

THIRD DIVISION

G.R. No. 260038 (Formerly UDK 17046) – CITY GOVERNMENT OF PASAY, Petitioner, v. ARELLANO UNIVERSITY, Respondent.

Promulgated:

MAY 07 2025

MISIDCOBOTT

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SEPARATE OPINION

CAGUIOA, J.:

I concur with the *ponencia*'s partial grant of City Government of Pasay's petition and its modification of the assailed Decision dated December 28, 2020 and Resolution dated March 15, 2021 of the Court of Appeals in CA-G.R. CV No. 113233, which includes: (i) the deletion of the award of exemplary damages, and (ii) the imposition of the interest at the rate of 6% per annum on the value of the property at the time of taking from the finality of the Court's Decision until the full satisfaction of the same.¹

However, I wish to submit anew my reservations with respect to the *ponencia*'s categorization of delay in the payment of just compensation as a forbearance of money in favor of the State.²

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 in favor of the State, and its implications on the imposition of legal interests. 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 Bangko Sentral ng Pilipinas (BSP), since the term "forbearance" must be narrowly construed within the context of the Usury Law. In other words, for a payment of 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.

Furthermore, consistent with the primary definition of just compensation as the amount due the property owner in order to restore and make him or her whole as he or she was prior to the taking, the interests that

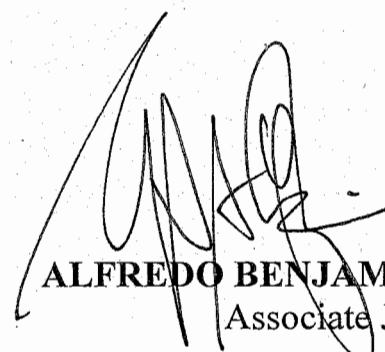
¹ *Ponencia*, p. 14.

² *Id.* at 10.



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".

Consequently, while I agree that interest is indeed due on the amount of just compensation due to respondent Arellano University, I disagree with the characterization behind said appropriate accrual as one based on the principle that delayed payment of just compensation is in the concept of a forbearance of money in favor of the State. Instead, I renew my submission that interests that accrue on the amount which is determined as just compensation only forms part of the just compensation itself, in the very sense of the word.



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice