three Centavos (₱27,156.83) for the remaining portion of the subject land, which Milagros accepted. Later, the DAR declared the easement portion to be compensable.⁷

To claim the payment for the subject land, respondents herein filed a Complaint⁸ for just compensation on August 29, 2006 before the Regional Trial Court (RTC) of Dumaguete City, Negros Oriental, Branch 45 praying for the amount of ₱108,927.51 plus legal interest thereon at the rate of 6% per annum to be computed from the time of taking of the subject land until actual payment thereof. LBP, on the other hand, prayed for the dismissal of the complaint on the ground that it is willing to pay the principal amount of ₱108,927.51.⁹

Pre-trial was conducted.¹⁰ The RTC found that there was no issue as to the valuation of the entire property which LBP was willing to pay, except for the interest on the same. There was also no dispute as to the time of taking of the subject land which was in October 2002.¹¹

In its Order¹² dated January 25, 2011 (Order of Release), the RTC directed LBP to release the principal amount of just compensation after both parties manifested that there was already a deposit of ₱108,927.51 ready for release.¹³ Said deposits of ₱27,156.83 and ₱81,770.68 were made in May 2002 and 2004 respectively.¹⁴

In its Decision¹⁵ dated March 14, 2011, the RTC resolved the issue of Milagros' entitlement to legal interest on the principal amount of just compensation for the subject land, to wit:

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⁷ Id.

⁸ Not attached to the petition.

⁹ *Rollo*, p. 28.

¹⁰ Id. at 41.

¹¹ Id.

¹² Not attached to the petition.

¹³ *Rollo*, p. 29.

¹⁴ Id. at 44.

¹⁵ Not attached to the petition.

WHEREFORE, premises considered, the Court finds for the [private respondent], and hereby DIRECTS [petitioner] Land Bank to pay the following: (1) 12% annual interest on the amount of Twenty Seven Thousand One Hundred Fifty Six and 83/100 (P27, 156.83) computed from the time of taking on October 2002 up to the actual payment, the earliest is on January 25, 2011, the date of the Order of release; (2) 12% annual interest on the amount of Eighty One Thousand Seven Hundred Seventy and 68/100 (P81,770.68) computed from the year 2004 up to January 25, 2011; (3) 12% annual interest on the total legal interest itself, computed from January 25, 2011 until the whole interest is actually paid by [petitioner] Land Bank to [private respondent]; and (4) costs of suit.

SO ORDERED.¹⁶

LBP moved for reconsideration,¹⁷ which was partially granted in the RTC's Order¹⁸ dated May 20, 2011:

WHEREFORE, premises considered, the Court finds for the [private respondent], and hereby DIRECTS [petitioner] Land Bank to pay the following: (1) 12% annual interest on the amount of Twenty Seven Thousand One Hundred Fifty Six and 83/100 (P27, 156.83) computed from the time of taking on October 2002 up to the actual payment, the earliest is on January 25, 2010 (*sic*), the date of the Order of release **less paid interest in the amount of Four Thousand Six Hundred Thirty Four and 30/100 (P4, 634.30)**,¹⁹ (2) 12% annual interest on the amount of Eighty One Thousand Seven Hundred Seventy and 68/100 (P81,770.68) computed from the year 2004 up to January 25, 2010 **less paid interest in the amount of Two Thousand Six Hundred Twenty Five and 2/100 (P2,625.02)**,²⁰ (3) 12% annual interest on the total unpaid legal interest itself, computed from January 25, 2010 (*sic*) until the whole interest is actually paid by [petitioner] Land Bank to [private respondent].

SO ORDERED.²¹

LBP then filed a Petition for Review²² before the CA, citing as error the imposition of 12% annual interest on the just compensation and 12% annual interest on the total unpaid legal interest. LBP argued

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¹⁶ Id. at 42. As cited in the CA Amended Decision.

¹⁷ LBP's Motion for Reconsideration is not attached to the petition.

¹⁸ Not attached to the petition.

¹⁹ Emphasis supplied.

²⁰ Emphasis supplied.

²¹ *Rollo*, p. 42.

²² Pursuant to Section 60 of the Comprehensive Agrarian Reform Law of 1988 (Republic Act No. 6657). See *rollo*, p. 27.

that it is not obliged to pay the assailed interests until there is a final and executory decision.²³

In its Decision²⁴ dated August 28, 2015, the CA partially granted LBP's appeal and struck down the 12% interest on the total unpaid legal interest for lack of factual and legal basis. However, it upheld the 12% annual interest on the principal amount of just compensation on the ground that the said amount must be paid upon the *taking*²⁵ of the expropriated property, and not upon finality of judgment. Thus, LBP was ordered to pay:

(a) 12% annual interest on the amount of Twenty-Seven Thousand One Hundred Fifty-Six and 83/100 (₱27,156.83) computed from the time of taking on October 2002 up to January 25, 2011, the date of the Order of release and actual payment of the just compensation; and

(b) 12% annual interest on the amount of Eighty-One Thousand Seven Hundred Seventy and 68/100 (₱81,770.68) computed from the year 2004 up to January 25, 2011;

The payment of the total amount above is subject to SIX PERCENT (6%) per annum from the time of promulgation of this decision to full satisfaction. A TWELVE PERCENT (12%) interest, in lieu of SIX PERCENT (6%), shall be imposed on the said amount upon finality of this decision and full payment thereof.

SO ORDERED.²⁶

LBP moved for reconsideration on the ground that the assailed interests lacked factual and legal bases.²⁷ LBP argued that interest in the form of damages cannot be imposed when it has not delayed payment to respondents.²⁸ LBP timely deposited the amounts of ₱27,156.83 and ₱81,770.68 in May 2002 and 2004, respectively, but Milagros refused to comply with the submission of the pre-release documentary requirements and thus, was not able to withdraw the same right away.²⁹

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²³ *Rollo*, p. 32.

²⁴ *Id.* at 27-36.

²⁵ Emphasis supplied.

²⁶ *Rollo*, pp. 35-36.

²⁷ *Id.* at 43.

²⁸ *Id.* at 44.

²⁹ *Id.*

The CA then amended its decision and partially granted the motion. The Amended Decision³⁰ dated October 10, 2017 conformed to the RTC's May 20, 2011 Order, which allowed for the deduction of interests already paid to Milagros, to wit:

(1) 12% annual interest on the amount of ₱27,156.83 computed from the time of taking on October 2002 up to 25 January 2010 (*sic*),³¹ the date of the Order of release and actual payment of the just compensation, less paid interest in the amount of ₱4,634.30; and

(2) 12% annual interest on the amount ₱81,770.68 computed from the year 2004 up to 25 January 2010 (*sic*),³² less paid interest in the amount ₱ 2,625.02.³³

Further, the additional interest rates were modified to comply with prevailing jurisprudence such as *Nacar v. Gallery Frames*,³⁴ which reduced the annual interest rate to six percent (6%) effective July 1, 2013, under BSP-MB³⁵ Circular No. 799, Series of 2013. Thus:

(3) 12% annual interest applied to the total unpaid interest under paragraphs 1 and 2 reckoned from 29 August 2006 until 30 June 2013, as interest due earning legal interest;

(4) 6% annual interest applied to the total unpaid interest under paragraphs 1 and 2 from July 1, 2013 to the date when this Amended Decision becomes final and executory, as interest due earning legal interest; and

(5) 6% annual interest on the total amount from the finality of this Decision until full payment thereof.³⁶

Hence, this Petition³⁷ before Us.

LBP prays for the reversal of the CA's August 28, 2015 Decision and October 10, 2017 Amended Decision, and the deletion of the interests awarded thereon. Petitioner argues that since it

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³⁰ Id. at 39-51.

³¹ Should be 2011 per RTC Decision dated 14 March 2011 providing Order of release of payment dated 25 January 2011.

³² Should be 2011 per RTC Decision dated 14 March 2011 providing Order of release of payment dated 25 January 2011.

³³ *Rollo*, p. 50.

³⁴ 716 Phil. 267, 268 (2013).

³⁵ Bangko Sentral ng Pilipinas - Monetary Board.

³⁶ *Rollo*, p. 51.

³⁷ Id. at 3-20.

promptly deposited the valuation of the just compensation in the name of Milagros Arrieta pursuant to the Order of Release, it did not incur any delay and thus, had no obligation to pay the assailed interests.³⁸

In their Comment³⁹ dated June 28, 2018, respondents argue that they are entitled to the interest on the just compensation to offset their loss of income. They echoed the CA's August 28, 2015 Decision, which states that:

[T]he final compensation must include interests on its just value to be computed from the time the property is taken to the time when compensation is actually paid or deposited with the court. In fine, between the taking of the property and the actual payment, legal interests accrue in order to place the owner in a position as good as (but not better than) the position he was in before the taking occurred.⁴⁰

There is only one issue before this Court: are respondents entitled to the assailed interests on the just compensation for their property?

We rule in the affirmative, and thus, deny the petition before Us.

Jurisprudence has settled that legal interest may be granted in expropriation proceedings when delay is incurred in the payment of just compensation.⁴¹ It begins to accrue from the time of taking, once the owner is deprived of his property.⁴²

Here, both parties agree that the time of taking of the subject land was in October 2002, with the easement portion determined as compensable in 2004.⁴³ Petitioner insists that it promptly paid the amount of just compensation since it deposited the respective amounts in May 2002 and 2004, and thus, did not incur delay.⁴⁴ However, as pointed out by the CA, the fact remains that while deposits were made on those dates, respondents actually received these amounts only on January 25, 2011, pursuant to the RTC's Order of Release.⁴⁵

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³⁸ Id. at 13-18.

³⁹ Id. at 95-98.

⁴⁰ Id. at 96.

⁴¹ *Land Bank of the Philippines v. Paliza*, G.R. Nos. 236772-73, June 28, 2021.

⁴² *Republic v. Heirs of Spouses Valentina Juan Bonifacio and Aurelio Bonifacio*, G.R. No. 226734, May 10, 2021.

⁴³ *Rollo*, p. 41.

⁴⁴ Id. at 44.

⁴⁵ Id. at 47.

Given the interval from the time respondents were deprived of the subject land and their receipt of payment therefor, the award of legal interest is proper.⁴⁶ “Just” compensation does not only mean the correct amount due to the land owner, but also payment within a reasonable time from its taking.⁴⁷ This is because the property owner “is made to suffer the consequences of being immediately deprived of his land while being made to wait before actually receiving the amount necessary to cope with loss.”⁴⁸ Thus, delay in payment of just compensation is a forbearance of money and is entitled to earn interest.⁴⁹

The interest due shall itself earn legal interest from the time it is judicially demanded,⁵⁰ which in this case is August 29, 2006, when the complaint for just compensation was filed. Prior to July 1, 2013, the rate of legal interest is 12% per annum,⁵¹ which was lowered to 6% per annum on the said date.⁵² Further, legal interest will apply from the time of finality of judgment until satisfaction.⁵³

WHEREFORE, the present Petition for Review on *Certiorari* is **DENIED**. The Amended Decision dated October 10, 2017 of the Court of Appeals in CA-G.R. CEB-SP No. 06037 is **AFFIRMED**. Accordingly, petitioner Land Bank of the Philippines is **ORDERED** to pay respondents the following:

(1) 12% annual interest on the amount of ₱27,156.83 computed from the time of taking in October 2002 up to January 25, 2011, the date of the Order of Release and actual payment of the just compensation, less paid interest in the amount of ₱4,634.30;

(2) 12% annual interest on the amount of ₱81,770.68 computed from the year 2004 up to January 25, 2011, less paid interest in the amount ₱2,625.02;

(3) 12% annual interest applied to the total unpaid interest under paragraphs 1 and 2 reckoned from August 29, 2006 until June 30, 2013, as interest due earning legal interest;

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⁴⁶ *Land Bank of the Philippines v. De Jesus-Macaraeg*, G.R. No. 244213, September 14, 2021.

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ *Republic v. Heirs of Andres Francisco*, G.R. No. 244115, February 3, 2021.

⁵⁰ *Supra* note 34.

⁵¹ *Eastern Shipping Lines, Inc. v. Court of Appeals*, 304 Phil. 236 (1994).

⁵² *Supra* note 34.


⁵³ *Id.*

(4) 6% annual interest applied to the total unpaid interest under paragraphs 1 and 2 from July 1, 2013 to the date when this Resolution becomes final and executory, as interest due earning legal interest; and

(5) 6% annual interest on the total amount from the finality of this Resolution until full payment thereof.

SO ORDERED.”

By authority of the Court:


LIBRADA C. BUENA
Division Clerk of Court
11912

by:

MARIA TERESA B. SIBULO
Deputy Division Clerk of Court

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SEP 14 2022

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