



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

ADMINISTRATIVE ORDER NO. 02  
Series of 2006

**SUBJECT: REVISED RULES AND PROCEDURES GOVERNING  
LEASEHOLD IMPLEMENTATION IN TENANTED  
AGRICULTURAL LANDS**

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**I. PREFATORY STATEMENTS**

The evolution of the law on leasehold has been a great challenge to both government and civil society stakeholders as it progressed from one of election and limited operation to one of compulsion and comprehensive application.

Republic Act (R.A.) No. 1199, which became operative on 30 August 1954, was enacted to govern share tenancy. Section 14 of the said law recognized the rights of the tenants to choose for leasehold tenancy agreement. R.A. No. 3844, which took effect on 8 August 1963, as amended by RA No. 6389, finally declared agricultural share tenancy as contrary to public policy and was, thereby, abolished. Section 4 of RA 6389 automatically converted share tenancy throughout the country into agricultural leasehold relationship.

The Comprehensive Agrarian Reform Law (CARL) or R.A. No. 6657, which took effect on 15 June 1988, expressly repealed Section 35 of R.A. No. 3844 which exempted fishponds, saltbeds, and lands principally planted to citrus, coconut, cacao, coffee, durian and other similar permanent crops. The significant implications of this evolution of the law are as follows:

1. The abolition of share tenancy now covers all agricultural landholdings without exceptions;
2. The conversion of share tenancy into leasehold is mandated by law;
3. Agricultural leasehold can be a preliminary step to land ownership. Hence, all share-crop tenants were automatically converted into agricultural lessees as of 15 June 1988, whether or not a leasehold agreement has been executed; and
4. Leaseholders' security of tenure shall be respected and guaranteed.

In accordance with these developments of the law, Sec. 12 of R.A. No. 6657 mandates the Department of Agrarian Reform (DAR) to determine and fix the lease rentals within retained areas and areas not yet acquired for agrarian reform in accordance with Section 34 of R.A. No. 3844.

Additionally, Section 6 of R.A. No. 6657 recognizes the right of the farmer to elect whether to become a farmer-beneficiary or a leaseholder in the retention area of the

landholder. Section 67 of the same Act directs the Registrar of Deeds to "register x x x patents, titles, and documents required for the implementation of the CARP."

Pursuant to the DAR's mandate to protect the rights and improve the tenorial and economic status of farmers in tenanted lands, and its efforts to provide for an effective mechanism that shall implement leasehold and improve the method for determining and fixing lease rentals, as well as deal with external factors such as the prevailing practice and stance of landowners to deny the existence of tenancy relations whenever possible, the rules and procedures governing agricultural leasehold tenancy and leasehold implementation are hereby modified and amended as follows.

## **II. COVERAGE**

These rules and procedures shall apply to all tenanted agricultural lands, regardless of crop produced and tenancy relations established. These lands may belong to any of the following categories:

1. Retained areas;
2. Tenanted agricultural lands not yet acquired for distribution under the Comprehensive Agrarian Reform Program (CARP);
3. All other tenanted lands which may be validly covered under the existing laws, including but not limited to:
  - 3.1 Tenanted landholdings that may be within the purview of Department of Justice (DOJ) Opinion No. 44-1990 but actual use remains agricultural and;
  - 3.2 All other tenanted landholdings that may otherwise qualify for exemption or exclusion from CARP coverage or land use conversion, for as long as actual use remains agricultural.

## **III. DEFINITION OF TERMS**

1. Agricultural land - As one of the six essential elements of agricultural tenancy, it means "land devoted to any growth, including but not limited to crop lands, salt beds, fish ponds, idle land and abandoned land" (R.A. No. 3844, Section 166(1)). It refers to "lands devoted to or suitable for the cultivation of the soil, planting of crops, growing of trees, raising of livestock, poultry, fish or aquaculture production, including the harvesting of such farm products, and other farm activities and practices performed in conjunction with such farming operations by persons whether natural or juridical.
2. Agricultural Leasehold Contract – A tenorial arrangement, whether written or oral, express or implied, between the lessor-landholder and lessee-farmer where

the former consents to the latter's personal cultivation of piece of agricultural land in consideration of a fixed rental either in money or produce or both. Nevertheless, for purposes of leasehold implementation under this Administrative Order, "agricultural leasehold contract" refers to a written tenurial arrangement, in the form prescribed by the DAR, between the lessor-landholder and lessee-farmer containing aforesaid terms/agreement.

3. **Agricultural Leasehold Relation** – It is limited to the person who furnishes the landholding, either as owner, civil law lessee, usufructuary, or legal possessor, and the person who personally cultivates the same (R.A. No. 3844, section 6).
4. **Agricultural Lessee** – A person who, by himself and with the aid available from within his immediate farm household, cultivates the land, belonging to or possessed by another, with the latter's consent for purposes of production, for a price certain in money or in produce or both. It is distinguished from civil lessee as understood in the Civil Code of the Philippines. (R.A. No. 3844, Section 166(2)).
5. **Agricultural Lessor** – A person, natural or juridical, who, either as owner, civil law lessee, usufructuary, or legal possessor, lets or grants to another the cultivation and the use of his land for a price certain. (R.A. 3844, Section 166 (3)).
6. **Agricultural Year** – The period of time required for raising a particular agricultural product, including the preparation of the land, sowing, planting and harvesting of crops and, whenever applicable, threshing of said crops: *Provided, however,* That in case of crops yielding more than one harvest from planting, "agricultural year" shall be the period from the preparation of the land to the first harvest and thereafter, from harvest to harvest. In both cases, the period may be shorter or longer than the calendar year. (R.A. No. 3844, Section 166(4)).
7. **Principal crop** - Any product raised from dominant cultivation or use of the land and harvested on a regular basis.
8. **Auxiliary crop** – Any product raised other than the crop to which the cultivation of the land is principally devoted in each agricultural year, and excluding the produce of the homelot (R.A. No. 2263, Section 2(5) (r)).
9. **Crop Diversification** – The practice of growing two or more different kinds of crops in one area for a given period to maximize the whole area.
10. **Deductible Items** – Allowable list of costs subtracted from the computed gross normal harvests and which costs are utilized for seeds and the cost of harvesting, threshing, loading, hauling, and processing, whichever is applicable.
11. **Homelot** – A lot suitable for dwelling with an area of not more than three percent (3%) of the area of the landholding provided that it does not exceed one thousand (1,000) square meters and that it shall be located at a convenient and suitable place within the land of the landholder to be designed by the latter,

where the tenant shall construct his dwelling. However, incomes from vegetables, poultry, pigs, other animals, minor industry products raised or produces within the homelot, shall accrue to the tenant exclusively.

12. **Immediate Farm Household** – The members of the family of the lessee and other persons who are dependent upon him for support and who usually help him in his farming activities.
13. **Indiscriminate Cutting** – The felling of trees that tends to materially affect the productivity of the farm.
14. **Inter-cropping** – The practice of simultaneously growing two or more crops in between the principal crop.
15. **Landholder** – A person, natural or juridical, who, either as owner, civil law lessee, usufructuary, or legal possessor, lets or grants to another the use of cultivation of his land for a consideration either in shares under the share tenancy system, or price certain or ascertainable under the leasehold tenancy system.
16. **Normal Harvest** – The usual or regular produce obtained from the land when it is not affected by any fortuitous event like drought, earthquake, volcanic eruption, and the like.
17. **Proven Farm Practices** – Sound farming practices generally accepted through usage or officially recommended by the Department of Agriculture (R.A. No. 3844, Section 166(11)).
18. **Share Tenancy** – The relationship which exists whenever two persons agree on a joint undertaking for agricultural production wherein one party furnishes the land and the other his labor, with either or both contributing any one or several of the items of production, the tenant cultivating the land personally with the aid of labor available from members of his immediate farm household, and the produce thereof to be divided between the landholder and the tenant (R.A. No. 3844, Section 166(25)).
19. **Tenant** – A person himself and with the aid available from within his immediate farm household, cultivates the land belonging to, or possessed by another, with the latter's consent for purposes of production, sharing the produce with the landholder under the share tenancy system, or paying to the landholder a price certain or ascertainable in produce or in money or both, under the leasehold tenancy system (R.A. No. 1199, section 5(a)).

#### **IV. GOVERNING POLICIES AND PRINCIPLES**

Pursuant to Section 12 of R.A. No. 6657, and in order to fully implement the provisions of R.A. No. 3844, as amended, on agricultural leasehold, the following policies and principles are hereby issued:

1. **Agricultural leasehold shall be based on a tenancy relationship. The following are essential elements of agricultural tenancy:**
  - 1.1. **The parties are the landholder and the tenant;**
  - 1.2. **The object of the relationship is an agricultural land;**
  - 1.3. **There is consent freely given either orally or in writing, express or implied;**
  - 1.4. **The purpose of the relationship is agricultural production;**
  - 1.5. **There is personal cultivation;**
  - 1.6. **There is consideration given to the lessor either in a form of share of the harvest or payment of fixed amount in money or produce to or both.**
2. **Agricultural leasehold relation shall not be extinguished by mere expiration of the term of period in a leasehold contract nor by the sale, alienation or transfer of the legal possession of the land. In case the agricultural lessor sells, alienates or transfers the legal possession of the landholding, purchaser or transferee thereof shall be subrogated to the rights and substituted to the obligations of the agricultural lessor as provided for under Sec. 10, R.A. 3844, as amended.**
3. **Cultivation is not limited to the plowing and harrowing of the land, but also the advancing of the ground to forward the products of the earth by general industry, taking care of the land and fruits growing thereon, fencing of certain areas, and the cleaning thereof by gathering of coconuts, their pilings, husking, and harvesting as well as the proceeding thereof go into copra, although at times with the aid of hired laborers.**
4. **The consideration for the lease shall not be more than the equivalent of 25% of the average normal harvest (ANH) during the three (3) agricultural years immediately preceding the date the lease was established. If the land has been cultivated for less than 3 years, the initial consideration shall be based on the average normal harvest of the preceding year/s when the land was actually cultivated.**

**If the land has been cultivated for a period of less than three (3) years, the initial consideration shall be based on the average normal harvest during the preceding years 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 (R.A. No. 3844, Section 34, 1<sup>st</sup> proviso).**

**For auxiliary crops, the lease shall not be more than the equivalent of 20% following the principles provided for principal crops on the use of average normal harvest provided that all expenses shall be born by the tenant pursuant to Sec. 30, R.A. 1199, as amended**

**After the lapse of the first three (3) normal harvests, the final consideration shall be based on the average normal harvest during these three (3) preceding agricultural years (R.A. No. 3844, Section 34, 2<sup>nd</sup> proviso).**

5. The lease rental shall cover the whole farmholding attended to by the lessee. Computation of lease rental shall include principal and/or auxiliary crops existing in the area as of the time the leasehold was established.
6. Where the rental has been fixed, whether in cash or in kind, such rental shall constitute the consideration for the use of the land and the lessee may diversify and/or plant auxiliary crops. The right to diversify shall be provided in the leasehold contract.
7. In the homelot, where the tenant may raise vegetables, poultry, pigs, other animals, or engage in minor industries, the products shall accrue to the tenant exclusively. The tenant's dwelling shall not be removed from the lot already assigned to him by the landholder unless there is severance of tenancy relationship between them as provided under Section 9 of R.A. No. 1199 or unless the tenant is ejected for cause, and only after the expiration of forty-five (45) days following such severance of relationship or dismissal for cause. (R.A. No. 2263, Section 5).
8. As a general rule, tenancy is indivisible and dual tenancy/co-tenancy is not allowed. This rule is however subject to the following exceptions:
  - 8.1 As among the heirs of a deceased tenant-farmer, the landowner has recognized the children as the tenant's successor to the tenancy of the landholding.
  - 8.2 A common law wife is recognized as a co-tenant by the landowner and is entitled to cultivation of the same after the common-law husband had left the landholding.
  - 8.3 When co-tenancy exists with the consent of the landowners.

The DAR adheres to the policy of "indivisibility of tenancy", hence, only the foregoing exceptions are recognized.

9. Where there are two tenants on the same lot (when divisibility of tenancy is allowed), each producing a different crop, they may decide to have a joint leasehold agreements with the landholder, whichever is feasible. This provision applies only to tenancy relationship existing as of the effectivity of this Order and shall not be countenanced prospectively.
10. An agricultural lessee shall continue the enjoyment and possession of his landholding except when his dispossession has been authorized by the proper tribunal in a judgment that is final and executory for causes provided by law (R.A. No. 3844, Section 36(6)). To avoid compounded rents, it shall be the duty of the Municipal Agrarian Reform Officer (MARO) to encourage farmers to avail of the crop insurance program of the government.
11. In case a prospective agricultural lessee is under serious threat of eviction as a consequence of the leasehold coverage implementation (not as a consequence of execution of a lawful order), the matter shall be immediately reported, with the

assistance of the MARO, to the nearest police or law enforcement agency for documentation. Such report may later be necessary in guiding the DAR in resolving questions pertaining to existence or non-existence of tenancy relationship.

12. If capital improvements are introduced on the farm by the landholder to increase its productivity, the rental shall be increased proportionately to the consequent increase in production due to said improvements. The cost of the capital improvement, including interest thereon, will be determined, and the number of years shall be fixed within which the increase in rental shall be paid. In case of disagreement, the Adjudicator shall determine the reasonable increase in rental. (R.A. No. 3844, Section 34, 4<sup>th</sup> proviso).
13. The lease rental determined by the MARO in accordance with law and existing policies of the DAR shall be binding and immediately executory upon execution of the leasehold contract by both the lessor and the lessee and affirmation by the MARO.
14. Leasehold agreements under this Order shall be in writing, using the prescribed leasehold contract, duly notarized and registered with the Municipal Treasurer's Office. Refusal of the landholder to sign a leasehold contract shall not affect the tenant's status as lessee.
15. Existing leasehold agreements shall be respected provided that the agreed lease rentals do not exceed the maximum provided by law and the other stipulations therein are not contrary to law. For the purpose of determining compliance with the terms and conditions written therein, these agreements shall be subject to the MARO's periodic review.
16. All issues related to the implementation of this Administrative Order and the Leasehold Contract shall, as much as possible, be resolved within the level of the MARO and/or the PARO, if still necessary, pursuant to the rule on exhaustion of administrative remedies.
17. If the landowner refuse to accept the Provisional Lease Rental (PLR), the lessee shall deposit the contested lease rental with the nearest Land Bank of the Philippines (LBP) Office, or any duly authorized banking institution in the locality, in a trust account in the name of the landholder if the payment is in cash or in a bonded warehouse if the payment is in kind. The lessee shall notify the MARO and the landholder on the payment made.

The same rule shall apply to landholdings covered by leasehold contracts where the landowner refuses to accept the lease rental.

18. In case of disagreement over the issue on the fixing of lease rentals, the PLR issued by the MARO shall be reviewed and affirmed by the PARO. If no action is taken by the PARO after the lapse of fifteen (15) days from receipt of a copy

thereof, the PLR shall be deemed approved and shall govern the leasehold relation.

19. Any party who disagrees with the MAROs decision must submit within 15-day period an original complaint before the Provincial Agrarian Reform Adjudicator (PARAD). Notwithstanding the filing of the case before the PARAD, the MARO's decision shall be provisionally observed as provided in the preceding paragraph until and unless the PARAD rules otherwise after adjudicating the lease rental on the merits.
20. The Adjudicator shall decide the case within thirty (30) days from the last day of the filing date of the last responsive pleading, pursuant to the first sentence of Section 51 R.A. No. 6657.
21. In case of disagreement over the issue of existence of tenancy relationship and the MARO's finding is in favor of its existence, and later a party files a case before the Adjudicator, the distribution of the proceeds from the intervening harvest shall be as follows:
  - 21.1. Release 50% to the party claiming to be tenant;
  - 21.2. Release 25% to the landholder;
  - 21.3. Deposit the cash equivalent of the remaining 25% in a bank account in the name of the Department of Agrarian Reform in trust for the parties concerned.

## **V. SPECIFIC POLICIES FOR LANDS PRIMARILY DEVOTED TO SUGARCANE AND COCONUT**

### **A. SUGARCANE LANDS**

In the implementation of the leasehold system, particularly in sugarcane lands, the following policies shall apply:

1. In order to progressively improve the condition of the lessee, and as part of the leasehold arrangement, the lessee shall have the following rights to be exercised by him personally or through a duly registered cooperative/farmers' association of which he is a bonafide member:
  - 1.1 To enter into a contract with the sugar central millers for the milling of the sugarcane grown on the leased property. Any milling contract existing between the landholder and the sugar millers shall be deemed to have been amended, with the lessee/s assuming all the rights of the landholder in such contract, until the lessee/s and the miller shall have entered into a new milling agreement under the reasonable terms and conditions.



- 1.2 To be issued a warehouse receipt (quedan) or molasses storage certificate by the sugar central for the manufactured sugar, molasses and other by-products.
  - 1.3 To have free access to the sugar central/s factory, facilities, and laboratory for purposes of checking and/or verifying records and procedures in the processing of sugarcane through professional representation.
  - 1.4 To be furnished a weekly statement of cane and sugar account showing, among other things, the tonnage of the delivered cane and analysis of the crusher juice.
  - 1.5 To be given thirty (30) days notice in writing before the sugar and other by-products are sold through public auction. These rights shall bind the DAR Sheriff or person designated by the Adjudicator to have custody of the unliquidated harvest to observe the process of public auction and shall not be allowed a negotiated sale of the of the sugar and other by-products.
  - 1.6 To be provided with the standard tonnage allocation by the miller/sugar central.
2. The lease rental for sugarcane lands shall be not more than twenty five percent (25%) of average normal harvest less the value of the cost of seeds/cane points, harvesting (cutting), loading, hauling, and/or trucking fee, and cost of processing, pursuant to Section 34 of R.A. No. 3844. (See Annex "A" on sample computation)
  3. The determination of the average normal harvest to be used in computing the lease rental in sugarcane lands shall be based on the following:
    - 3.1 If the leasehold relationship existed before 15 June 1988, the effectivity of R.A. No. 6657, the average normal harvests of the three (3) agricultural years immediately before the date of the leasehold relationship was established shall be used.
    - 3.2 If the leasehold relationship was established on 16 June 1988 by operation of R.A. No. 6657, the average normal harvest of the three (3) agricultural years immediately preceding the said date shall be used.
    - 3.3 If the land has been cultivated for less than three (3) years prior to the ate the leasehold was established, the estimated normal harvest during the three (3) agricultural years immediately preceding the said date shall be considered as a normal harvest.

4. An agricultural year for sugarcane shall be understood to mean the period from land preparation to harvesting. Ratooning (from trash burning to harvesting) shall likewise be considered as one agricultural year.
5. The leasehold agreement shall include both the sugarcane products (sugar) and by products (molasses).
6. The lease rental of the land shall be paid in an amount certain, in money or in produce, or both, as may be agreed upon by the parties. Such rental shall be paid after the exact produce shall have been determined using the Certificate of Quedan and molasses storage certificate issued by the sugar central/miller, unless otherwise agreed upon by the parties under reasonable terms and conditions.
7. The agricultural lessees shall not be required to assume, directly or indirectly, any part of the rent, or other considerations which the agricultural lessor is under obligation to pay third persons for the use of the land (R.A. No. 3844, Section 31).
8. Any contract by which the agricultural lessee is required to accept a loan or to make payment(s) in kind shall be contrary to law, moral or public policy (R.A. No. 3844, Section 15).
9. The agricultural lessor may mortgage expected rentals (R.A. No. 3844, Section 29)
10. Notwithstanding the above provisions of the law and any contract of mortgage existing between the landholder-planter and financial institutions to the contrary, it is unlawful for the landholder-planter to mortgage to any entity (such as banks or financial institutions) that part of produce which is due to the agricultural lessee.
11. If the landholder incurred loans from a bank or any financial institution, such bank can only attach the fixed lease rental due to the landholder. It is unlawful for the bank or any financial institution to withhold the quedan covering the portion of the crop due to the lessee.
12. The DAR shall encourage sugarcane farmer-lessees to establish associations or cooperatives which shall assist them or directly deal with the millers, processors, transport operators, and financial and banking institutions. The DAR shall likewise assist farmer-lessees in securing milling accommodations or membership in sugar planters associations.

## **B. COCONUT LANDS**

In the implementation of the leasehold system, particularly in coconut lands, the following policies shall apply:

1. The indiscriminate or substantial cutting of coconut trees by the landholder or his assigns is prima facie evidence of dispossession of the tenant-lessee from his farmholding. The following documents may, however, rebut the presumption:
  - 1.1 Written consent of the lessee; and
  - 1.2 A permit to cut coconut trees from the Philippine Coconut Authority, in accordance with R.A. No. 8048 (Coconut Preservation Act of 1995) and its implementing rules and regulations.
2. Consistent with the state policy to provide for the growth of the coconut industry through a sustainable replanting program, as enunciated in R.A. No. 8048, and in consonance with the preceding paragraph, it shall be the duty of the MARO assigned in the area to encourage replanting of coconut trees and the maximization of the landholding especially the area in between the coconut trees. He/She shall assist the parties in coordinating with proper government agencies and institutions.
3. The application of the allowable deductible items in coconut shall depend on the final product as defined in this AO.
  - 3.1 If the final product is copra, the deductible items are the:
    - 3.1.1 cost of harvesting, which shall include picking and piling; and
    - 3.1.2 cost of processing, which shall include husking, splitting, scooping, and drying.
  - 3.2 If the final product is green nuts, the deductible items above shall be used except for the cost of processing.
  - 3.3. The final product is husked nuts, the cost in items 3.1.1 and the cost of husking in 3.1.2 shall be deducted.
4. The lease rental for the coconut lands shall not be more than twenty-five percent (25%) of the average normal harvest for a specific area for the preceding three (3) calendar years less the value of production cost. (See Annex "B" on sample computation)
5. In case there is large-scale replanting in the coconut area initiated by the lessor which may affect the normal coconut production in particular and the leasehold arrangement in general, a new lease rental may be computed proportionate to the decrease in production.
6. In the computation of lease rentals, principal crops already existing within the homelot when the same was established shall be considered as included in the leasehold.

## **VI. RIGHTS AND OBLIGATIONS**

### **A. *Rights of Agricultural Lessees.*** It shall be the right of the agricultural lessee to:

1. Have possession and peaceful enjoyment of the land;
2. Manage and work on the land in a manner and method of cultivation and harvest which conform to proven farm practices;
3. Mechanize all or any phase of his farm work;
4. Deal with millers and processors and attend to the issuance of quedans and warehouse receipts for the produce due him;
5. To be afforded and/or continue the exclusive possession and enjoyment of a homelot;
6. Be indemnified for the cost and expenses incurred in the cultivation, planting or harvesting and other expenses incidental to the improvement of his crop in case he surrenders or abandons his landholding for just cause or ejected therefrom. In addition, he has the right to be indemnified for one-half of the necessary and useful improvements made by him on the landholding. *Provided*, That these improvements are tangible and have not yet lost their utility at the time of surrender and/or abandonment of the landholding, at which time their value shall be determined for the purpose of the indemnity for improvements;
7. Terminate the leasehold during the agricultural year for any of the following causes:
  - 7.1 Cruel, inhuman or offensive, treatment of the agricultural lessee or any member of his immediate farm household by the agricultural lessor or his representative with the knowledge and consent of the lessor;
  - 7.2 Non-compliance on the part of the agricultural lessor with any of the obligations imposed upon him by the provisions of R.A. No. 3844 or by his contract with the agricultural lessee;
  - 7.3 Compulsion of the agricultural lessee or any member of his immediate farm household by the agricultural lessor to do any work or render any service not, in any way connected with farm work or even without compulsion if no compensation is paid;
  - 7.4 Commission of a crime by the agricultural lessor or his representative against the agricultural lessee or any member of his immediate farm household; or

7.5 Voluntary surrender due to circumstances more advantageous to him and his family.

8. Have the preferential right to buy the agricultural landholding under reasonable terms and conditions in case the agricultural lessor decides to sell the same (Sec. 11 R.A. No. 3844).
9. Redeem the landholding at a reasonable price and consideration in case the agricultural lessor sold the same to a third person without the agricultural lessee's knowledge pursuant to Section 12 of R.A. No. 3844.

**B. *Obligations of Agricultural Lessee.*** It shall be the obligation of the agricultural lessee to:

1. Cultivate and take care of the farm, growing crops, and other improvements on the landholding as a good father of a family and perform all the work therein in accordance with proven farm practices;
2. Inform the agricultural lessor within a reasonable time of any trespass committed by third persons upon the farm, without prejudice to his direct action against the trespasser;
3. Take reasonable care of the work animals and farm implements delivered to him by the agricultural lessor and see that they are not used for purposes other than those intended or used by another without the knowledge and consent of the agricultural lessor: *Provided, however,* That if said work animals get lost or die, or said farm implements get lost or are destroyed, through the negligence of the agricultural lessee, he shall be held responsible and made answerable therefore to the extent of the value of the work animal and/or farm implements at the time of the loss, death or destruction;
4. Keep his farm and growing crops attended to during the work season in case of unjustified abandonment or neglect of his farm, any or all of his expected produce may, upon order of the Court, be forfeited in favor of the agricultural lessor to the extent of the damage caused thereby;
6. Pay the lease rental to the agricultural lessor when it falls due. *Provided,* that the non-payment of the rental due to crop failure to the extent of 75% as a result of a fortuitous event shall not be a ground for dispossession, although the obligation to pay the rental due that particular crop is not thereby extinguished.

**C. *Prohibitions on Agricultural Lessees.*** It shall be unlawful for the agricultural lessee to:

1. Contract to work additional landholdings belonging to a different agricultural lessor or to acquire and personally cultivate an economic family-size farm, without the knowledge and consent of the agricultural lessor with whom he had entered first into leasehold, if the first landholding is of sufficient size to make

him and the members of his immediate farm household fully occupied in its cultivation; or

2. Employ a sub-lessee on his landholding: *Provided, however,* That in case of illness or temporary incapacity, he may employ laborers whose services on his landholding shall be on his account.

**D. *Rights of Agricultural Lessors.*** It shall be the right of the agricultural lessor to:

1. Inspect and observe the extent of compliance with the terms and conditions of their contract and the provisions of this Chapter;
2. Propose a change in the use of the landholding to other agricultural purposes, or in the kind of crops to be planted: *Provided,* That in case of disagreement as to the proposed change, the same shall be settled by the Court according to the best interest of the parties concerned. *Provided, further,* That in no case shall an agricultural lessee be ejected as a consequence of the conversion of the land to some other agricultural purpose or because of a change in the crop to be planted;
3. Require the agricultural lessee, taking into consideration his financial capacity and the credit facilities available to him, to adopt in his farm proven farm practices necessary to the conservation of the land, improvement of its fertility and increase of its productivity. *Provided,* That in case of disagreement as to what proven farm practice the lessee shall adopt, the same shall be settled by the Adjudicator or PARO according to the best interest of the parties concerned; and
4. Mortgage expected rentals.

**E. *Obligations of Agricultural Lessors.*** It shall be the obligation of the agricultural lessor to:

1. Keep the agricultural lessee in peaceful possession and cultivation of his landholding; and
2. Keep intact such permanent useful improvements existing on the landholding at the start of the leasehold relation as irrigation and drainage system and marketing allotments, which in the case of sugar quotas shall refer both to domestic and export quotas, provisions of existing laws to the contrary notwithstanding.

**F. *Prohibitions on Agricultural Lessors.*** It shall be unlawful for the agricultural lessor to:

1. Dispossess the agricultural lessee of his landholding except upon authorization by DARAB. Should the agricultural lessee be dispossessed of his landholding without authorization from the DARAB, the agricultural lessor shall be liable for

damages suffered by the agricultural lessee in addition to the fine or imprisonment prescribed in R.A. 3844 for unauthorized dispossession;

2. Require the agricultural lessee to assume, directly or indirectly, the payment of the taxes or part thereof levied by the government on the landholding;
3. Require the agricultural lessee to assume, directly or indirectly; any part of the rent, "*canon*" or other consideration which the agricultural lessor is under obligation to pay to third persons for the use of the land;
4. Deal with millers or processors without written authorization of the lessee in case where the crop has to be sold in processed form before payment of the rental; or
5. Discourage, directly or indirectly, the formation, maintenance or growth of unions or organizations or agricultural lessees in his landholding, or to initiate, dominate, assist or interfere in the formation of administration of any such union or organization.

## **VII. OPERATING PROCEDURES**

### **A. Identification Phase**

The MARO shall, *motu proprio*, or at the instance of either the landholder or the tenant, identify all landholdings still under the tenancy as of the effectivity of R.A. No. 6657, and list the landowner and the tenants thereon, with the assistance of the Barangay Agrarian Reform Committee (BARC), and people's organization/non-government organization (POs/NGOs) that are present in the area. The MARO shall then prepare the list of identified landholdings subject of agricultural leasehold and prepare the individual profile of the landholdings with its corresponding landholders and tenants.

This activity, however, shall be considered independent from the determination and fixing of lease rental as it is assumed to be a regular function of the MARO.

### **B. Notice of Conference**

After identification of all tenanted agricultural lands in the community/barangay, the MARO shall:

1. Send an invitation letter, through personal service or registered mail, to the tenant and to the landholder, or his administrator or overseer for the farm, for a mediation conference, copy furnished the BARC and the Barangay Captain/Council. Priority shall be given to those represented by peasant's organization. The voluntary application by any lessor for the fixing of the rental shall likewise be immediately acted upon.

The invitation letter shall indicate the date or schedule of the conference, between the parties and require them to submit the necessary documents, within fifteen (15) days upon receipt thereof, such as: production data, cost of production, type or kind of crops planted (principal and auxiliary), any evidence as proof of the average normal harvest, including the cost of deductible item(s), during the three (3) agricultural years immediately preceding and other relevant information, i.e., receipt of payments, affidavit or any proof from disinterested persons/parties attesting to the existence of leasehold relationship between the landholder and his/her tenants. .

2. Review and evaluate the documents or pieces of evidence submitted by the parties, including, if any, report of threat or eviction of prospective lessees.

### **C. Meeting and Mediation Conference**

The MARO, with the assistance of the BARC or in the absence thereof, the Barangay Council concerned, shall jointly conduct the mediation conference on the scheduled date between the landowner(s) and the lessee(s) for the purpose of fixing the lease rental. The MARO shall explain in local dialect to the parties concerned the salient features of the leasehold system, particularly on the following:

- 1.1 security of tenure;
- 1.2 rights and obligations;
- 1.3 grounds for dispossession;
- 1.4 prohibitions and limitations;
- 1.5 terms and conditions; and
- 1.6 other related information.

The Minutes of the Mediation/Meeting shall be signed by the parties concerned.

In the event any party fails to appear during the scheduled conference despite notice, the MARO, in addition to mailing the notice at the last known address of the parties, shall cause the posting of the notice within seven (7) days at any conspicuous place in the barangay/municipality where the property is located. Compliance with these requirements is sufficient for the MARO to fix the Provisional Lease Rental (PLR) based on data presented by the other party and those gathered by him/her.

### **D. Determination and fixing of Rental**

On the basis of the documents and/or evidence presented or as gathered, the MARO with the assistance of the BARC, shall proceed with the computation of the lease rental applying the formula prescribed under these Ruels.



1. In case of agreement, the MARO shall:
  - 1.1 assist the parties in executing the agricultural leasehold contract which shall become immediately binding and executory upon signing thereof. The rental to be paid as consideration for the lease of the land shall be embodied in the prescribed leasehold agreement from which shall be drawn up in five (5) copies in the language or dialect known to the parties or their duly authorized representatives before two witnesses;
  - 1.2 affirm the agreements stipulated in the leasehold contract and require the parties to cause the notarization of the affirmed LHC by the DAR commissioned notary public or in his absence, any notary public within the area;
  - 1.3 register the leasehold agreement with the Municipal Treasurer and furnish each party a copy of the registered Leasehold Agreement/Contract;
  - 1.4 prepare a Leasehold Documentation Folder (LDF) that would contain the contract and all relevant evidence and document gathered by the MARO or submitted by the parties for the purpose.
  - 1.5 transmit the LDF to the PARO for monitoring and proper annotation of the Leasehold Contract at the back of the LOs' title. The annotation shall not hinder the execution of the leasehold contract.
  
2. In case of disagreement as to the issue of existence of tenancy and fixing of lease rental.
  - 2.1.1 The MARO shall gather additional evidence and complete the corresponding LDF which shall contain all information/data pertaining to the disputed matter. On the basis of the documents submitted and gathered, determine if there exist a tenancy relationship and compute for the lease rental and thereafter issue a Provisional Lease Rental (PLR) within seven (7) days upon manifestation of disagreement by any of the parties. For this purpose, the PLR and the corresponding LDF shall be submitted immediately to the PARO for automatic review, whenever warranted, and affirmation. Simultaneously, copies of the PLR shall be sent to the tenant and the landholder.
  
  - 2.2. The PARO shall act on the PLR within fifteen (15) days upon receipt thereof. If no action is taken by the PARO within the 15-day period, said PLR is deemed approved and executory and shall, henceforth, govern the tenancy relation until and unless ordered otherwise by a court of competent jurisdiction after due hearing on the merits.

Any party may challenge the PLR by filing an original action before the Adjudicator where the landholding is situated within fifteen (15) days upon receipt of a copy thereof. Provided, that where the PLR

was determined by the MARO in a situation where the landholder failed to appear at the mediation conference, the latter shall be deemed to have waived the right to adduce evidence on the existence of tenancy relation and production data, as the case may be.

The filing or pendency of an action before the adjudicator, shall not affect the implementation of the PLR unless and until the PARAD rules otherwise after due hearing on the merits. The PARAD may not enjoin the implementation of the PLR and shall not subject the same to injunction or Temporary Restraining Order.

- 2.3 In case the MARO's finding and determination denies the existence of tenancy relationship, no PLR shall be issued and the only legal remedy available to the party alleging existence of tenancy relationship is an original action before the Adjudicator.

The annotation of the leasehold arrangement at back of the Original Copy of Certificate of Title on file with the Register of Deeds (ROD) shall be required for landholdings where existence of tenancy is not questioned.

## **VIII. SUPERVISION OF HARVEST**

- A. When crops are ready for harvesting during the pendency of the proceeding but before the leasehold contract is executed by the parties, or before the issues in dispute particularly the lease rental are resolved by the MARO, the following arrangement shall govern the supervision of harvest:
- a. 75% goes to the lessee claiming to be tenant; and
  - b. 25% goes to the landholder

The above proportions shall, however, be released after deducting the cost or amount of deductible items as defined in Section III (10) of this A.O.

- B. In case, however, a PLR has been issued by the MARO and the party rejects/contests the same before the Adjudicator or request for a supervision of the intervening harvest/s, the provisional lease rental shall govern the supervision of intervening harvest from date of issuance until the Adjudicator rules otherwise.

## **IX. MONITORING AND REPORTING**

All MAROs shall maintain an annually updated crop-based inventory of all tenanted landholdings in their areas of responsibility. The inventory should reflect accurate

information as to the extent of the leasehold implementation in the area including the landholdings they have actually covered. The updated inventory report shall be forwarded to the PARO for consolidation and submission of appropriate report to the DARCO-BLAD, copy furnished the DARRO.

The PAROs shall ensure the conduct of periodic review of all existing leasehold contracts and the proper adjustment thereof, if warranted, based on the changes in production, income and other essential agricultural and transactional activities significantly affecting the lessor and the lessee of the agricultural land. All subsequent changes in the contracts shall be properly reflected in the LDF of every particular landholding.

Both the PAROs and the MAROs concerned shall likewise document and consolidate all cases, issues and concerns relating to the implementation of leasehold for submission to DAR Central Office, attention: the Bureau of Land Acquisition and Distribution, for appropriate action and/or proper disposition.

## **X. SANCTIONS**

Any person who willfully prevents or obstruct the implementation or enforcement of the policies and instructions contained herein shall be held liable in accordance with Section 74 of R.A. No. 6657.

Administrative sanctions shall be imposed on DAR personnel, without prejudice to the filing of criminal and civil actions, who have willfully, feloniously, and/or erroneously processed leasehold folders, and circumvented the provisions of this A.O. resulting to the dispossession or transfer of agricultural lands to individuals who are not actual tenants under CARP.

## **XI. TRANSITORY PROVISIONS**

Upon the effectivity of this Administrative Order, all DAR offices concerned shall undertake a massive information dissemination campaign on leasehold system. All existing leasehold contracts shall be reviewed and updated accordingly. Existing leasehold agreements shall be respected provided that the agreed lease rentals do not exceed the maximum provided by law and the other stipulations therein are not contrary to law.

All pending leasehold documentation shall be processed and acted upon in accordance with the procedures set forth in this Order.

## **XII. REPEALING CLAUSE**

This Order modifies and/or repeals DAR A.O. 6, S. 2003, A.O. 4, S. 1997, M.C. 11, S. 1994, A.O. 5, S. 1993, A.O. 9, S. 1991 and A.O. 4, S. 1989 and all other issuances

inconsistent herewith. The unrepealed provisions of R.A. No.1199, as amended, R.A. No. 3844, as amended and applicable provisions of R.A. No. 6657 are hereby adopted and made an integral part of this Administrative Order and shall constitute as guides in the implementation of this A.O.

### **XIII. EFFECTIVITY**

This Order shall take effect ten (10) days after its publication in two (2) newspaper of general circulation, pursuant to Section 49 of R.A. No. 6657.

Diliman, Quezon City, 15 March 2006.

  
**NASSER C. PANGANDAMAN**  
OIC-Secretary

Published in two (2) National  
News papers of general circulation:  
1. The Philippine Star  
2. The Manila Times  
Date of Publication MARCH 18, 2006

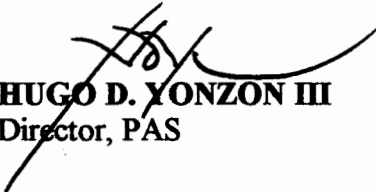


Republic of the Philippines  
**DEPARTMENT of AGRARIAN REFORM**

**CERTIFICATION**

This is to certify that Administrative Order No. 2, Series of 2006 entitled "**Revised Rules and Procedures Governing Leasehold Implementation in Tenanted Agricultural Lands**" was published last Saturday, 18 March 2006 at Philippine Star and Manila Times newspapers.

Issued this 20<sup>th</sup> day of March 2006 for whatever purpose it may serve.

  
**HUGO D. YONZON III**  
Director, PAS

LTI-LHO Annex "A"

**Republic of the Philippines**  
**Department of Agrarian Reform**  
Diliman, Quezon City

**SAMPLE COMPUTATION FOR ANNUAL LEASE RENTAL IN SUGARLANDS**  
**(Canlubang, Laguna)**

**GIVEN:**

Area	1 hectare
Frequency per hectare	1 <sup>st</sup> (new) harvest (10 to 12 months) 1 <sup>st</sup> ratoon and 2 <sup>nd</sup> ratoon (9 months to 10 months per ratoon)
Production per hectare	88.5 tons for the 1 <sup>st</sup> harvest equivalent to 86.26 piculs and 3,416 kg. of molasses  77 tons for the 1 <sup>st</sup> ratoon equivalent to 81.3 piculs and 3,191 kg. of molasses
Price per picul	P569 as of 1988 P645 as of 1989 P650 as of 1990
Price of Molasses per kg.	P1.00/kg as of 1988 P1.00/kg as of 1989 P1.20/kg as of 1990

**COMPUTATION:**

- A. Compute for the net income of every agricultural year (average gross income less allowable deductible cost).

First Agricultural Year

**Gross Income**

86.26 piculs x P569  
per picul P49,081.94

3,416 kg. of molasses		
x 1.00 kg.	P3,416.00	
<b>Allowable deductible cost</b>		<b>P52,479.94</b>

Cost of seeds P30/1000		
Cane points at 50,000		
Cane points/ha.	P1,500.00	
Harvesting/cutting		
(P65/ton x 8.5 tons)	5,752.50	
Loading and Handling/		
Trucking (P75/ton x 88.5 tons)	6,637.50	
Processing/milling		
(32% of produce)	15,706.00	<u>P29,596.00</u>
<b>Net Income</b>		<b>22,901.94</b>

Second Agricultural Year (First Ratoon)

Gross Income		
81.3 piculs x P645 per		
picul	P52,438.50	
3,191 kg. of molasses		
x 1.00 kg.	3,191.00	55,629.50
Less: allowable deductible cost		

Cost of Seeds (if any)		
Harvesting/cutting		
(P65/ton x 77 tons)	5,005.00	
Loading and hauling/trucking		
(P75 x 77 tons)	5,775.00	
Processing/milling		
(32% of produce)	16,780.32	P27,560.32
<b>Net Income</b>		<b>28,069.18</b>

Note: Cost of seeds during rationing, if any, may vary

Third Agricultural Year (Second Ratoon)

<b>Gross Income</b>		
74 piculs x P650/		
picul	P48,100.00	
2,195 kg. of molasses		
x 1.20/kg	2,634.00	<b>P50,734.00</b>

**Less: allowable deductible cost**

Cost of Seeds (if any)		
Harvesting/cutting (P80/ton x 68 tons)	P5,440.00	
Loading and hauling/ Trucking (P120/ton X 68 tons)	P8,160.00	
Processing/milling (32% of produce)	P15,932.00	P28,992.00
<b>Net Income</b>	<hr/>	<hr/> <b>P21,742.00</b>

Note: Cost of seeds during ratooning if any may vary:

**B. Compute for the Lease Rental**

First Year	P22,901.94
Second Year	28,069.18
Third Year	21,742.00

**Total Net Income** P72,713.12

**Average Net Income = Total Net Income/3**

$$\begin{aligned} &= P72,713.12/3 \\ &= \mathbf{P24,237.706} \end{aligned}$$

**Average Annual Lease Rental = Average Net Income x 0.25**

$$\begin{aligned} \text{For 1 hectare} &= P24,237.706 \times 0.25 \\ &= \mathbf{6,059.43} \end{aligned}$$



LTI-LHO Annex "B"

**Republic of the Philippines**  
**Department of Agrarian Reform**  
Diliman, Quezon City

**SAMPLE COMPUTATION FOR ANNUAL LEASE RENTAL  
IN COCONUT LANDS**

**Given:**

Area	- 7 hectares
No. of tree/hectare	- 70 to 100 coconut trees
No. of harvests/year	- 8 harvests
Frequency of harvest	- Every 30 to 45 days
Age of coconut trees	- 20 to 50 years old
Buying of price	- P806 per 1,000 husked nuts

**Cost of labor (final product is husked nut)**

A.	Harvesting	
	Picking (pagkawin/pag-akyat)	P90 per 1,000 nuts
	Piling (pag-iipon)	P35 per 1,000 nuts
B.	Hauling/Loading (paghakot/pagkarga)	P70 per 1,000 nuts
C.	Processing	
	Husking (pagtatapos)	P80 per 1,000 nuts

**COMPUTATION:**

1. Get the average normal harvest and gross income of the three agricultural years immediately before the date the leasehold relationship was established.

May-June	(1 <sup>st</sup> agri. Year)	3,000 nuts
July-August	(2 <sup>nd</sup> agri. Year)	6,000 nuts
September-October	(3 <sup>rd</sup> agri. Year)	4,000 nuts
Total		13,000 nuts
Average normal harvest (13,000/3)		4,333 nuts
Average Gross Income (4,333 nuts at P806 per 1,000 nuts)		3,492.40

2. Get the average deductibles cost for the three agricultural years using the applicable deductible items.

1<sup>st</sup> agricultural year

Picking (3,000 nuts at P90 per 1,000 nuts)	P270.00
Piling (3,000 nuts at P35 per 1,000 nuts)	105.00
Hauling (3,000 nuts at P70 per 1,000 nuts)	210.00
Husking (3,000 nuts at P60 per 1,000 nuts)	180.00
Total Cost for the 1 <sup>st</sup> agricultural year	<u>765.00</u>

2<sup>nd</sup> agricultural year

Picking (6,000 nuts at P90 per 1,000 nuts)	P540.00
Piling (6,000 nuts at P35 per 1,000 nuts)	210.00
Hauling (6,000 nuts at P70 per 1,000 nuts)	420.00
Husking (6,000 nuts at P60 per 1,000 nuts)	360.00
Total cost for the 2 <sup>nd</sup> agricultural year	<u>1,530.00</u>

3<sup>rd</sup> agricultural year

Picking (4,000 nuts per P90 per 1,000 nuts)	P360.00
Piling (4,000 nuts at P35 per 1,000 nuts)	140.00
Hauling (4,000 nuts at P70 per 1,000 nuts)	280.00
Husking (4,000 nuts at P60 per 1,000 nuts)	240.00
Total cost for the 3 <sup>rd</sup> agricultural year	<u>1,020.00</u>

Average deductible cost (765 + P1,353 + P1,020)/3	1,105.00
--	----------

3. Compute for the net income  
 Net Income (Average gross income less average  
 Deductible costs or P3,492.40 – P1,105.00) 2,387.40
4. Compute the lease rental for the  
 7 hectares per harvest  
 (25% of P2,387.40) P596.85
- Lease rental for one year (rental per  
 Harvest multiplied by the no. of  
 Harvest per year or P596.85 x 8  
 Harvests) P4,774.80

Form No. \_\_\_\_\_

Republic of the Philippines  
Department of Agrarian Reform

**AGRICULTURAL LEASEHOLD CONTRACT**

**KNOW ALL MEN BY THESE PRESENTS:**

This Agricultural Leasehold Contract, mad and entered into by and between:

The AGRICULTURAL LESSOR, \_\_\_\_\_,  
Filipino, of legal age, resident of \_\_\_\_\_

And

The AGRICULTURAL LESSEE, \_\_\_\_\_,  
Filipino of  
legal age, resident of \_\_\_\_\_

**WITNESSETH:**

1. That this Contract shall be governed by the provisions of Republic Act Nos. 6657, 3844 and other related laws, rules and regulations issued by the Department of Agrarian Reform and shall strictly conform to the conditional requirement embodied in Administrative Order No. \_\_\_\_\_, Series of \_\_\_\_\_.
2. That this Contract shall bind both parties to fundamentally carry out the requirements necessitated by agricultural leasehold relationship and other terms and conditions stipulated to maintain agricultural production over a farm lot located in Sitio \_\_\_\_\_, Barrio \_\_\_\_\_, Municipality of \_\_\_\_\_, Province of \_\_\_\_\_, owned possessed by the AGRICULTURAL LESSOR and covered by Transfer Certification Title No. \_\_\_\_\_, Tax Declaration No. \_\_\_\_\_, Plan No. \_\_\_\_\_, which landholding, consisting of \_\_\_\_\_ hectares, is bounded on the:

North by the land owned or cultivated by:  
\_\_\_\_\_;

South by the land owned and cultivated by:  
\_\_\_\_\_;

East by the land owned or cultivated by:  
\_\_\_\_\_;

West by the land owned or cultivated by:  
\_\_\_\_\_;

3. That this Contract shall commence and continue every agricultural year thereafter taking into consideration the existing agricultural leasehold relationship of the parties until the same has been terminated or modified in accordance with law and applicable provisions of Adm. Order No. \_\_\_\_\_, Series of 200\_\_\_\_\_;
4. That this Contract upon approval by the DAR, decrees the leasehold rental for said \_\_\_\_\_ landholding in the \_\_\_\_\_ amount of \_\_\_\_\_ (P\_\_\_\_\_ ) per agricultural year or \_\_\_\_\_ (if kind, indicate applicable unit of measure) of \_\_\_\_\_ (kind of crop) \_\_\_\_\_ (variety) or in combination of cash and kind schemes whichever is preferable to both parties; (if principal crop does not jive with the auxiliary crop, a separate lease rental shall be provided, as the case may be.)
5. That this Contract mandates that the AGRICULTURAL LESSEE shall pay the required lease rental which shall not be more than the equivalent of 25% of the average normal net harvest based on the computations made during the mediation/meeting conference as indicated in the attached Lease Rental Worksheet (LAD-LHO Form No. 8), which forms an integral part of the Agreement;
6. That the AGRICULTURAL LESSEE or his/her duly authorized representative shall pay the leasehold rental at \_\_\_\_\_ (specified place as agreed upon), every \_\_\_\_\_ (duration);
7. That this Contract sanctions the obligation of the AGRICULTURAL LESSEE to pay the lease rental due of a particular agricultural year in spite of crop failure to the extent of seventy-five percent (75%) or more as a result of fortuitous event. However, such non-payment of the rental due shall not be ground for the dispossession of the agricultural lessee but the obligation to pay the said lease rental due of that particular year is not extinguished.
8. That this Contract requires both parties to explicitly refrain from doing or committing prohibited acts, such as:
  - 8.1 That the AGRICULTURAL LESSEE shall not employ a sub-lessee on his/her landholding: *Provided*, that in case of illness or temporary incapacity, he/she may employ laborers whose services on his/her landholding shall be paid on his/her landholding shall be paid on his/her account;
  - 8.2 That it shall be unlawful for the AGRICULTURAL LESSEE to mortgage/sell his/her leasehold rights over the landholding;
  - 8.3 That the AGRICULTURAL LESSEE shall not cause undue erosion of the soil or impair its fertility;
  - 8.4 That the AGRICULTURAL LESSOR shall not, without the AGRICULTURAL LESSEE's written consent, destroy crops and trees in the farmholding.
9. That this Contract shall be deemed in total compliance with the policies and governing principles embodied in existing laws and any future disagreements or violations committed by either party shall be settled amicably through the mediation procedures laid down in the guideline;

10. That any change or modification of the terms and conditions of this agreement, or sale or transfer of the land to another shall not in any way affect the right of the AGRICULTURAL LESSEE to the peaceful submission and cultivation of the landholding;
11. That this Contract shall be registered with the Office of the Municipal Treasurer pursuant to DAR-DOJ Memorandum Circular No. 1, Series of 1995 annotated at the back of the Certificate of Title on file in the Register of Deeds Office.

IN WITNESS WHEREOF, the parties hereto signed this Agreement this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_, in the Municipality of \_\_\_\_\_, Province of \_\_\_\_\_, Philippines.

SIGNED BY:

\_\_\_\_\_  
Agricultural Lessor

\_\_\_\_\_  
Agricultural Lessee

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Affirmed by:

\_\_\_\_\_  
Municipal Agrarian Reform Officer

\_\_\_\_\_  
Date

**ACKNOWLEDGEMENT**

REPUBLIC OF THE PHILIPPINES )  
PROVINCE OF \_\_\_\_\_ ) S.S  
MUNICIPALITY OF \_\_\_\_\_ )

BEFORE ME, this day of \_\_\_\_\_, 20\_\_\_\_, in the Municipality of \_\_\_\_\_, Province of \_\_\_\_\_, personally appeared in the following persons:

Name	Community Certificate No.	Date Issued	Place Issued
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Known to me to be the same persons who executed the foregoing AGRICULTURAL LEASEHOLD CONTRACT and they acknowledged to me that the same is their voluntary act and deed.

This instrument, consisting of \_\_\_\_\_ pages, including the page on which this acknowledgement is written, has been signed on the left margin of each and every page thereof by \_\_\_\_\_ and \_\_\_\_\_ and their witness and sealed with my notarial seal.

Municipal Trial Judge/Duly Authorized  
DAR Lawyer

Note No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of \_\_\_\_\_.

Distribution of Copies:

- 0 – Lessor
- 1 – Lessee
- 2 – DARPO
- 3 – DARMO