



Republic of the Philippines  
**DEPARTMENT of AGRARIAN REFORM**  
ELLIPTICAL ROAD, DILIMAN, QUEZON CITY • TELS. 928-7031 TO 39

ADMINISTRATIVE ORDER NO. 01  
Series of 2016

**SUBJECT: AMENDING DAR ADMINISTRATIVE ORDER NO. 01, SERIES OF 2002, ENTITLED "2002 COMPREHENSIVE RULES ON LAND USE CONVERSION", BY ALLOWING PRIVATE INSURANCE AND SURETY COMPANIES TO POST BOND**

Recognizing the jurisdiction of the Insurance Commissioner to grant authority to private insurance and surety companies to act as sureties in government transactions by virtue of the Letter of the Office of the President dated 07 May 2014 and DOJ Opinion No. 93-2012 dated 05 December 2013, DAR Administrative Order (A.O.) No. 01 dated 28 February 2002, entitled "2002 Comprehensive Rules on Land use Conversion" is hereby amended:


Section 1. Section 23, Article III of A.O. No. 01, Series of 2002 is hereby amended to read, as follows:

***"Section 23. Bond - To guarantee that the applicant shall not undertake premature conversion pending consideration of the application, and ensure faithful compliance with the condition of the Conversion Order by the applicant/developer, cash or surety bonds shall be required pursuant to Section 35, Chapter 6, Book IV of the Administrative Code of 1987.***

***23.1. Surety bond issued by the Government Service Insurance System (GSIS), in line with the Office of the President (OP) Administrative Order (AO) No. 33 [25 August 1987], as amended by OP-AO-141 [12 August 1994], "Prescribing Guidelines for the Insurance of All Properties, Contracts, Rights of Action and Other Insurance Risks of the Government, Including Those in Which the Government Has an Insurable Interest, with the General Insurance Fund of the Government Service Insurance System" or by a private insurance and surety company shall be allowed and accepted.***

***23.2. xxx"***

Section 2. Section 24, Article III of A. O. No. 01, Series of 2002 is likewise amended to read as follows:



**"Section 24. Bond to Guaranty Against Premature Conversion -**

xxx

**24.2. In lieu of cash bond, the applicant may post a surety bond issued by the GSIS or any private insurance or surety company, equivalent to at least fifteen percent (15%) of the total zonal value of the land per latest issuance of the Department of Finance, indicating the following conditions at the minimum that:**

**24.2.1. xxx**

**24.2.2. xxx**

**24.2.3. The validity of the bond shall be for a period of one (1) year, renewable by not more than (1) year when necessary. Failure of the applicant to renew the bond shall result in the suspension or dismissal of the application, or the revocation of the approved land use conversion, without prejudice.**

**xxx"**

Section 3. Section 25, Article III of A.O. No. 01, Series of 2002 is further amended to read, as follows:

**"Section 25. Convertibility of Bond - An applicant who posted a "bond to guarantee against premature conversion" using a GSIS or private insurance or surety company surety bond may thereafter opt to convert said surety bond into a performance bond after securing the consent of the GSIS or private insurance and surety company, in line with Article 2079 of the Civil Code."**

Section 4. Section 26, Article III of A.O. No. 01, Series of 2002 is further amended to read, as follows:


**"Section 26. Performance Bond - Within five (5) days from receipt of a copy of the Conversion Order, the applicant shall post a performance bond in the form of either of the following:**

xxx

**26.2. GSIS or private insurance and surety company surety bond equivalent to at least fifteen percent (15%) of the total zonal value of the land per latest issuance of the Department of Finance, indicating the following conditions at the minimum that:**

xxx

**26.2.4. The validity of the bond shall be equivalent to the prescribed period of development of the area under the Conversion**



*Order. In the event that the bond expires even before the prescribed period of development, the same shall be consistently renewed; otherwise, the Conversion Order shall be revoked.*

xxx."

Section 6. This Administrative Order shall take effect within ten (10) days after publication in at least two (2) national newspapers of general circulation.

Diliman, Quezon City, MAR 30 2016.

  
**VIRGILIO R. DE LOS REYES**  
Secretary

Department of Agrarian Reform  
Office of the Secretary



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2. Malaya Business Insight

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**CERTIFICATION**

This is to certify that Administrative Order No. 1, Series of 2016 entitled **“AMENDING DAR ADMINISTRATIVE ORDER NO 01, SERIES OF 2002, ENTITLED “2002 COMPREHENSIVE RULES ON LAND USE CONVERSION”, BY ALLOWING PRIVATE INSURANCE AND SURETY COMPANIES TO POST BOND”** was published today, Monday, 04 April 2016 in the Business Mirror and Malaya Business Insight newspapers.

Issued this 4th day of April 2016 for whatever purpose it may serve.

  
**ERLINDA M. MANLUCTAO**  
Director IV, PAMRS