



Republic of the Philippines
DEPARTMENT of AGRARIAN REFORM

ELLIPTICAL ROAD, DILIMAN, QUEZON CITY • TELS. 928-7031 TO 39

DAR Administrative Order No. 01
Series of 2010

**SUBJECT : RULES AND REGULATIONS ON VALUATION AND
LANDOWNERS COMPENSATION INVOLVING
TENANTED RICE AND CORN LANDS UNDER
PRESIDENTIAL DECREE (P.D.) NO. 27 AND
EXECUTIVE ORDER (E.O.) NO. 228**

I. PREFATORY STATEMENT

Section 5 of Republic Act (R.A.) No. 9700 which amends Section 7 of R.A. 6657 provides "that all previously acquired lands wherein valuation is subject to challenge by landowners shall be completed and finally resolved pursuant to Section 17 of R.A. 6657, as amended." The word "challenge" shall refer to the expression of non-acceptance of valuation by the landowner through filing of just compensation case in Court, written protest or similar instruments or impliedly thru non-compliance to submit pre-payment/documentary requirements despite receipt of notice or demand.

DAR Administrative Order No. 2, Series of 2009, which is the implementing guidelines of R.A. 9700, provides that "in like manner, claims over tenanted rice and corn lands under P.D. 27 and E.O. 228 whether submitted or not to the Land Bank of the Philippines (LBP) and not yet approved for payment shall be valued under R.A. 6657, as amended."

Landholdings covered by P.D. 27 and falling under Phase 1 of R.A. No. 9700 shall be valued under R.A. No. 9700.

II. COVERAGE

- A. Lands already distributed by the DAR to the farmer-beneficiaries where documentation and/or valuation are/is not yet complete (Distributed But Not Yet Documented [DNYD] claims).
- B. PD 27/EO 228 claims with the Land Bank of the Philippines where:
 1. The DAR valuation is rejected by the landowner OR
 2. The DAR valuation is undergoing summary proceeding with the DARAB or just compensation case with the Court OR
 3. The landowner accepts the original valuation under protest or without prejudice to the determination of just compensation OR
 4. The landowner refuses or fails to submit or comply with the pre-payment/documentary requirements under PD 27/EO 228 formula despite receipt of notice of demand.
- C. Rice and Corn lands under PD 27 falling under Phase 1 of RA

9700

III. STATEMENT OF POLICIES

1. All PD 27 and EO 228 claims not yet valued by DAR shall be continuously valued by DAR pursuant to PD 27/EO 228 formula.
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2. The basis of the amortization by the farmer-beneficiary shall be the DAR valuation determined pursuant to PD 27/ EO 228 formula.
3. Claims covered under PD 27/EO 228 and revalued under RA 6657 or RA 9700 shall no longer be entitled to the coverage of DAR Administrative Order No. 13, Series of 1994, DAR Administrative No. 02. Series of 2004 and DAR Administrative Order No. 06, Series of 2008.
4. The Final Survey documents shall be submitted by DAR to LBP prior to any revaluation.

IV. LAND VALUATION

1. For lands already distributed by the DAR to the farmer-beneficiaries where documentation and/or valuation are/is not yet complete (DNYD) AND for claims with the LBP, the formula shall be:

$$LV = (CNI \times 0.90) + (MV \times 0.10)$$

Where: LV = Land Value

CNI = Capitalized Net Income which refers to the gross sales (AGP x SP) with assumed net income rate of 20% capitalized at 0.12

Expressed in equation form:

$$CNI = \frac{(AGP \times SP) \times 0.20}{0.12}$$

Where:

AGP = Annual Gross Production corresponding to the latest available 12 month's gross production immediately preceding 30 June 2009. The AGP shall be secured from the Department of Agriculture (DA) or Bureau of Agriculture Statistics (BAS). The AGP data shall be gathered from the barangay or municipality where the property is located. In the absence thereof, AGP may be secured within the province or region.

SP = The average of the latest available 12 months' selling prices prior to 30 June 2009 such prices to be secured from the Department of Agriculture (DA) or Bureau of Agricultural Statistics (BAS). If possible, SP data shall be gathered from the barangay or municipality where the property is located. In the absence thereof, SP may be secured within the province or region.

MV = Market Value per Tax Declaration which is the latest Tax Declaration and Schedule of Unit of Market Value (SUMV) issued prior to 30 June 2009. MV shall be grossed-up up to 30 June 2009.

The reckoning date of the AGP and SP shall be June 30, 2009.

2. For lands falling under Phase 1 of RA 9700, the basic formula shall be:

$$LV = (CNI \times 0.60) + (CS \times 0.30) + (MV \times 0.10)$$

Where: LV = Land Value

CNI = Capitalized Net Income which refers to the gross sales (AGP x SP) with assumed net income rate of 20% capitalized at 0.12

Expressed in equation form:

$$CNI = \frac{(AGP \times SP) \times 0.20}{0.12}$$

Where:

AGP = Annual Gross Production corresponding to the latest available 12 month's gross production immediately preceding 01 July 2009. The AGP shall be secured from the Department of Agriculture (DA) or Bureau of Agriculture Statistics (BAS). The AGP data shall be gathered from the barangay or municipality where the property is located. In the absence thereof, AGP may be secured within the province or region.

CS = Comparable Sales (based on fair market value Equivalent to 70% of BIR Zonal Value)

SP = The average of the latest available 12 months' selling prices prior to 01 July 2009 such prices to be secured from the Department of Agriculture (DA) or Bureau of Agricultural Statistics (BAS). If possible, SP data shall be gathered from the barangay or municipality where the property is located. In the absence thereof, SP may be secured within the province or region.

MV = Market Value per Tax Declaration which is the latest Tax Declaration and Schedule of Unit of Market Value (SUMV) issued prior to 01 July 2009. MV shall be grossed-up up to 01 July 2009.

In case CS is not present, the formula shall be:

$$LV = (CNI \times 0.90) + (MV \times 0.10)$$

The reckoning date of the AGP and SP shall be July 01, 2009.

V. LANDOWNERS COMPENSATION

1. The LBP shall compensate the landowner as follows: 10% in cash and the balance in AR bonds.
2. The date of the issuance of the AR bonds shall be:
 - a. June 30, 2009 for lands already distributed by the DAR to the farmer-beneficiaries where documentation and/or

valuation are/is not yet complete (DNPP) AND for claims with the LBP

- b. Date of approval of the revaluation by LBP for rice and corn lands falling under Phase 1 of RA 9700
3. Release of payment to the landowner shall be subject to the submission of pre-payment/documentary requirements under PD 27/EO 228.

VI. LAND AMORTIZATION

1. For PD 27 lands

The cost of the land computed by DAR pursuant to PD 27 formula, including interest at the rate of six percent (6%) per annum shall be paid by the tenant-farmer in fifteen (15) years of fifteen (15) equal annual amortization.

2. For EO 228 lands

In the case of rice/corn lands tenanted after October 21, 1972 and with Placement Order, the FB amortization shall be determined in accordance with EO 228 where the farmer-beneficiary or his heirs under PD 27 shall pay the total cost of the lands computed by DAR pursuant to EO 228 formula including interest at the rate of six percent (6%) per annum with a two percent (2%) interest rebate for amortization paid on time, to the Land Bank over a period of up to twenty (20) years in twenty (20) equal annual amortization.

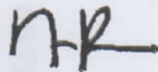
VII. REPEALING CLAUSE

All Orders, circulars, issuances or portions thereof inconsistent herewith are hereby revoked, cancelled or modified as the case may be.

VIII. EFFECTIVITY

This Administrative Order shall take effect on 01 July 2009 and shall be published in at least two (2) newspapers of general circulation, pursuant to Section 31 of RA No. 9700.

Diliman, Quezon City February 12, 2010.



NASSER C. PANGANDAMAN
Secretary

Department of Agrarian Reform
Office of the Secretary



AO-10-01329 *mt*

Published in two (2) National Newspapers
of general Circulations:
1. **Philippine Star**
2. **Manila Times**
Date of Publication - February 18, 2010



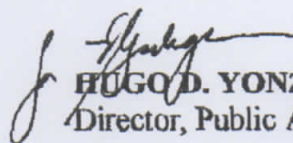


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CERTIFICATION

This is to certify that **Administrative Order No. 01, Series of 2010** entitled **“Rules and Regulations on Valuation and Landowners Compensation involving Tenanted Rice and Corn Lands under Presidential Decree (P.D.) No. 27 and Executive Order (E.O.) No. 228”** is published today, Thursday, 18 February 2010 at **Philippine Star and Manila Times** newspapers.

Issued this 18th day of February 2010 for whatever purpose it may serve.


HUGO D. YONZON III
Director, Public Affairs Staff