

FIRST DIVISION

G.R. No. 244213 — LAND BANK OF THE PHILIPPINES, *petitioner*,
versus MILAGROS DE JESUS-MACARAEG, *respondent*.

Promulgated:

SEP 14 2021

X

X

SEPARATE OPINION

CAGUIOA, J.:

I concur with the *ponencia*'s computation of just compensation, in accordance with the formula prescribed under Department of Agrarian Reform Administrative Order No. 5, series of 1998.¹ I likewise wholly agree that the right to be paid just compensation includes the right to be paid on time,² and as such, "[i]nterest on the unpaid compensation becomes due as compliance with the constitutional mandate on eminent domain and as a basic measure of fairness."³

However, I have reservations with respect to the *ponencia*'s application of the rates prescribed by the *Bangko Sentral ng Pilipinas* (BSP) of twelve percent (12%) *per annum* until June 30, 2013, and six percent (6%) *per annum* thereafter,⁴ and corollarily, the *ponencia*'s categorization of delay in the payment of just compensation as a forbearance of money. On this score, I humbly submit that there is a need to revisit the previous categorization of delay in the payment of just compensation as a forbearance on the part of the State, and its implications on the imposition of legal interest.

As has been settled in jurisprudence, not all obligations consisting in the payment of a sum of money are a forbearance within the authority and contemplation of the BSP, since the term "forbearance" must be narrowly construed within the context of the Usury Law. In other words, for a payment of a sum of money to be considered a forbearance thereof, it must involve: (1) an agreement or contractual obligation; (2) to refrain from enforcing payment or to extend the period for the payment of; (3) an obligation that has become due and demandable; and (4) in return for some compensation, *i.e.*, interest. **Contrarily, since proceedings for the determination of just compensation have nothing to do with usury, the BSP-prescribed rates should not apply.**

¹ REVISED RULES AND REGULATIONS GOVERNING THE VALUATION OF LANDS VOLUNTARILY OFFERED OR COMPULSORILY ACQUIRED PURSUANT TO REPUBLIC ACT NO. 6657.

² *Ponencia*, p. 9, citing *Land Bank of the Philippines v. Uy*, G.R. No. 221313, December 5, 2019 and *Apo Fruits Corporation v. Land Bank of the Philippines*, G.R. No. 164195, October 12, 2010, 632 SCRA 727.

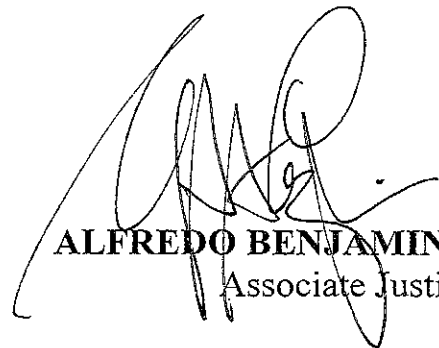
³ *Id.*; See also *Evergreen Manufacturing Corporation v. Republic*, G.R. Nos. 218628 & 218631, September 6, 2017, 839 SCRA 200, 224; emphasis omitted.

⁴ *Id.* at 10, citing *Nacar v. Gallery Frames*, G.R. No. 189871, August 13, 2013, 703 SCRA 439.

Furthermore, consistent with the primary definition of just compensation as the amount due the property owner in order to restore and make him “whole” as he was prior to the taking,⁵ the interests that accrue as a result of the expropriation must be for the account of the State, not because delay of payment is an effective forbearance of money, but because a compensation that does not take into account these accruing interests which are attached to the forced sale of one’s property by expropriation is not one that can be deemed to be truly “just”.

Thus, while I agree that interest is indeed due on the amount of just compensation that respondent Milagros de Jesus-Macaraeg is entitled to for the forced expropriation of her property through the Comprehensive Agrarian Reform Program, I disagree that the principle behind said appropriate accrual is due to the fact that delayed payment of just compensation is in the concept of a forbearance of money in favor of the State. Stated differently, the legal interest that accrues on the amount which is determined as just compensation is part and parcel of the just compensation itself, in the chief sense of the word.

Under these premises and for lack of any other convenient metric, I find it reasonable to impose, *by analogy*, the legal interest rate of six percent (6%) *per annum* under Article 2209 of the Civil Code on the unpaid balance of the just compensation. Such interest is to run from deposit of the initial amount until full payment of the balance.



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

⁵ *Republic v. Decena*, G.R. No. 212786, July 30, 2018, 874 SCRA 408.