



Republic of the Philippines  
**DEPARTMENT of AGRARIAN REFORM**

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

ADMINISTRATIVE ORDER NO. 02  
Series of 2014

**SUBJECT: RULES AND REGULATIONS ON LEASEHOLD OPERATIONS  
IN TENANTED COCONUT LANDS AFFECTED BY  
FORTUITOUS EVENTS, NATURAL DISASTERS OR  
CALAMITIES.**

In order to address and mitigate the effect of fortuitous events or natural disasters/calamities on landholdings devoted to coconut production, and to attend to and improve the economic condition of the agricultural lessees-tenants on coconut lands devastated by such fortuitous events or natural disasters/calamities, the following guidelines concerning the review and adjustment of lease rentals in tenanted coconut lands affected thereby are hereby prescribed:

### **I. COVERAGE**

These rules and regulations shall apply to all tenanted coconut landholdings, with or without a leasehold agreement, which have been affected by fortuitous events or natural disasters/calamities as defined in paragraph II hereof.

### **II. DEFINITION OF TERMS**

**Fortuitous Event** – refers not only to events that are unforeseeable, but also those which are foreseeable but inevitable. It may either be an “act of God”, or natural occurrences such as floods or typhoons, or an “act of man”, such as riots, strikes, or wars.

**Natural Disaster/Calamity** - is a major adverse event resulting from natural processes of the earth. These include typhoons, floods, storm surges, earthquakes, volcanic eruptions, landslides, droughts, and the like, which result in loss of life and damage to property, and typically leave economic damage to the affected population.

**Heavy-Damaged Coconut Trees** – are those with broken branches and twisted/broken fronds, at least fifty percent (50%) of the immature nuts of which have fallen. Such trees may take about two (2) to three (3) years to recover production.

**Totally-Damaged Coconut Trees** – are those trees which are crownless or have fallen down, or where the fronds are heavily shaken and/or cracked. These are trees having no chance of survival in which 100% of the nut production will be permanently lost.

**Principal Crop** – is any product/crop raised from the dominant cultivation or use of the land, and harvested on a regular basis.

**Other Crops** – refers to any product/crop raised other than the crop to which the cultivation of the land is principally devoted in each agricultural year, and which shall serve as a temporary crop while the principal or replanted coconut trees are under a gestation period.

### III. POLICY STATEMENTS

- A. No tenant-lessee shall be ejected or dispossessed or removed from his/her farmholding due to the non-payment of lease rentals as a result of a fortuitous event or natural calamity/disaster, except when his/her dispossession has been authorized by an appropriate body or court in a judgment that is final and executory.
- B. **Said tenant-lessee shall renegotiate a new leasehold agreement with the landowner specifying the new terms and conditions of their tenancy relation or agreements,** particularly with respect to the payment of the lease rental, planting of crops, and change of crop, if necessary and upon agreement. This does not imply that the tenancy relationship has been extinguished by the fortuitous event.
- C. The consideration for the lease shall not be more than the equivalent of twenty five per cent (25%) of the average normal harvest during the three (3) agricultural years immediately preceding the date the leasehold was established after deducting the amount used for seeds and the cost of harvesting, threshing, loading, hauling and processing, whichever are applicable. If the land was cultivated for less than three (3) years, the initial consideration shall be based on the average normal harvest of the preceding year/s when the land was actually cultivated, or on the harvest of the first year in the case of newly cultivated lands, if that harvest is normal (Section 34, 1<sup>st</sup> proviso, R.A. No. 3844).

Where the coconut trees on the subject landholding are **heavily** or **totally**-damaged due to a fortuitous event or natural calamity/disaster resulting in a crop failure, the tenant-lessee's security of tenure shall be maintained despite the failure to pay lease rentals. During the period when the landholding is being rehabilitated, through the re-planting of the principal crop (coconut trees) and while the said principal crop is still in the gestation stage or where production has not yet attained its average normal harvest, the tenant-lessee shall be allowed to plant other crops subject to the preceding paragraph. The other crops planted shall serve as the temporary crop.

- D. Subject to Memorandum Circular No. 05, Series of 2013 issued by the Philippine Coconut Authority (PCA), the affected tenant-lessee shall be allowed to cut and transport coconut trees, provided that the necessary permit shall be secured from the PCA, pursuant to R.A. No. 10593 and its pertinent existing policies, rules, and regulations.
- E. The net proceeds of the cut coconut trees, after deducting the cost of cutting and hauling, which shall be reimbursed to the party who shoulders the said expenses,

shall likewise be divided between the tenant-lessee and landowner-lessor in a manner agreed by them, provided that in no case may the share of the tenant-lessee be less than seventy five per cent (75%) of the net proceeds. In case of disagreement, or if the landowner-lessor can no longer be located, the 75%-25% ratio in favor of the tenant-lessee shall be imposed. If the landowner is present, the amount shall be given to him/her. However, if the landowner is not present or refuses to receive his/her share, the Municipal Agrarian Reform Program Officer (MARPO) shall advise said landowner or his/her successor-in-interest in writing and by registered mail. Furthermore, the twenty-five per cent (25%) share of the landowner that was not claimed shall be deposited under his/her name in the nearest Land Bank of the Philippines (LBP) branch in the locality, within thirty (30) days from the receipt thereof.

#### **IV. OPERATING PROCEDURES**

The following shall be the duties and obligations of the Municipal Agrarian Reform Program Officer (MARPO):

- A. The MARPO, at the instance of the tenant-lessee or landowner-lessor, shall validate the information that the tenanted coconut landholdings are affected by fortuitous event or natural calamity/disaster. The MARPO shall thereupon issue a Certification that a certain landholding is damaged by a fortuitous event or natural calamity/disaster.
- B. Upon validation, the MARPO shall immediately send an invitation letter to the tenant-lessee and landowner-lessor for a conference, and undertake the following:
  - 1) Inform the parties that the security of tenure of the tenant-lessee shall be maintained despite the failure to pay lease rental.
  - 2) A new leasehold agreement shall be formulated in accordance with the formalities prescribed under existing laws and pertinent DAR rules and regulations. Any agreement reached by the parties, which are not contrary to law/morals, customs, public policy, and public order, shall be respected.
  - 3) In case the parties fail to reach an agreement, the MARPO shall determine or compute the leasehold rental in accordance with the pertinent rules and regulations. Thereafter, the MARPO shall issue the Provisional Leasehold Rental (PLR), which must be followed by both parties. In case any of the parties disagree with the PLR, the same shall be forwarded to the Provincial Agrarian Reform Adjudicator (PARAD) for the determination of lease rental. In the meantime, the PLR shall be in due course observed by the parties until the PARAD shall have fixed the lease rentals.

#### IV. REPEALING CLAUSE.

All orders, circulars, rules, and regulations inconsistent herewith are hereby revoked, amended, or modified accordingly.

#### V. EFFECTIVITY.


This A.O. shall take effect after ten (10) days after its publication in two (2) newspapers of general circulation, pursuant to Section 49 of Republic Act (R.A.) No. 6657, as amended, and its registration with the Office of the National Administrative Register (ONAR).

Diliman, Quezon City, **FEB 26**, 2014.

  
**VIRGILIO M. DE LOS REYES**  
Secretary

Department of Agrarian Reform  
Office of the Secretary



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**CERTIFICATION**

This is to certify that Administrative Order No. 2, Series of 2014 entitled **“RULES AND REGULATIONS” ON LEASEHOLD OPERATIONS IN TENANTED COCONUT LANDS AFFECTED BY FORTUITOUS EVENTS, NATURAL DISASTERS OR CALAMITIES**” was published today, Tuesday, 04 March 2014 at Malaya Business Insight and Business Mirror newspapers.

Issued this 4th day of March 2014 for whatever purpose it may serve.

**MA. ELIZABETH R. FAUSTINO**  
Officer-in-Charge  
Public Assistance and Media Relations Service