



Republic of the Philippines
DEPARTMENT of AGRARIAN REFORM

ADMINISTRATIVE ORDER NO. 06

Series of 2003

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

PREFATORY STATEMENT

The history of the law on leasehold tenancy is a progression from one of election and limited operation to one of compulsion and comprehensive application. Under Section 14 of Republic Act (R.A.) No. 1199, which became operative on 30 August 1954, tenants have the right to choose a leasehold tenancy arrangement.

R.A. No. 3844, which took effect on 8 August 1963, declared agricultural share tenancy as contrary to public policy and was thereby abolished.

Section 4 of R.A. No. 6389 automatically converted agricultural share tenancy throughout the country to agricultural leasehold. R.A. No. 6389, however, did not repeal Section 35 of R.A. No. 3844 which exempted certain landholdings (fishponds, saltbeds, and lands principally planted to citrus, coconuts, cacao, coffee, durian, and other similar permanent trees).

The Comprehensive Agrarian Reform Law (CARL) or R.A. No. 6657, which took effect on 15 June 1988, expressly repealed Section 35 of R.A. No. 3844. 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) Leasehold tenancy is no longer just an option which exists by operation of law; and
- (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 had been executed.

In accordance with these developments of the law, Section 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.

Pursuant to the DAR's mandate to protect the rights and improve the tenurial 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 tenancy and leasehold implementation are hereby codified, modified and amended as follows.

ARTICLE I GENERAL PROVISIONS

SECTION 1. Coverage. These rules and procedures shall apply to all tenanted agricultural lands, including but not limited to:

- 1.1 Retained areas under Presidential Decree (P.D.) No. 27 and R.A. No. 6657.
- 1.2 Tenanted agricultural lands not yet acquired for distribution under the Comprehensive Agrarian Reform Program (CARP).
- 1.3 All other tenanted lands which may be validly covered under existing laws, including but not limited to:
 - 1.3.1 Tenanted landholdings that may be within the purview of Department of Justice (DOJ) Opinion No. 44-1990 but tenancy was established prior to reclassification and actual use remains agricultural after reclassification. Such landholdings are coverable under the leasehold system unless and until the DAR issues an exemption order and the tenant/s receive/s the disturbance compensation as provided in the said exemption order.
 - 1.3.2 All other tenanted landholdings that may otherwise qualify for exemption or exclusion from CARP coverage, for as long as actual use remains agricultural. Such landholdings are coverable under the leasehold system unless and until the DAR issues an exemption or exclusion order and the tenant/s receive/s the disturbance compensation as provided in the said exemption or exclusion order.

SECTION 2. Definition of Terms. In the implementation of comprehensive leasehold operations, the following are the commonly used terms:

- 2.1. 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.

- 2.2. Agricultural Leasehold Contract – A formal tenurial arrangement reduced into writing between a lessor-landholder and lessee-farmer where the former consents to the latter's personal cultivation in consideration for a fixed rental either in money or produce or both.
- 2.3. 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).
- 2.4. 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)).
- 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 use of his land for a certain price (R.A. No. 3844, Section 166(3)).
- 2.6. 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 a calendar year (R.A. No. 3844, Section 166(4)).
- 2.7. 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)).
- 2.8. 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.
- 2.9. 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.
- 2.10. 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 designated by the latter, where the tenant shall construct his dwelling. However, incomes from vegetables, poultry, pigs, other animals, minor industry products raised or produced within the homelot, shall accrue to the tenant exclusively.

- 2.11. 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.
- 2.12. Indiscriminate Cutting – The felling of trees that tends to materially affect the productivity of the farm.
- 2.13. Inter-cropping – The practice of simultaneously growing two or more crops in between the principal crop.
- 2.14. Landholder – A person, natural or juridical, who, either as owner, civil law lessee, usufructuary, or legal possessor, lets or grants to another the use or cultivation of his land for a consideration either in shares under the share tenancy system, or a price certain or ascertainable under the leasehold tenancy system.
- 2.15. 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.
- 2.16. 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)).
- 2.17. 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)).
- 2.18. Tenant – A person who 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)).

SECTION 3. Policies and Governing Principles. In the implementation of the agricultural leasehold operations in the country, the following are the governing policies and principles:

- 3.1. All share tenancy arrangements are contrary to public policy and are deemed automatically converted to agricultural leasehold as of 15 June 1988 by operation of law.
- 3.2. Agricultural leasehold shall be based on a tenancy relationship. The following are the essential elements of agricultural tenancy:
 - 3.2.1. Parties are the landholder and the tenant;
 - 3.2.2. Subject is the agricultural land;
 - 3.2.3. There is consent freely given, either orally or in writing, express or implied;
 - 3.2.4. The purpose is agricultural production;
 - 3.2.5. There is personal cultivation; and
 - 3.2.6. Compensation, either in terms of shares in the harvest or payment of a fixed amount in money and/or produce.
- 3.3. The agricultural leasehold relation under this A.O. shall not be extinguished by mere expiration of the term or period in a leasehold contract nor by the sale, alienation or transfer of the legal possession of the landholding. In case the agricultural lessor sells, alienates or transfers the legal possession of the landholding, the purchaser or transferee thereof shall be subrogated to the rights and substituted to the obligations of the agricultural lessor pursuant to Section 10 of R.A. No. 3844.
- 3.4. Cultivation is not limited to the plowing and harrowing of the land, but also the husbanding 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 clearing thereof by gathering dried leaves and cutting grasses. In coconut lands, cultivation includes clearing the landholding, gathering of coconuts, their pilings, husking and handling as well as the processing thereof into copra, although at times with the aid of hired laborers.
- 3.5. The consideration for the lease of riceland and lands devoted to other crops shall not be more than the equivalent of twenty-five percent (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 (R.A. No. 3844, Section 34, 1st clause).

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, 1st proviso).

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, 2nd proviso).

In the absence of any agreement between the parties as to the rental, the maximum allowed herein shall apply (R.A. No. 3844, Section 34, 3rd proviso).

- 3.6. The lease rental shall cover the whole farmholding attended to by the lessee. Computation of lease rental shall include both principal and auxiliary crops in the area existing as of the time the leasehold was established.
- 3.7. 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. In such a case, the tenant shall receive eighty per centum and the landholder twenty per centum of the net produce provided that all the expenses of production are shouldered by tenant/lessee. (R.A. No. 1199, Section 30).
- 3.8. 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).
- 3.9. It shall be the right of the agricultural lessor to propose a change in the use of the landholding to other agricultural purposes, or in the kind of crops to be planted (R.A. No. 3844, Section 29(2)). The lessor and/or lessee may propose additional plantings or additional uses and subsequently agree upon the proportionate increase in lease rentals. In case of disagreement as to the proposed change, the same shall be settled by the Adjudicator according to the best interest of the parties concerned. 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 (R.A. No. 3844, Section 29(2)).

3.10. As a general rule, tenancy is indivisible and dual tenancy/co-tenancy is not allowed. This rule is however subject to the following exceptions:

3.10.1 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.

3.10.2 A common law wife who is recognized as a co-tenant by the landowner is entitled to cultivation of the same after the common-law husband had left the landholding.

3.10.3 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.

3.11. Where there are two or more tenants on the same lot (when divisibility of tenancy is allowed), each producing a different crop, they may decide to have a joint leasehold agreement or execute separate 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.

3.12. 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, opening paragraph). However, the non-payment of the rental due to crop failure to the extent of seventy-five percent (75%) as a result of a fortuitous event, shall not be ground for dispossession, although the obligation to pay the rental due that particular crop is not thereby extinguished. (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.

3.13. 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.

3.14. 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, 4th proviso).

- 3.15. The lease rental determined by the MARO in accordance with law and existing policies of the DAR shall be binding and valid only upon affirmation by the Provincial Agrarian Reform Officer (PARO).
- 3.16. Leasehold agreements under this Order shall be in writing, using the prescribed leasehold contract, duly notarized, registered with the Municipal Treasurer's Office, and annotated at the back of the Original Copy of Certificate of Title on file with the Register of Deeds (ROD). Refusal of the landholder to sign a leasehold contract shall not affect the tenant's status as lessee.
- 3.17. 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.
- 3.18. At all times, the lessor shall respect the rights of the lessee to have peaceful possession and enjoyment of the land and to deal with millers and processors and attend to the issuance of quodans and warehouse receipts for the produce due him (R.A. No. 3844, Section 23(1, 4)). Any act by the landholder or any person representing him in violation hereof shall be prima facie evidence of dispossession.
- 3.19. If the landowners refuse to accept the lease rental on account of disagreement, 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 designated bonded warehouse if the payment is in kind. The lessee shall notify the MARO and the landholder on the payment made.
- 3.20. In case of disagreement over the issue on the fixing of lease rentals, the PARO shall either adopt the MARO's recommendation or render his own decision. The PARO's decision shall be final and immediately executory after the lapse of fifteen (15) days from receipt of the copy thereof.
- 3.21. Any party who disagrees with the PARO's decision must submit within the same 15-day period a complaint before the Provincial Agrarian Reform Adjudicator (PARAD). Notwithstanding the filing of the case before the PARAD, the PARO's decision shall be provisionally observed.

- 3.22. 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 of R.A. No. 6657. Failure to decide the case within the said 30-day period shall automatically result to the provisional maintenance of the PARO's decision.
- 3.23. In case of disagreement over the issue of existence of tenancy relationship and the PARO's finding is in favor of its existence, and later a party files a case before the Adjudicator in accordance with Section 18 hereof, the distribution of the proceeds from intervening harvest shall be as follows:
- 3.22.1 Release 50% to the party claiming to be tenant;
 - 3.22.2 Release 25% to the landholder;
 - 3.22.3 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.
- 3.24. In all activities requiring the participation of the Barangay Agrarian Reform Committee (BARC) Chairman or his duly authorized representative, or Barangay Chairman or his duly authorized representative, it shall be understood that the Barangay Council can only participate where there is no BARC organized.

SECTION 4. Specific Policies for Lands Primarily Devoted to Sugarcane. In the implementation of the leasehold system, particularly in sugarcane lands, the following policies shall apply:

- 4.1 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:
- 4.1.1 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 reasonable terms and conditions.
 - 4.1.2 To be issued a warehouse receipt (quedan) or molasses storage certificate by the sugar central for the manufactured sugar, molasses and other by-products.

- 4.1.3 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.
- 4.1.4 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.
- 4.1.5 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 sugar and other by-products.
- 4.1.6 To be provided with the standard tonnage allocation by the miller/sugar central.
- 4.2 The lease rental for sugarcane lands shall be not more than twenty five percent (25%) of the average normal harvest less the value of the cost for 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)
- 4.3 The determination of the average normal harvest to be used in computing the lease rental in sugarcane lands shall be based on the following:
 - 4.3.1 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 the leasehold relationship was established shall be used.
 - 4.3.2 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.
 - 4.3.3 If the land has been cultivated for less than three (3) years prior to the date the leasehold was established, the estimated normal harvest during the three (3) agricultural years immediately preceding the said date shall be considered as the normal harvest.
- 4.4 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.

- 4.5 The leasehold agreement shall include both the sugarcane products (sugar) and by-products (molasses).
- 4.6 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.
- 4.7 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).
- 4.8 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).
- 4.9 The agricultural lessor may mortgage expected rentals (R.A. No. 3844, Section 29).
- 4.10 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 the produce which is due to the agricultural lessee.
- 4.11 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 shall be unlawful for the bank or any financial institution to withhold the quedan covering the portion of the crop due to the lessee.
- 4.12 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.

SECTION 5. *Specific Policies for Land Primarily Devoted to Coconut.* In the implementation of the leasehold system, particularly in coconut lands, the following policies shall apply:

- 5.1 The indiscriminate cutting of coconut trees by the landholder/tenant shall be deemed prima facie evidence to dispossess the tenant/landholder of his landholding. To rebut this presumption:
 - 5.1.1 The party who wishes to cut coconut trees shall secure the written consent of the other party; and

- 5.1.2 The proposing party shall secure 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.
- 5.2 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.
- 5.3 The application of the allowable deductible items in coconut shall depend on the final product.
- 5.3.1 If the final product is copra, the deductible items are the:
- 5.3.1.1 cost of harvesting, which shall include picking and piling; and
- 5.3.1.2 cost of processing, which shall include husking, splitting, scooping, and drying.
- 5.3.2 If the final product is green nuts, the deductible items above shall be used except for the cost of processing.
- 5.3.3 If the final product is husked nuts, the costs in items 5.3.1.1 and the cost of husking in 5.3.1.2 shall be deducted.
- 5.4 The lease rental for 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)
- 5.5 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.
- 5.6 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.

ARTICLE II RIGHTS AND OBLIGATIONS

SECTION 6. *Rights of Agricultural Lessees.* It shall be the right of the agricultural lessee to:

- 6.1 Have possession and peaceful enjoyment of the land;
- 6.2 Manage and work on the land in a manner and method of cultivation and harvest which conform to proven farm practices;
- 6.3 Mechanize all or any phase of his farm work;
- 6.4 Deal with millers and processors and attend to the issuance of quedans and warehouse receipts for the produce due him;
- 6.5 Continue the exclusive possession and enjoyment of any homelot he may have occupied upon the effectivity of R.A. No. 3844, which shall be considered as included in the leasehold;
- 6.6 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 is 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;
- 6.7 Terminate the leasehold during the agricultural year for any of the following causes:
 - 6.7.1 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;
 - 6.7.2 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;
 - 6.7.3 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;
 - 6.7.4 Commission of a crime by the agricultural lessor or his representative against the agricultural lessee or any member of his immediate farm household; or
 - 6.7.5 Voluntary surrender due to circumstances more advantageous to him and his family.

SECTION 7. *Obligations of Agricultural Lessees.* It shall be the obligation of the agricultural lessee to:

- 7.1 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;
- 7.2 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;
- 7.3 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 therefor to the extent of the value of the work animals and/or farm implements at the time of the loss, death or destruction;
- 7.4 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;
- 7.5 Notify the agricultural lessor at least three days before the date of harvesting or, whenever applicable, of threshing; and
- 7.6 Pay the lease rental to the agricultural lessor when it falls due.

SECTION 8. *Prohibitions on Agricultural Lessees.* It shall be unlawful for the agricultural lessee to:

- 8.1 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
- 8.2 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.

SECTION 9. *Rights of Agricultural Lessors.* It shall be the right of the agricultural lessor to:

- 9.1 Inspect and observe the extent of compliance with the terms and conditions of their contract and the provisions of this Chapter;
- 9.2 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;
- 9.3 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
- 9.4 Mortgage expected rentals.

SECTION 10. *Obligations of Agricultural Lessors.* It shall be the obligation of the agricultural lessor to:

- 10.1 Keep the agricultural lessee in peaceful possession and cultivation of his landholding; and
- 10.2 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.

SECTION 11. *Prohibitions on Agricultural Lessors.* It shall be unlawful for the agricultural lessor to:

- 11.1 Dispossess the agricultural lessee of his landholding except upon authorization by the 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. No. 3844 for unauthorized dispossession;
- 11.2 Require the agricultural lessee to assume, directly or indirectly, the payment of the taxes or part thereof levied by the government on the landholding;

- 11.3 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;
- 11.4 Deal with millers or processors without written authorization of the lessee in cases where the crop has to be sold in processed form before payment of the rental; or
- 11.5 Discourage, directly or indirectly, the formation, maintenance or growth of unions or organizations of agricultural lessees in his landholding, or to initiate, dominate, assist or interfere in the formation or administration of any such union or organization.

ARTICLE III OPERATING PROCEDURES

The following procedures shall govern the implementation of leasehold operation:

SECTION 12. Identification Phase (See Annex "C" for the Process Flow). The Department of Agrarian Reform Municipal Office (DARMO) shall:

- 12.1 Based on the record of all landholdings still under share tenancy and those already under the leasehold system as of the effectivity of R.A. No. 6657, conduct field investigation and gather information about landholdings and tenants with the assistance of the Barangay Agrarian Reform Committee (BARC) (LTI-LHO Form No. 1).
- 12.2 Prepare the individual profile of the landholdings (LTI-LHO Form No. 2) and the preliminary list of identified landholdings subject of agricultural leasehold system with its corresponding landholders and tenants. (LTI-LHO Form No. 3)
- 12.3 Post the preliminary list of identified landholdings with corresponding prospective lessors and lessees for a period of fifteen (15) days in at least three (3) conspicuous places (LTI-LHO Form No. 4 which shall have a translation in the local dialect typed in italics under each line):
 - 12.3.1 in the respective barangay halls of the barangays where the landholding/s is/are located;
 - 12.3.2 in the municipal halls of the municipality where the landholding/s is/are located; and
 - 12.3.3 in other conspicuous places in the community.
- 12.4 After the elapse of the required 15-day posting period, secure a Certificate of Posting Compliance from the BARC or Barangay Council. (LTI-LHO Form No. 5)

SECTION 13. Validation and Updating Phase (See Annex "D" for the Process Flow). The DARMO shall:

- 13.1 Send an invitation letter (LTI-LHO Form No. 6) by personal service or by registered mail with return card to the landholder/s and tenant/s, furnishing a copy thereof to the BARC, to discuss the coverage, and implementation of leasehold on the subject landholding.

The letter shall indicate the date or schedule of the conference between the parties and require the parties to submit the necessary documents such as production data, cost of production, type or kind of crops planted (principal and auxiliary) 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 tenant/s).

- 13.2 Review and evaluate documents or pieces of evidence submitted by the parties, including, if any, report of threat of eviction of prospective lessee as provided for under Section 3, Item 3.13 of this A.O.

- 13.3 Prepare a masterlist of the following landholdings, including the corresponding landholders and tenants (LTI-LHO Form No. 3):

13.3.1 landholdings previously covered and those for updating;

13.3.2 retained areas which are subject of leasehold; and

13.3.3 landholdings covered by the CARP.

SECTION 14. Meeting and Mediation Conference (See Annex "E" for the Process Flow). The DARMO shall:

- 14.1 With the assistance of the BARC, or in the absence thereof, the Barangay Council, conduct a meeting on the scheduled date with the lessor and lessee, and undertake the following:

14.1.1 Explain in the local dialect to the lessor and lessee the salient features of the leasehold system, particularly on the following:

- a. security of tenure;
- b. rights and obligations;
- c. grounds for dispossession;
- d. prohibitions and limitations;

- e. terms and conditions; and
- f. other related information.

14.1.2 Interview the landholder and tenant/lessee to verify the documents submitted and information gathered.

14.2 Prepare the lease rental worksheet (LTI-LHO Form No. 8).

SECTION 15. *In Case of Agreement of Landholder and Tenant*
(See Annex "F" for the Process Flow). The following shall be undertaken:

15.1 The DARMO shall assist the parties in executing the agricultural leasehold contract (LTI-LHO Form No. 9).

15.2 *Documentation.* The DARMO shall:

15.2.1 Prepare the Leasehold Documentation Folder (LHDF) which shall contain the following:

- a. Investigation report detailing the validation activities made by the MARO;
- b. Profile of landholding (LTI-LHO Form No. 2);
- c. List of Landholdings Subject of Agricultural Leasehold System (LTI-LHO Form No. 3);
- d. Notice of Posting (LTI-LHO Form No. 4);
- e. Certificate of Posting Compliance (LTI-LHO Form No. 5);
- f. Copy of Invitation Letter and Schedule of Meeting/Conference (LTI-LHO Form No. 6);
- g. Minutes of the Meetings and Mediation Conferences conducted by the MARO (LTI-LHO Form No. 7);
- h. Worksheet forms used in the computation of lease rentals (LTI-LHO Form No. 8);
- i. Agricultural Leasehold Contract (LHC) signed by lessor and lessee (LTI-LHO Form No. 9); and
- j. Documents or evidence presented by the agricultural lessor and agricultural lessee and other information gathered by the MARO including production data, industry data, list of deductible items, prevailing practices in the area, and other relevant information.

15.2.2 Transmit the LHDF through a memorandum (LTI-LHO Form No. 10) to Department of Agrarian Reform Provincial Office (DARPO).

15.3 *Affirmation of Agricultural Leasehold Contract.* The DARPO shall:

15.3.1 Upon receipt of the LHDF, review and evaluate the information and contents of the LHDF to check the authenticity, consistency, sufficiency and completion of documents.

If in order, the PARO shall affirm the agreements stipulated in the LHC. Otherwise, return the same to DARMO for appropriate action.

15.3.2 Transmit the affirmed LHC to DARMO for registration and annotation at the Register of Deeds (ROD).

15.4 *Registration and Annotation.* The DARMO shall:

15.4.1 Receive and record in the designated logbook the affirmed LHC.

15.4.2 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.

15.4.3 Facilitate the registration of LHC with the Municipal Treasurer's Office (LTI-LHO Form No. 12) and annotate the same at the back of the title as file with the ROD (LTI-LHO Form No. 13).

15.4.4 Furnish the lessor, lessee and DARPO a copy of the registered LHC after annotation by the ROD for execution/implementation of the same.

15.5 The DARPO shall maintain files of LHDF with registered and annotated LHC for record purposes.

SECTION 16. *In case of Disagreement of Landholder and Tenant on the Issue of Fixing Lease Rental* (See Annex "G" for the Process Flow). The following shall be undertaken:

16.1 The DARMO shall:

16.1.1 Within five (5) working days after the meeting, invite the parties to attend a mediation conference which shall be held not later than thirty (30) working days after the meeting. Any

party who fails to attend the mediation conference despite due notice, waives his right to participate in the fixing of lease rentals.

- 16.1.2 With the assistance of the BARC Chairman or his duly authorized representative, or in the absence thereof, the Barangay Council, conduct and facilitate the mediation conference on the scheduled date, discussing comprehensively the possible options of each party relative to the issue of determining and fixing of lease rentals.
- 16.1.3 If the parties reach an agreement, execute and register the LHC in accordance with Section 15 of this A.O. In case the parties still cannot reach an agreement despite exhaustive mediation efforts, prepare, in coordination with the BARC, the Provisional Lease Rental (PLR) (LTI-LHO Form No. 11) within ten (10) working days from mediation date.
- 16.1.4 Prepare the LHDF and transmit the same (LTI-LHO Form No. 10) to the DARPO, together with the PLR and concomitant recommendation, including Certification from BARC or Barangay Council declaring failure of mediation conference (LTI-LHO Form No. 14).

16.2 The DARPO shall:

- 16.2.1 Upon receipt of the LHDF, review the PLR and recommendation of the MARO. Within twenty (20) working days, the PARO shall render a decision by either adopting the MARO's recommendation or promulgate his own decision thereon.
- 16.2.2 Send a copy of the decision to all parties concerned, through the DARMO.

The decision of the PARO shall be final and immediately executory after the lapse of fifteen (15) working days from receipt of a copy thereof, unless rejected by the party adversely affected, or his/her counsel or representative on record.

- 16.2.3 File the LHDF including the PARO's decision for reference.

SECTION 17. *In case of Disagreement of Landholder and Tenant on the Issue of Existence of Tenancy Relationship* (See Annex "H" for the Process Flow).

17.1 The DARMO shall:

- 17.1.1 If the landholder denies the existence of tenancy relationship, gather, within ten (10) working days from the date of meeting indicated in Section 13, Item 13.1 of this A.O., additional information, documents, data, and other pieces of evidence necessary to support said existence or non-existence of tenancy relationship, taking into consideration the six (6) essential elements of agricultural tenancy as provided under Section 3, Item 3.2 of this A.O.
- 17.1.2 Prepare the LHDF and the concomitant recommendation thereon, and transmit the same (LTI-LHO Form No. 10) to the DARPO, together with the Certification from BARC or Barangay Council declaring failure of mediation conference (LTI-LHO Form No. 14).

17.2 The DARPO shall:

- 17.2.1 Receive the LHDF and the MARO's recommendation. Within twenty (20) working days from receipt thereof, the PARO shall render a decision by either adopting the said recommendation or promulgate his own decision thereon.

If the PARO's decision denies the existence of tenancy relationship, the only legal remedy available to the party alleging existence of tenancy relationship is an original action before the Adjudicator.

If the PARO's findings are in favor of the existence of tenancy relationship, the decision shall be in the form of an Implementation Order. The Implementation Order must contain, among others, the lease rentals on the subject landholding.

- 17.2.2 Send a copy of the Implementation Order to all parties concerned, through the DARMO.

The decision and Implementation Order of the PARO shall be final and immediately executory after the elapse of fifteen (15) working days from receipt of a copy thereof, unless rejected by the party adversely affected, or his/her counsel or representative on record. The Implementation Order shall remain executory unless and until the PARAD rules otherwise.

- 17.2.3 File the LHDF including the PARO's decision and Implementation Order for reference.

SECTION 18. *In Case Aggrieved Party/ies Opt/s to File a Notice of Rejection of the PARO's Decision or Implementation Order* (See Annex "I" for the Process Flow). The PARAD shall:

- 18.1 Within five (5) working days from receipt of the aggrieved parties' Notice of Rejection of the PARO's decision/implementation order and the complaint pursuant to Section 3, Item 3.21 of this A.O., require the respondent to file a responsive pleading thereto within a non-extendible period of ten (10) days. Upon receipt of the responsive pleading or upon the expiration of the ten (10) day non-extendible period to file responsive pleading, the case is deemed submitted for decision.
- 18.2 Render a decision on the case within thirty (30) days after the filing of the last responsive pleading or after the elapse of the period to file the last responsive pleading thereof.
- 18.3 Provide the parties concerned a copy of the PARAD's decision, copy furnished the DARPO.

If the PARAD's decision is rejected/contested by the party/ies adversely affected, the existing Department of Agrarian Reform Adjudication Board (DARAB) Rules of Procedure shall apply.

SECTION 19. *Implementation of the Decision of the PARAD* (See Annex "J" for the Process Flow). Subsequent to the PARAD's decision, on either or both issues of fixing of lease rental and/or the existence of tenancy relations, the following shall be undertaken:

- 19.1 The DARPO shall:
 - 19.1.1 Receive, file and record in the logbook, the copy of the decision of the PARAD; and
 - 19.1.2 Instruct the DARMO to facilitate the implementation of the PARAD's decision in order to come up with the Leasehold Contract, attaching a photocopy of the same.
- 19.2 The DARMO shall assist the lessor and lessee in executing the LHC upon receipt of the instruction from the PARO and the copy of the PARAD's decision pursuant to Section 15 of this A.O.

**ARTICLE IV
SUPERVISION OF HARVEST**

SECTION 20. *Prior to Issuance of Implementation Order.* In case an intervening harvest occurs within the period starting from commencement of leasehold proceedings (filing date of the petition for leasehold coverage) until the date the PARO issues an Implementation Order for the PLR, the parties shall treat the intervening harvest as standing crops, and 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 the deductible items as defined in Section 2, Item 2.9 of this A.O.

SECTION 21. *After Issuance of Implementation Order.* In case, however, an Implementation Order has been issued by the PARO and the party rejects/contests the same before the Adjudicator or requests for a supervision of the intervening harvest/s, the following policies may apply:

- 21.1 The provisional lease rental as indicated in the Implementation Order shall govern the supervision of intervening harvests occurring within the period starting from date of issuance of the Implementation Order until the Adjudicator rules otherwise.
- 21.2 If the intervening harvest occurs after a case is filed before the PARAD on the Implementation Order, the Adjudicator may, upon motion or *motu proprio*, issue an interlocutory order for proper supervision of harvest.
- 21.3 If the intervening harvest occurs after the lapse of the 30-day period for the PARAD to decide on the responsive pleading filed by any party, the provisional lease rental as indicated in the PARO's Implementation Order shall govern the supervision of harvest.

**ARTICLE V
PROCEDURES FOR THE MONITORING AND REPORTING OF THE
IMPLEMENTATION OF THE AGRICULTURAL LEASEHOLD SYSTEM**

SECTION 22. *Monitoring.* To ensure the proper implementation of agricultural leasehold, the following shall be undertaken:

- 22.1 ***Monitoring of Leasehold System Implementation*** (See Annex "K" for the Process Flow). For purposes of monitoring and evaluating the implementation of agricultural leasehold, the following procedures shall be observed by the concerned parties:

The DARMO shall:

- 22.1.1 Conduct annual inspections of landholdings under leasehold per barangay in coordination with the BARC to determine:
 - 22.1.1.1 Whether or not the original lessee/s or their qualified successors are still the actual cultivators of the lands covered by the LHC or PLR Implementation Order;
 - 22.1.1.2 Whether or not the terms and agreements stipulated in the LHC or the terms stipulated in the PLR Implementation Order are complied with;
 - 22.1.1.3 Whether or not the leasehold relation (LHR) is extinguished or terminated in case there is no qualified successor; and
 - 22.1.1.4 Whether or not, there was an increase in production and yield of the subject landholding under leasehold as a result of any improvement introduced by the landholder-lessor which necessitates a review and corresponding adjustment in the lease rentals.
- 22.1.2 Prepare the Field Investigation Report (LTI-LHO Form No. 1) and file the same for reference.
- 22.1.3 In case the original lessee/s or their qualified successors are no longer the actual cultivators of the lands covered by LHC or PLR Implementation Order, initiate and coordinate with the landholder and existing tenants for the execution of a new LHC, and forward the same to the DARPO for appropriate action following the procedures provided under Section 15 of this A.O.
- 22.1.4 In case the terms and agreements stipulated in the LHC, or the terms stipulated in the PLR Implementation Order are not complied with, the following shall be undertaken:
 - 22.1.4.1 Send invitation letter to both parties for a consultation/meeting to resolve/settle the issue.
 - 22.1.4.2 Conduct and facilitate the meeting in coordination with and assistance of the BARC Chairman or in the absence thereof, the Barangay Council representative.

- 22.1.4.3 Require the parties to sign a commitment to abide by the terms and agreements stipulated in the LHC or PLR Implementation Order (LTI-LHO Form No. 15), and file the same for reference. Otherwise, forward to the DARPO the unresolved issue/problem for appropriate action.
- 22.1.5 In case the LHC is extinguished due to the absence or lack of a qualified successor, identify potential lessee and follow the procedures outlined in Section 15 of this A.O. for the execution, registration and annotation of LHC.
- 22.1.6 In case there is an increase in the production and yield of the subject landholding under leasehold, the following shall be undertaken:
 - 22.1.6.1 Require both parties to submit data and/or documents such as production data, production costs for the principal and auxiliary crops, and other relevant information.
 - 22.1.6.2 Prepare the Lease Rental Worksheet (LTI-LHO Form No. 8) using the data and information submitted by the parties concerned pursuant to Section 14, Item 14.2 of this A.O. The necessary adjustments in the lease rentals shall be made pursuant to the provision of Section 34 of R.A. No. 3844, as amended by R.A. No. 6389.
 - 22.1.6.3 Notify the parties concerned for the execution of the amendment of the LHC and transmit the same to the DARPO, following the procedures as provided in Section 15 of this A.O.
- 22.1.7 Prepare a report on the actions taken regarding the cases found during the field inspection and forward the same, together with the pertinent documents to DARPO.

The DARPO shall:

- 22.1.8 Upon receipt of the report on unresolved issues and pertinent documents from the DARMO on any or all of the abovesited areas monitored, record the same in the designated logbook.
- 22.1.9 Review and classify the issue/s and concern/s into:
 - 22.1.9.1 those requiring adjudication; and
 - 22.1.9.2 those requiring PARO's appropriate action.

22.1.10 If the issues and concerns require adjudication, forward the issues to the Adjudicator and notify the lessor and lessee. However, if the issues and concerns require the PARO's appropriate action, the PARO shall initiate and exhaust all efforts to resolve said issues and concerns following the pertinent procedures outlined in this A.O.

If despite exhaustive efforts, the issues and concerns are not resolved, prepare the certification declaring non-resolution of issues (LTI-LHO Form No. 16) and provide the concerned parties a copy of the same.

22.1.11 Prepare a consolidated report of the issues and concerns on leasehold implementation submitted by DARMOs for reference.

22.2 **Monitoring of Cases Filed at the PARAD** (See Annex "L" for the Process Flow). The following procedures shall apply in the monitoring of cases filed at the PARAD:

22.2.1 The DARPO shall request the PARAD for an update on the status of leasehold cases filed therein.

22.2.2 The PARAD shall prepare the Status Report of LH cases filed and forward same to DARPO.

22.2.3 The DARPO shall receive and consolidate the Status Report of LH cases filed at the PARAD and furnish copy of the report to DARMO, DAR Regional Office (DARRO) and DAR Central Office (DARCO)-BLAD.

22.3 **Compliance Audit by the Internal Audit Service** (See Annex "M" for the Process Flow). The following shall be undertaken:

22.3.1 The Provincial and Regional Internal Audit Service (IAS) shall:

21.3.1.1 Conduct annual audit on the compliance of this A.O.; and

21.3.1.2 Prepare and submit Audit Report to IAS Central Office.

22.3.2 The DARCO-IAS shall:

22.3.2.1 Upon receipt of the Audit Report submitted by the Provincial/Regional IAS, review the same and consolidate in one report for information and appropriate action, if necessary.

22.3.2.2 Submit the consolidated report together with its audit recommendation to the Office of the Secretary (OSEC).

22.3.3 The OSEC shall file, review and/or undertake appropriate action, if necessary, on the submitted Audit Report.

SECTION 23. Reporting (See Annex "N" for the Process Flow). For reporting purposes, the following shall be observed:

23.1 The DARMO shall:

23.1.1 Update the masterlist of all landholdings under LHC, stating the corresponding names of the lessor/s and lessee/s of different landholdings (LTI-LHO Form No. 3).

23.1.2 Forward the updated masterlist to DARPO and maintain a file.

23.2 The DARPO shall:

23.2.1 Based on the record, prepare Accomplishment Report on Leasehold Operation (LTI-LHO Form No. 17) and consolidate the updated masterlist of landholdings under LHC submitted by DARMO.

23.2.2 Submit the Accomplishment Report and consolidated report to DARCO-BLAD, copy furnished the DARRO.

23.3 The DARRO shall receive the above reports from DARPO for reference.

23.4 The DARCO-BLAD shall:

23.4.1 Consolidate/evaluate/analyze the Accomplishment Reports submitted by DARPOs.

23.4.2 Prepare the National Accomplishment Report on Leasehold Operation (LTI-LHO Form No. 17).

23.4.3 Submit and forward the National Accomplishment Report on Leasehold Operation to the following offices/units:

23.4.3.1 Planning Service; and

23.4.3.2 Management Information Service.

**ARTICLE VI
APPEALS**

SECTION 24. *Exhaustion of Remedies.* The appealing party shall first exhaust all available legal remedies before elevating the case to a higher authority, observing the following order:

- 24.1 MARO
- 24.2 PARO
- 24.3 PARAD
- 24.4 DARAB
- 24.5 Court of Appeals
- 24.6 Supreme Court

**ARTICLE VII
EFFECTIVITY OF LEASEHOLD**

SECTION 25. *Effectivity of Leasehold Operation.* Leasehold arrangements covered by this Order take effect immediately and shall cover the harvest at the time of the issuance of this A.O., subject to reimbursement of expenses incurred in the production if not shouldered/advanced by the lessee.

**ARTICLE VIII
EXTINGUISHMENT**

SECTION 26. *Grounds for Extinguishing Leasehold Agreements.*

- 26.1 Abandonment by the lessee without the lessor's knowledge.
- 26.2 Voluntary surrender of the landholding after giving notice to the lessor three (3) months in advance.
- 26.3 Lessee has no successor, pursuant to Section 9 of R.A. No. 3844, as amended, in the event he dies or becomes permanently incapacitated.
- 26.4 Leasehold relation shall likewise be extinguished when the lessee's dispossession has been authorized by the court in a judgment that is final and executory on grounds provided by law (R.A. No. 3844, Section 36, opening paragraph).

**ARTICLE IX
SANCTIONS**

SECTION 27. Penalties on Landholders/Lessors and Tenants/Lessees. Any person who willfully prevents or obstructs the implementation of the CARP shall be penalized pursuant to Section 74 of R.A. No. 6657.

SECTION 28. Administrative Sanctions. Administrative sanctions shall be imposed on DAR field 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 transfer of agricultural lands to individuals who are not actual tenants under CARP.

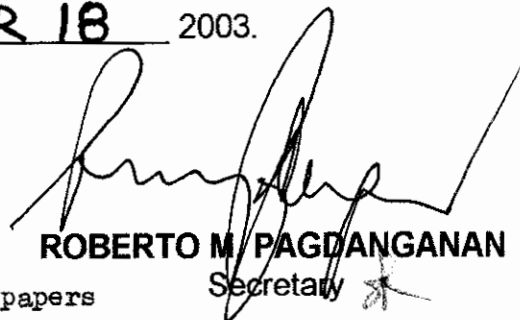
**ARTICLE X
FINAL PROVISIONS**

SECTION 29. Transitory Provisions. Upon the effectivity of this Order, the field offices shall undertake a massive information dissemination campaign of the leasehold system. All existing leasehold contracts shall be updated and modified accordingly, and all pending leasehold documentation folders shall be processed pursuant to the manner and procedure laid down in this Order.

SECTION 30. Repealing Clause. This Order modifies and/or repeals A.O. No. 4, Series of 1997, M.C. No. 11, Series of 1994, A.O. No. 5, Series of 1993, A.O. No. 9, Series of 1991 and A.O. No. 4, Series of 1989, and other issuances inconsistent herewith. The unrepealed provisions of R.A. No. 1199 (as amended by R.A. No. 2263), R.A. No. 3844 (as amended by R.A. No. 6389), R.A. No. 6657, and other pertinent laws shall guide this Order in the implementation of leasehold system nationwide.

SECTION 31. Effectivity of this Order. This Order shall take effect ten (10) days after its publication in two (2) national newspapers of general circulation, pursuant to Section 49 of R.A. No. 6657.

Diliman, Quezon City. DECEMBER 18 2003.


ROBERTO M. PAGDANGANAN
Secretary

Published in two (2) national newspapers
of general circulation:

1. MALAYA
2. ~~THE~~ PHILIPPINE DAILY INQUIRER

Republic of the Philippines
Department of Agrarian Reform
Municipality of _____
Province of _____

**FIELD INVESTIGATION REPORT ON LANDHOLDING SUBJECT OF
LEASEHOLD SYSTEM**

I. LAND

A. Technical Description

Title No.: _____
Location: _____
Total Area Per Title: _____
Total Agricultural Area: _____
Survey No.: _____
Tax Declaration No.: _____

B. Land Use

Principal Crop: _____ Area (has.): _____
Auxiliary Crop: _____ Area (has.): _____

C. Improvement

Type of Improvement: _____
Improved by: _____
Approximated Cost: _____

II. LANDHOLDER/LESSOR

Name of Landholder/Lessor: _____
Postal Address: _____
Name of Spouse: _____
Names of Children: _____

III. TENANT/LESSEE

Name of Tenant/Lessee: _____
Postal Address: _____
Name of Spouse: _____
Names of Children: _____

Name of Tenant/Lessee: _____
Postal Address: _____
Name of Spouse: _____
Names of Children: _____

Name of Tenant/Lessee: _____
Postal Address: _____
Name of Spouse: _____
Name of Children: _____

IV. FINDINGS/COMMENTS

V. RECOMMENDATIONS

We hereby certify that the information/data contained in this report are based on ocular inspection of the subject landholding on _____ at _____ conducted by the following persons:

Signature over Printed Name

Date Signed

Signature over Printed Name

Date Signed

Prepared by:

Signature over Printed Name of
MARO

Date Signed

Reviewed and Verified by:

Signature over Printed Name of
PARO

Date Signed

Distribution of Copies:

- 0 - DARMO
- 1 - DARPO

Republic of the Philippines
Department of Agrarian Reform
Municipality of _____
Province of _____

INFORMATION SHEET/PROFILE OF LANDHOLDING

A. Landholdings

Title No. : _____ Lot No.: _____ Total Land Area: _____
Survey No.: _____ Total Agricultural Area: _____
Tax Declaration No.: _____
Location: _____

B. Name of Landholder/Lessor: _____
Name of Spouse : _____
Address : _____

Name of Dependent/s	Age	Relationship
_____	_____	_____
_____	_____	_____
_____	_____	_____

C. 1. Name of Tenant/Lessee: _____
Name of Spouse : _____
Address : _____

Name of Dependent/s	Age	Relationship
_____	_____	_____
_____	_____	_____
_____	_____	_____

2. Name of Tenant/Lessee: _____
 Name of Spouse : _____
 Address : _____

Name of Dependent/s	Age	Relationship
_____	_____	_____
_____	_____	_____
_____	_____	_____

3. Name of Tenant/Lessee: _____
 Name of Spouse : _____
 Address : _____

Name of Dependent/s	Age	Relationship
_____	_____	_____
_____	_____	_____
_____	_____	_____

D. Tenurial Status

- () Share Tenant () Agricultural Lessee
 () Others (specify) _____

E. Crops Planted

Average Production

1. Principal: _____ 1. Per Agr'l Year: _____
 2. Auxiliary: _____ 2. Per Agr'l Year: _____

F. Leasehold Coverage: () Retained Area () Awaiting for CARP Coverage

G. Tenurial arrangement/agreement or sharing agreement for the principal crop and auxiliary crops.

- () 50 – 50 () 60 – 40
 () 75 – 25 () Others (specify) _____

H. Period or length of time as tenant/lessee. _____

I. Type and date of arrangement established.

<u>Type</u>	<u>Date</u>
<input type="checkbox"/> Verbal	_____
<input type="checkbox"/> Written/Executed and Registered	_____

J. Individual/entity to whom do the LO's/LH's share is delivered.

LO/Landholder Administrator/Overseer Relatives
 Others (specify) _____

K. Process or activity/ies undertaken in arriving or establishing tenurial arrangement.

L. Frequency or agreed schedule of delivery of LO's share.

<u>Principal Crop</u>	<u>Auxiliary Crop</u>
<input type="checkbox"/> Annually	<input type="checkbox"/> Annually
<input type="checkbox"/> Bi-annually	<input type="checkbox"/> Bi-annually
<input type="checkbox"/> Upon Harvest	<input type="checkbox"/> Upon Harvest
<input type="checkbox"/> Others, specify _____	<input type="checkbox"/> Others, specify _____

M. Date of the last two (2) deliveries of LO's share.

<u>Principal Crop</u>	<u>Auxiliary Crop</u>
1.) _____	1.) _____
2.) _____	2.) _____

N. Number of times have the tenant missed delivery of LO's share.

For Principal Crop _____

For Auxiliary Crop _____

Reason/s for the tenant's failure to deliver LO's share.

O. Other form of assistance or benefits from the LO/LH. _____

ARPT/SARPT

Date

NOTED:

MARO

Date

Distribution of Copies:

0 - DARPO

1 - DARMO

Republic of the Philippines
Department of Agrarian Reform
Municipality of _____
Province of _____

NOTICE OF POSTING

To Whom It May Concern:

This is to inform you that the DAR Municipal Office (DARMO) of _____ conducted identification, validation and updating of list of landholdings subject of agricultural leasehold on _____ located at _____ (Barangay) _____ (Municipality), _____ (Province).

Corollary to this, the following persons listed in the attached LTI-LHO Form No. 3 have been identified as actual landholders and actual or potential tenants.

Any concerned party who has an interest on the said landholdings is invited to file his complaint/protest or confirmation, as the case may be, to the DARMO within the fifteen (15) days posting period from _____ to _____.

Done this _____, 200 _____.

Municipal Agrarian Reform Officer

Distribution of Copies:

- 0 - DARMO
- 1 - BARC Chairman
- 2 - Barangay Chairman

Republic of the Philippines
Department of Agrarian Reform
Municipality of _____
Province of _____

CERTIFICATE OF POSTING COMPLIANCE

This is to certify that the List of Landholdings, with landholder/lessor and/or actual/potential tenants/lessees, identified as subject of agricultural leasehold system situated in Barangay/s _____ has been posted for a period of fifteen (15) days from _____ to _____.

This certification is issued to comply with the requirements of the existing guidelines and confirm that the Notice has been properly observed and posted in the Barangay and Municipal Halls, DAR Municipal Office and other designated public or conspicuous places after the lapse of the required fifteen (15) days posting period.

Signature over Printed Name of BARC
Chairman/Barangay or Municipal
Official, authorized official of the
community

Date

Distribution of Copies:

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- 1 – BARC Chairman/Barangay Council

Republic of the Philippines
Department of Agrarian Reform
Municipality of _____
Province of _____

**INVITATION LETTER AND
SCHEDULE OF MEETING AND CONFERENCE**

Date _____

Control No. _____

Name : _____

Address : _____

Sir/Madam:

This is to inform you that, pursuant to R.A. No. 6657 and related laws, rules and regulations, and Administrative Order No. _____, Series of _____, the landholdings situated in _____ have been identified to be covered by the agricultural leasehold system.

In view of this, may we request you to submit within fifteen (15) days from receipt of this letter, documents such as production data, production cost, type or kind of crops planted (principal and auxiliary) and other relevant information (i.e., receipt of payments, affidavit or any proof of disinterested parties attesting to the existence of leasehold relationship between the landholder and tenant). Your compliance with this requirement will facilitate the preparation of the leasehold contract.

In this regard, may we invite you to a meeting/conference to be held at the DARMO on _____ at _____ (A.M./P.M.) for the purpose of preparing the leasehold contract, and discussing certain points and issues relative to leasehold arrangement specifically the average normal harvest and the required lease rental thereto.

Non-submission of the required documents and/or non-attendance to the scheduled meeting/conference after five (5) days from receipt of this letter shall signify the MARO to gather data from other sources and subsequently proceed with the Meeting/Conference.

Very truly yours,

Name and Signature of MARO

Distribution of Copies:

- 0 – Landholder or Tenant
- 1 – BARC Chairman/Barangay Council
- 2 – DARMO

Republic of the Philippines
Department of Agrarian Reform
Municipality of _____
Province of _____

MINUTES OF MEETING

A. Date: _____

B. Venue: _____

C. Participants:

Landholder/Lessor: _____

Tenant/s/Lessee/s: _____

BARC Chairman : _____

MARO: _____

ARPT: _____

Others: (i.e., NGO/PO or Barangay Council/Representatives)

D. Agenda: _____

E. Discussion/s: _____

(Add more pages, if necessary)

F. Agreements: _____

G. Time Adjourned: _____

Prepared by:

Reviewed by:

ARPT/Statistician/Clerk
(Signature over printed name)

Signature over Printed name of MARO

Date Signed

Date Signed

Distribution of Copies:

- 0 – DARMO
- 1 – DARPO

Republic of the Philippines
Department of Agrarian Reform Municipal Office
 Municipality of _____
 Province of _____

LEASE RENTAL WORKSHEET

Mediation/Meeting/Conference No. _____

Date: _____

Name of Landholder-Lessor/Representative: _____

Name of Tenant-Lessee/Representative: _____

Name of BARC Chairman: _____

Location of Property: _____

(Barangay)

(Municipality)

(Province)

Crop/s Planted: Principal: _____ Auxiliary: _____

I. Normal Gross Harvest/Production

Year	1st Crop*		2nd Crop*	
	Principal	Auxiliary	Principal	Auxiliary
Yr. 1				
Yr. 2				
Yr. 3				
Total				

* Specify unit of measurement (cavans/kilos/tons/piculs)

II. Applicable Production Cost (Principal Crop)

Deductible Item	1st Crop						2nd Crop					
	Yr. 1		Yr. 2		Yr. 3		Yr. 1		Yr. 2		Yr. 3	
	Pri	Aux	Pri	Aux	Pri	Aux	Pri	Aux	Pri	Aux	Pri	Aux
1. Amount used for seeds												
2. Harvesting												
3. Threshing												
4. Loading												
5. Hauling												
6. Processing												
7. Others (specify)												

Applicable Production Cost (Auxiliary Crop)

Deductible Item	1st Crop						2nd Crop					
	Yr. 1		Yr. 2		Yr. 3		Yr. 1		Yr. 2		Yr. 3	
	Pri	Aux	Pri	Aux	Pri	Aux	Pri	Aux	Pri	Aux	Pri	Aux
1. Amount used for seeds												
2. Harvesting												
3. Threshing												
4. Loading												
5. Hauling												
6. Processing												
7. Others (specify)												

III. Actual Total Amount of Production Cost

Year	1st Crop		2nd Crop	
	Principal	Auxiliary	Principal	Auxiliary
Yr. 1				
Yr. 2				
Yr. 3				
Total				

IV. Computation of Lease Rentals

Factors	1st Crop**		2nd Crop**	
	Principal	Auxiliary	Principal	Auxiliary
1. Total Normal Gross Harvest				
2. Less Actual Amount of Production Cost				
3. Total Net Normal Harvest (No. 1 - No. 2)				
4. Average Net Harvest (a)				
5. Lease Rental (b)				

** In Monetary unit (Pesos)

(a) Total Net Harvest divided by Three

(b) 25% of Average Net Harvest Production

Prepared by:

SARPT/ARPT

Recommended by:

MARO

Remarks:

Distribution of Copy:

0 - DARMO

1 - DARPO

Republic of the Philippines
Department of Agrarian Reform

AGRICULTURAL LEASEHOLD CONTRACT

KNOW ALL MEN BY THESE PRESENTS:

This Agricultural Leasehold Contract, made 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 200__;
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 or 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 jibe with 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 this 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 a fortuitous event. However, such non-payment of the rental due shall not be a 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 recognizes the leasehold rental fixed as full consideration for the use of the land, and any instance of crop diversification and/or planting of secondary crops requires a consequent modification of the leasehold agreement to make it fair and mutually beneficial to both parties;
9. That this Contract requires both parties to explicitly refrain from doing or committing prohibited acts, such as:
 - 9.1 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 account;
 - 9.2 That it shall be unlawful for the AGRICULTURAL LESSEE to mortgage/sell his/her leasehold rights over the landholding;
 - 9.3 That the AGRICULTURAL LESSEE shall not cause undue erosion of the soil or impair its fertility;
 - 9.4 That the AGRICULTURAL LESSOR shall not, without the AGRICULTURAL LESSEE's written consent, destroy crops and trees in the farmholding.
10. 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;
11. That any change or modification of the terms and conditions of this agreement, or the sale or transfer of the land to another shall not in any way affect the right of the AGRICULTURAL LESSEE to the peaceful possession and cultivation of the landholding;
12. That this Contract entitles the heirs of the AGRICULTURAL LESSEE to maintain and continue the leasehold relationship even in cases of death or permanent incapacity; and
13. That this Contract shall be registered with the Office of the Municipal Treasurer pursuant to DAR-DOJ Memorandum Circular No. 1, Series of 1995 and 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:

Provincial 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

Republic of the Philippines
Department of Agrarian Reform
Municipality of _____
Province of _____

MEMORANDUM

DATE : _____
FOR : _____
FROM : _____
Subject: : **Transmittal of Leasehold Documentation Folder (LHDF)**

May we submit the Leasehold Documentation Folder (LHDF) of _____ (Landholder/Lessor) with the following attached documents:

- Investigation Report
- Profile of Landholding
- List of Landholdings Subject of Agricultural Leasehold System
- Notice of Posting
- Certificate of Posting Compliance
- Copy of Invitation Letter and Schedule of Meeting/Conference
- Minutes of Meeting
- Lease Rental Worksheet
- Agricultural Contract
- Provisional Lease Rental
- Others (please specify): _____

Based on the abovementioned documents, we are recommending for the:

- Affirmation of the Leasehold Contract
- Issuance of Leasehold Implementing Order (LIO) for the PLR

For your appropriate action.

Signature over Printed name of MARO

Distribution of Copies:

- 0 - DARPO
- 1 - DARMO

Republic of the Philippines
Department of Agrarian Reform
 Municipality of _____
 Province of _____

PROVISIONAL LEASE RENTAL

Series of _____

ISSUED TO:

Name of Landholder-Lessor	AND	Name of Tenant-Lessee
Address		Address

Pursuant to Section 12 of R.A. No. 6657, the Department of Agrarian Reform (DAR) is mandated to determine and fix a preliminary lease rental in accordance with Section 34 of R.A. No. 3844. This mandate required the Department of Agrarian Reform Municipal Officer (DARMO) to identify, inform, validate and declare existing lessor-lessee relationship documented for coverage under the agricultural leasehold system.

Per the documentation activity conducted by the DARMO, the subject landholding is located at Sitio _____, Barangay _____, Municipality of _____, Province of _____ and has an area measuring _____ hectares, more or less.

Due to the reasons herein cited and on the basis of the data and other relevant information gathered by the DARMO, the above-named parties should now be governed by the agricultural leasehold system.

- Non-attendance to scheduled meetings and mediation conferences
- Non-submission of required data
- Disagreement as to the terms and conditions in the leasehold contract
- Refusal to recognize the computed lease rental/existence of tenancy relations
- Expiration of the thirty-day period from date of schedule first meeting
- Others (please specify) _____

In order to determine the lease rental, the production cost and computed average gross normal harvest/production during the three (3) preceding agricultural years from _____, _____, to _____ (specific dates) are hereby presented as follows:

Year	Normal Gross Harvest	Data Source

And as determined by the DARMO, the applicable production cost are as follows:

Year	Production Cost	Amount

Having determined the average normal gross production and with the allowable deductions taken into consideration, the average net normal production thereof shall be multiplied by twenty-five percent (25%) to arrive at the amount of the preliminary lease rental which in this case is _____ (in pesos if in cash or in units of measure and kind of crop if in kind).

This preliminary lease rental shall be considered as payment in the lease of the landholdings for the agricultural year starting from _____ and succeeding agricultural years thereafter until such time that the Provincial Agrarian Reform Officer (PARO) shall issue final determination of the lease rental.

The Provisional Lease Rental (PLR) requires the agricultural lessee to pay or deliver the goods as rental payments at the residential address of the lessor, or deposit the rental at the Land Bank of the Philippines (LBP) or to the designated bonded warehouse of DARMO.

The records and other documents contained in the leasehold documentation folder including this PLR shall be forwarded to the DARPO for review and evaluation.

(Place)

(Date)

Recommended:

Name and Signature of the MARO

Distribution of Copies:

- 0 – DARPO
- 1 – DARMO
- 2 – Lessor/Representative
Address _____
- 3 – Lessee/Representative
Address _____

Republic of the Philippines
Department of Agrarian Reform
Municipality of _____
Province of _____

REGISTRATION OF CONTRACT

On this _____ day of _____, 200__ at _____ o' clock
(AM/PM), the attached instrument (in four copies) titled, **AGRICULTURAL
LEASEHOLD CONTRACT**, formally executed between
_____, **Lessor**, and _____,
Lessee, was presented for registration by **MARO** _____
of **DARMO** _____.

This Contract is hereby registered and entered in the Registry of Agricultural
Leasehold Agreement of this Municipality/City at the time and date mentioned
above, as Agricultural Leasehold Contract No. _____.

Entry No. _____
Page No. _____
Leasehold Registry Book No. _____

Recorded by: _____
(Name and Signature of Municipal Treasurer/Staff)

Noted by:

Municipal/City Treasurer

NOTE: Copies of this Registration Certificate shall be given to the concerned
parties, and the **DARMO** and the **DARPO** for inclusion in the general file of
Leasehold Documentation Folders.

Republic of the Philippines
Department of Agrarian Reform
Municipality of _____
Province of _____

ANNOTATION OF THE LEASEHOLD CONTRACT

On this _____ day of _____, 200____ at _____ o' clock
(AM/PM), the attached instrument (in four copies) entitled AGRICULTURAL
LEASEHOLD CONTRACT formally executed between
_____, **Lessor**, and _____,
Lessee, was presented for recording/annotation by the DAR Provincial Office.

This Contract is hereby recorded/annotated on the Transfer Certificate of Title
(TCT) or Original Certificate of Title (OCT) for the landholding located in
_____ at the time and date mentioned above.

Entry No. _____
Page No. _____

Recorded by: _____
(Name and Signature of ROD Staff)

Noted by:

Register of Deeds

NOTE: Copies of this recording/annotation certificate shall be given to the
concerned parties, and the DARMO and the DARPO for inclusion in the general
file of Leasehold Documentation Folders.

Republic of the Philippines
Department of Agrarian Reform
Municipality of _____
Province of _____

C E R T I F I C A T I O N

TO WHOM IT MAY CONCERN:

This is to certify that the mediation conducted by the DAR Municipal Office on _____ (date) at _____ regarding the issues on the implementation of the leasehold system as provided by Republic Act (R.A.) No. 6657 or the Comprehensive Agrarian Reform Law (CARL) on the landholding of _____ (name of Landholder) embraced by Title No. _____, with an area of _____ (has.) _____ located _____ at _____, is a failure due to the following reasons:

This Certification is issued pursuant to the provisions of Section 16.1.4 and/or Section 17.1.2 of Administrative Order (A.O.) No. _____, Series of _____.

Done this _____ day of _____ 200__ at _____

Signature over Printed Name of
BARC or in the absence thereof,
Barangay Council

- Distribution of Copies:
Original - LHDF
Duplicate - BARC
Triplicate - DARMO's file

Republic of the Philippines
Department of Agrarian Reform
Municipality of _____
Province of _____

Agreement to Abide by the Terms and Conditions of the Leasehold Contract (LHC)/Provisional Lease Rental (PLR) Implementation Order

I / WE: _____, landholder/lessor
and _____;

agricultural lessee/s of the landholding located at Barangay, _____
Municipality of _____, Province of _____
_____, covered under leasehold system and by LHC No.
_____/PLR Implementation Order No. _____, do hereby agree to commit
myself/ourselves to abide by the terms and agreements stipulated in the said
LHC which we voluntarily executed on _____ (date) by affixing my/our
signatures/s and or thumbprint/s in this agreement, or the terms stipulated in the
PLR Implementation Order issued on _____ by
_____.

Done this _____ day of _____ 200__ at _____
_____, in the presence of

Witness

Witness

(Name and Signature of
Landholder/Lessor)

1. (Name and Signature of Lessee/s)

2. (Name and Signature of Lessee/s)

3. (Name and Signature of Lessee/s)

Attested by:

BARC Chairman or in the absence thereof,
Barangay Council/Representative

- Distribution of Copies:
Original - DARPO's file
Duplicate - Lessor
Triplicate - Lessee

Republic of the Philippines
Department of Agrarian Reform
Province of _____
Region No. _____

C E R T I F I C A T I O N

TO WHOM IT MAY CONCERN:

This is to certify that the following issues/s submitted by the DAR Municipal Office of _____ on _____ (date) to DAR Provincial Office of _____ regarding the implementation of the leasehold system as provided by Republic Act (R.A.) No. 6657 or the Comprehensive Agrarian Reform Law (CARL) regarding the landholding of _____ (name of Landholder) embraced by Titles No. _____, with area of _____ (has) located at _____ was not resolved (specify the issue/s):

The non-resolution of the abovementioned issue/s is due to the following reasons:

This Certification is issued pursuant to the provisions of Section 22.1.10 of Administrative Order (A.O.) No. _____, Series of _____.

Done this _____ day of _____ 200__ at _____

Signature over Printed Name of
Provincial Agrarian Reform Officer

Distribution of Copies:

- Original - LHDF
- Duplicate - Lessor
- Triplicate - Lessee
- Quadruplicate - DARMO's file

Republic of the Philippines
DEPARTMENT OF AGRARIAN REFORM
Accomplishment Report on Leasehold Operation
As of _____

Province _____
Rurban Code _____

Page _____ of _____

Rurban Code	Municipality	No. of New Leasehold Contracts Registered	Total Area	No. of Amended Leasehold Contracts Registered	Total Area

Distribution of Copies:
Original copy - BLAD
Duplicate - Planning Service
Triplicate - MIS

Prepared by: _____
PMEU

Reviewed by: _____
Legal Division

Certified Correct: _____
PARO

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

SAMPLE COMPUTATION FOR ANNUAL LEASE RENTAL IN
SUGAR LANDS
(Canlubang, Laguna Case)

GIVEN:

Area	1 hectare
Frequency of Harvest	1 st (new) harvest (10 to 12 months) 1 st ratoon and 2 nd ratoon (9 months to 10 months per ratoon)
Production per hectare	88.5 tons for the 1 st harvest equivalent to 86.26 piculs and 3,416 kg. of molasses 77 tons for the 1 st ratoon equivalent to 81.3 piculs and 3,191 kg. of molasses 68 tons for the 2 nd ratoon equivalent to 74 piculs and 2,195 kg. of molasses
Price per picul	P569 as of 1988 P645 as of 1989 P650 as of 1990
Price of Molassess 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.	3,416.00	
Allowable deductible cost		P52,479.94

Cost of seeds P30/1000		
Cane points at 50,000		
Cane points/ha.	P1,500.00	
Harvesting/cutting		
(P65/ton x 88.5 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>
Net Income		22,901.94

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		
(65/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
Net Income		28,069.18

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

Third Agricultural Year (Second Ratoon)

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

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)	P15,392.00	P28,992.00
Net Income	<hr/>	P21,742.00

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

B. Compute for the Lease Rental

First Year	P 22,901.94
Second Year	28,069.18
Third Year	21,742.00

Total Net Income	<hr/>	P 72,713.12
-------------------------	-------	--------------------

Average Net Income = Total Net Income/3

$$= P 72,713.12/3$$

$$= \mathbf{P 24,237.706}$$

Average Annual Lease Rental = Average net Income x 0.25

For 1 hectare	=	P 24,237.706 x 0.25
	=	6,059.43

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 (pagkawit/pag-akyat)	P90 per 1,000 nuts
	Piling (pag-iipon)	P35 per 1,000 nuts
B.	Hauling/Loading (paghakot/pagkarga)	P 70 per 1,000 nuts
C.	Processing	
	Husking (pagtatapos)	P 80 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 relationships was established.

May-June	(1 st agri. Year)	3,000 nuts
July-August	(2 nd agri. Year)	6,000 nuts
September-October	(3 rd 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 deductible cost for the three agricultural years using the applicable deductible items.

1st 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 st agricultural year	<u>765.00</u>

2nd 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 nd agricultural year	<u>1,530.00</u>

3rd agricultural year

Picking (4,000 nuts at 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 rd agricultural year	<u>1,020.00</u>

Average deductible cost
(765 + P1,3530 + 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

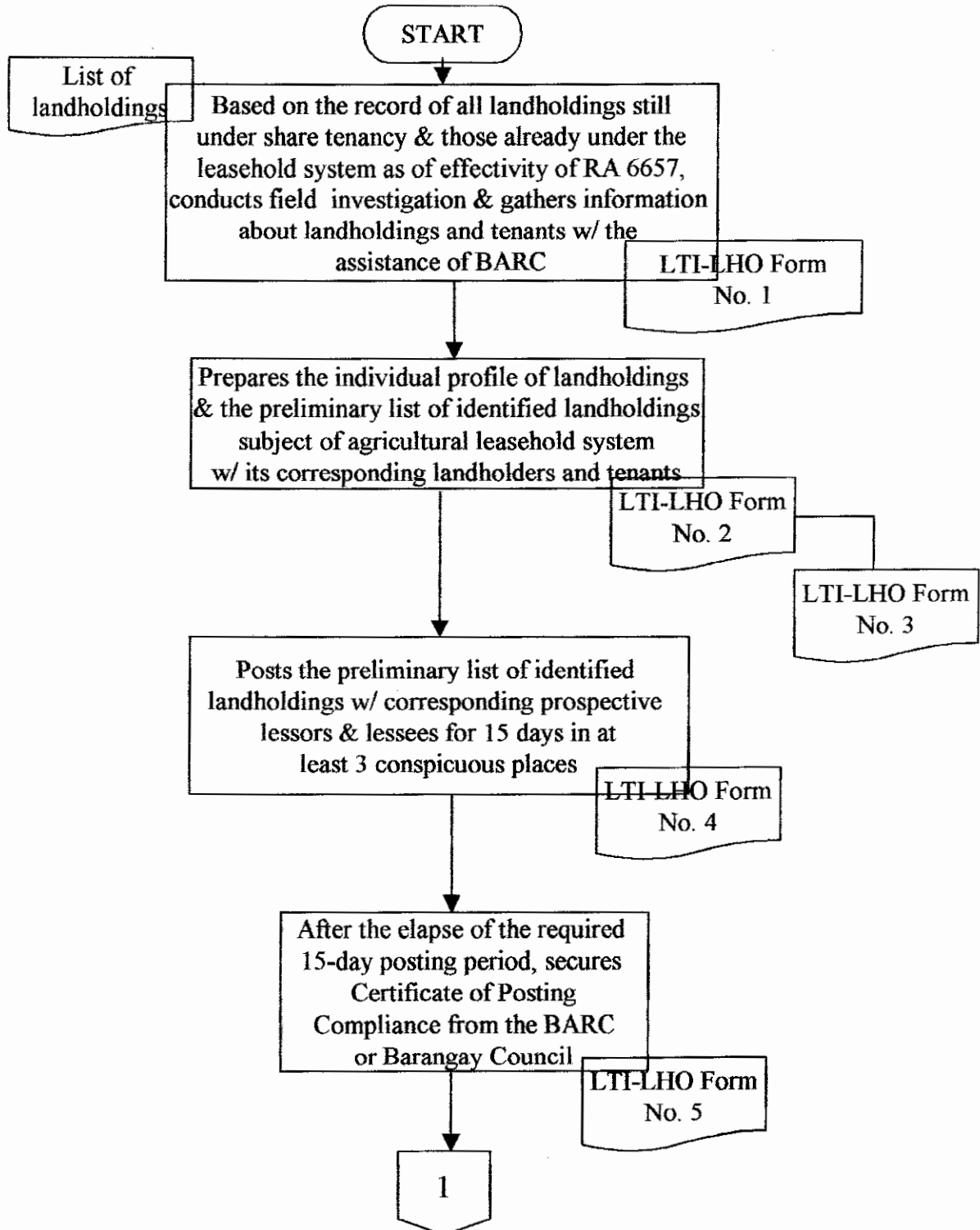
4. Compute the lease rental for the
7 hectares per harvest
(25% of P 2,387.40) P596.85

Lease rental for one year (rental per
Harvest multiplied by the no. of
Harvest per year or P 596.85 x 8
Harvests) P4,774.80

Procedural Flow on Leasehold Implementation on Tenanted Agricultural Lands

Sec. 12 Identification Phase

DARMO

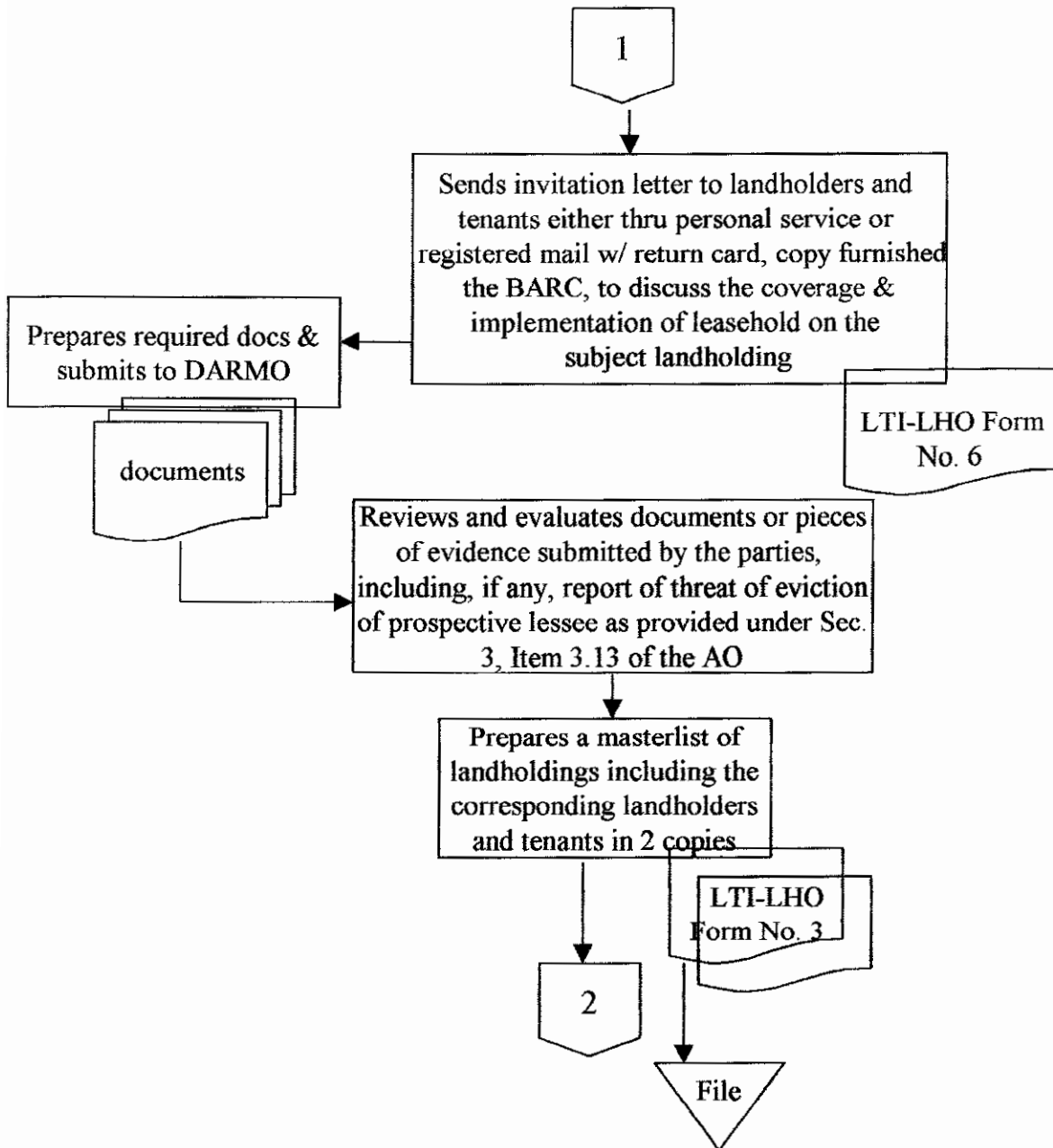


Procedural Flow on Leasehold Implementation on Tenanted Agricultural Lands

Sec. 13 Validation & Updating Phase

ARB-LESSEE & LESSOR

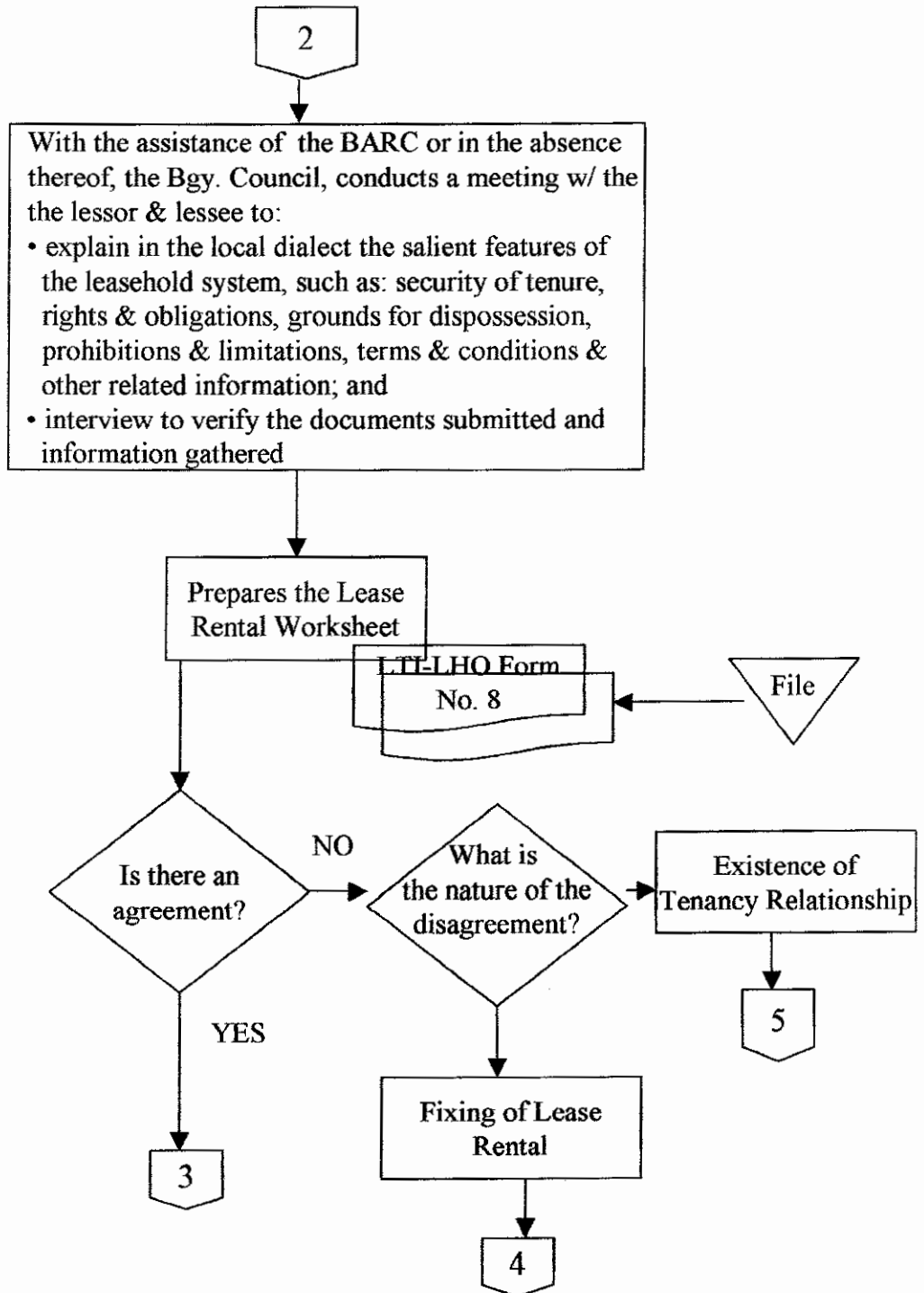
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Procedural Flow on Leasehold Implementation on Tenanted Agricultural Lands

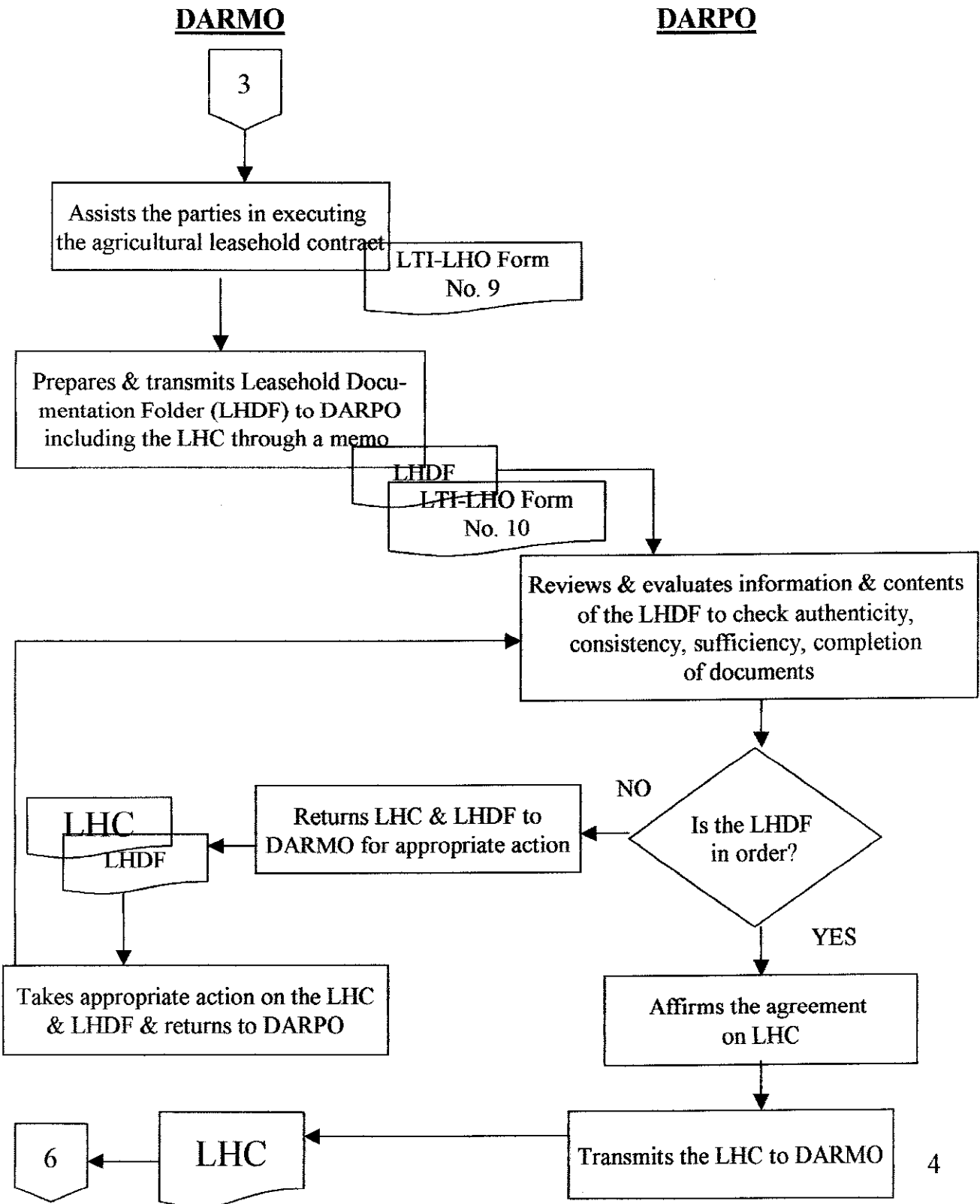
Sec. 14 Meeting & Mediation Conference

DARMO



Procedural Flow on Leasehold Implementation on Tenanted Agricultural Lands

Sec. 15 In Case of Agreement of Landholder and Tenant

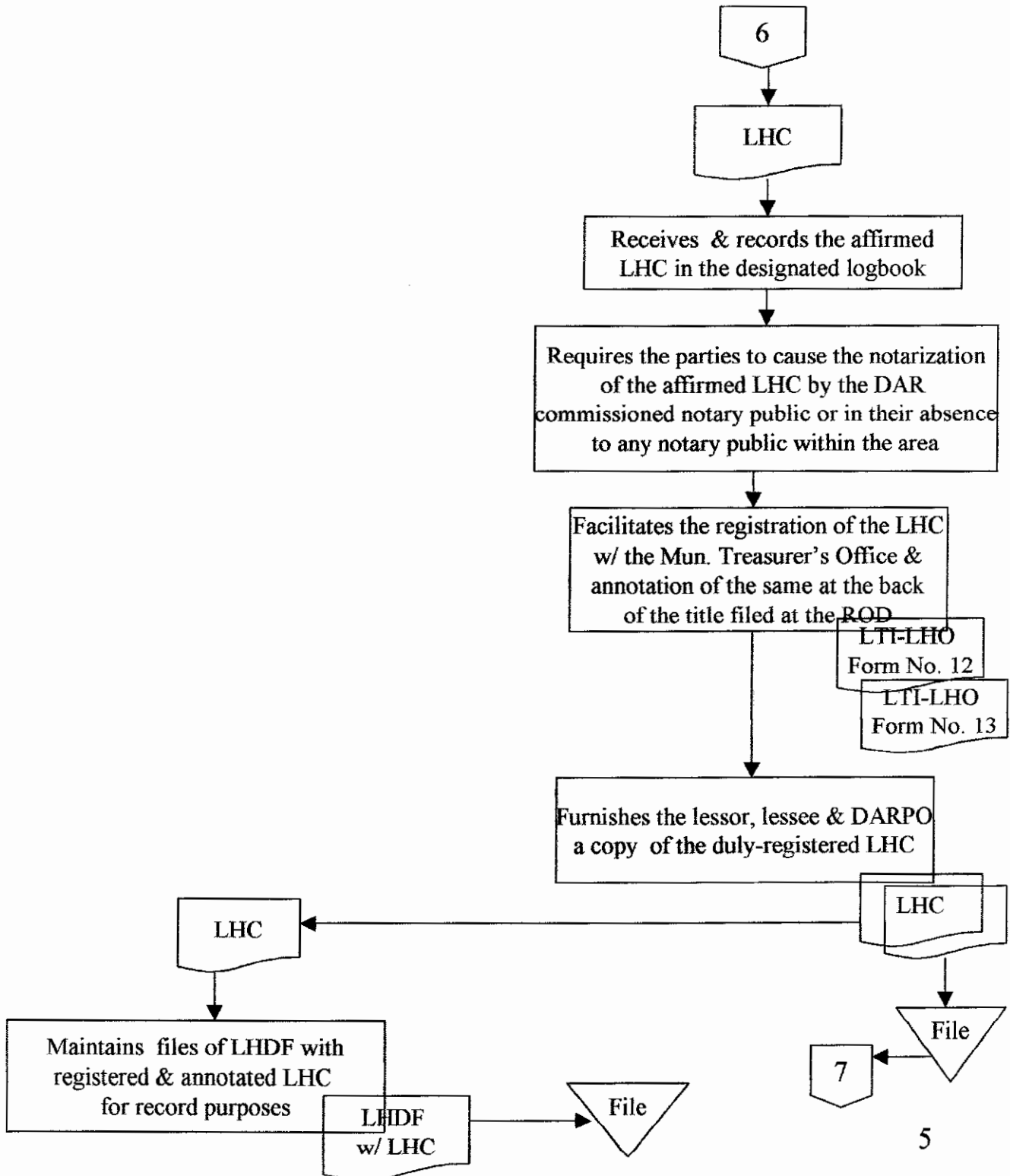


Procedural Flow on Leasehold Implementation on Tenanted Agricultural Lands

Sec. 15 In Case of Agreement of Landholder and Tenant

DARPO

DARMO



**Procedural Flow on Leasehold Implementation on Tenanted Agricultural Lands
Sec. 16 In Case of Disagreement of Landholder and Tenant on the Issue of Fixing Lease Rental**

DARMO

4

W/in 5 working days after the meeting, invites the parties to attend a mediation conference w/c shall be held not later than 30 working days after the meeting

W/ the assistance of the BARC Chairman or his duly-authorized representative, or in the absence thereof, Brgy. Council representative, conducts & facilitates the mediation conference on the scheduled date discussing comprehensively the possible options of each party relative to the issue of determining and fixing lease rentals

Has the meeting been attended by both parties? NO → The party waives his right to participate in the fixing of lease rental

YES → Have the parties reached an agreement? YES → 3

NO → W/in 10 working days from mediation date, prepares the PLR, in coordination w the BARC LTI-LHO Form No. 11

Prepares the LHDF & transmits the same to DARPO together w/ the PLR, concomitant recommendation and Certification from BARC/Bgy. Council declaring mediation conference as failure

DARPO

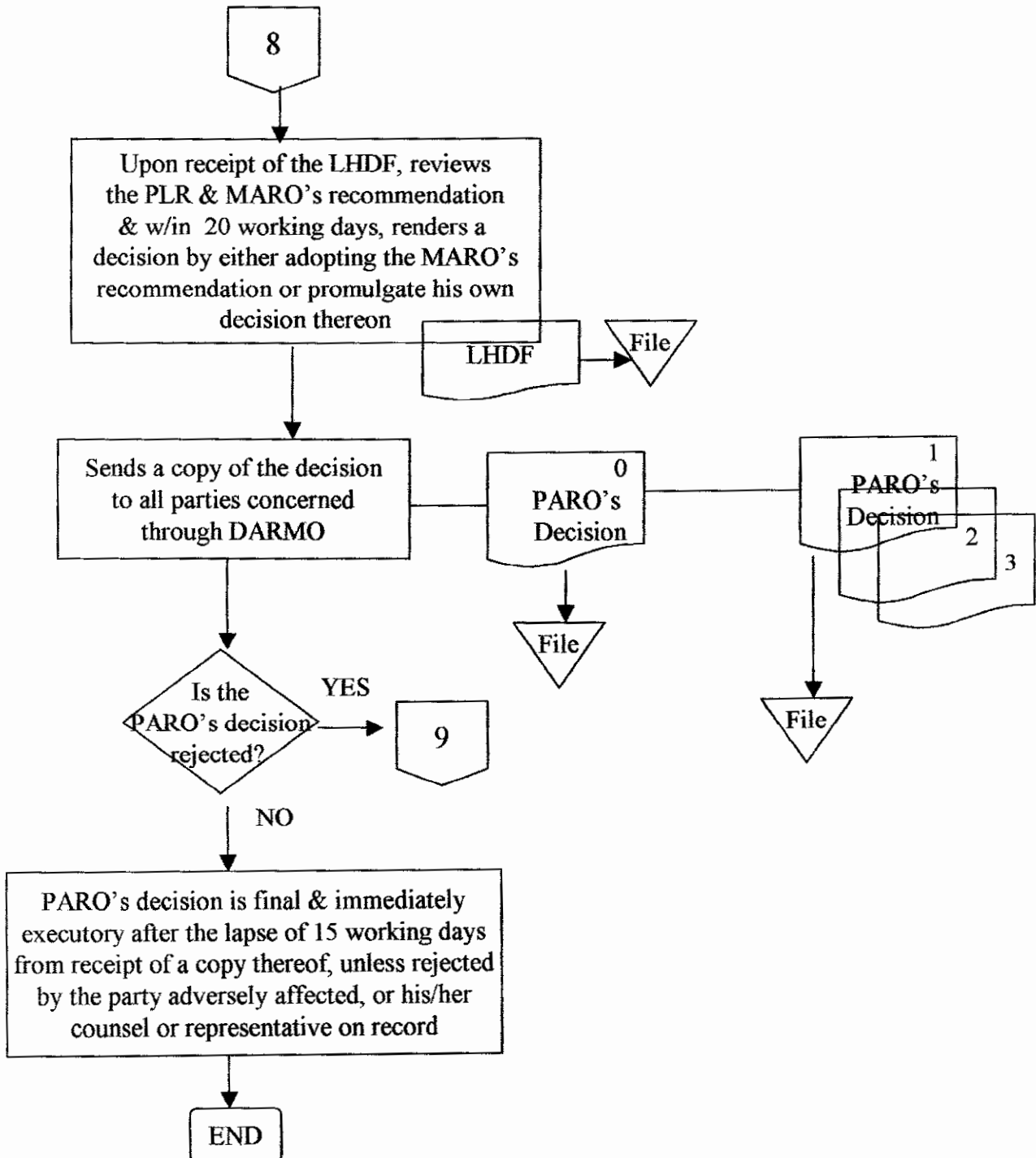
LHDF → 8
LTI-LHO Form No. 10
LTI-LHO Form No. 14 6

Procedural Flow on Leasehold Implementation on Tenanted Agricultural Lands

Sec. 16 In Case of Disagreement of Landholder and Tenant on the Issue of Fixing Lease Rental

DARPO

DARMO



Procedural Flow on Leasehold Implementation on Tenanted Agricultural Lands

Sec. 17 In Case of Disagreement of Landholder and Tenant on the of Existence of Tenancy Relationship

DARMO

DARPO

5

W/in 10 working days from meeting date indicated in Sec. 13, Item 13. 1 of the AO, gathers additional information, documents, data & other pieces of evidence necessary to support said existence or non-existence of tenancy relationship taking into consideration the 6 essential elements of agricultural tenancy as provided under Sec. 3, Item 3.2 of the AO

Prepares the LHDF & the concomitant recommendation thereon & transmits the same to DARPO, together w/ the Cert. from BARC or Bgy Council declaring failure of mediation conference

LTI-LHO Form No. 10

LTI-LHO Form No. 14

W/in 20 working days from receipt of the LHDF & the MARO's recommendation, renders his decision by either adopting said recommendation or promulgate his own decision thereon

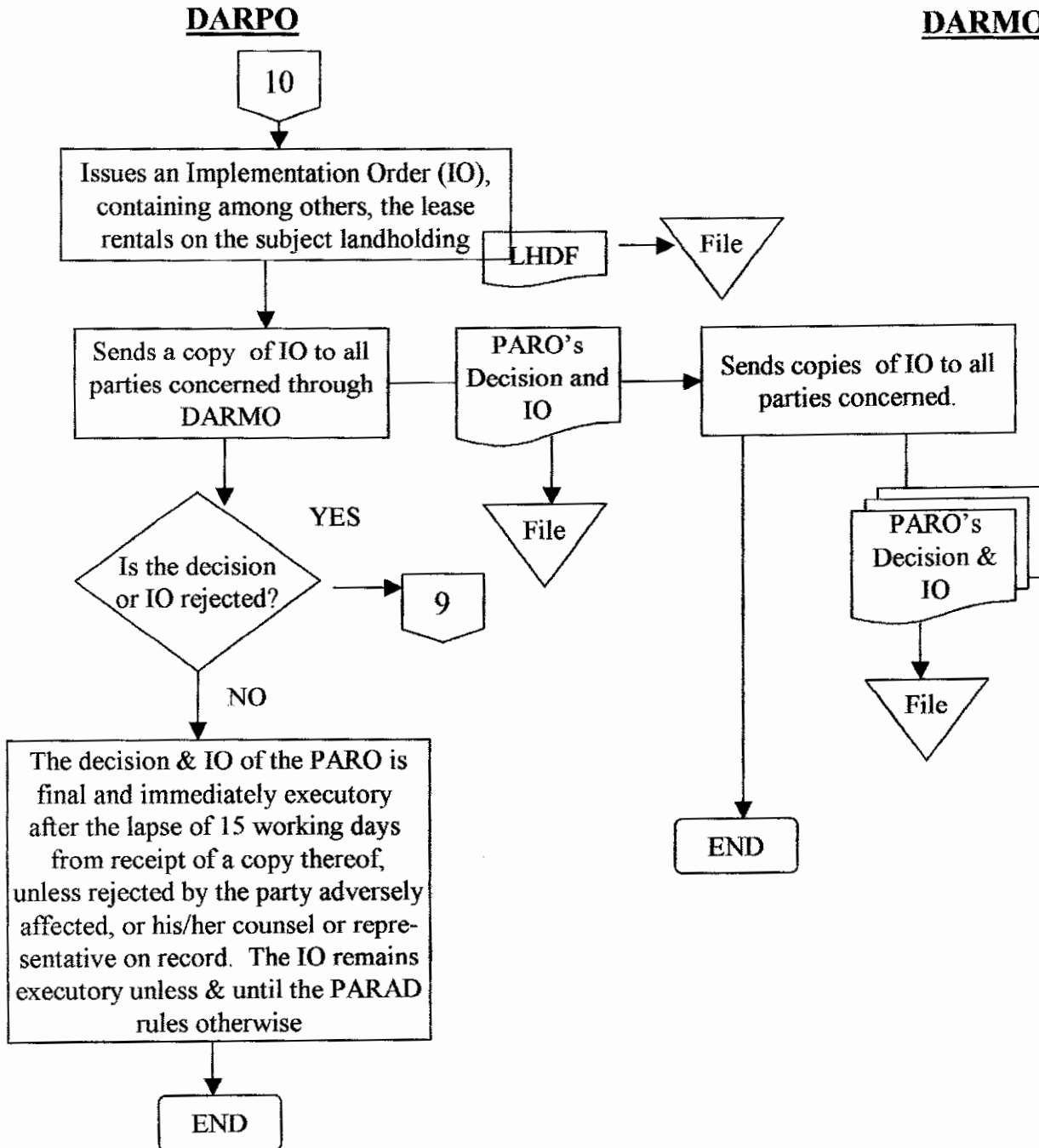
The only legal remedy available to the party alleging existence of tenancy relationship is an original action before the Adjudicator

YES
Does the PARO deny the existence of tenancy relationship?
NO

10

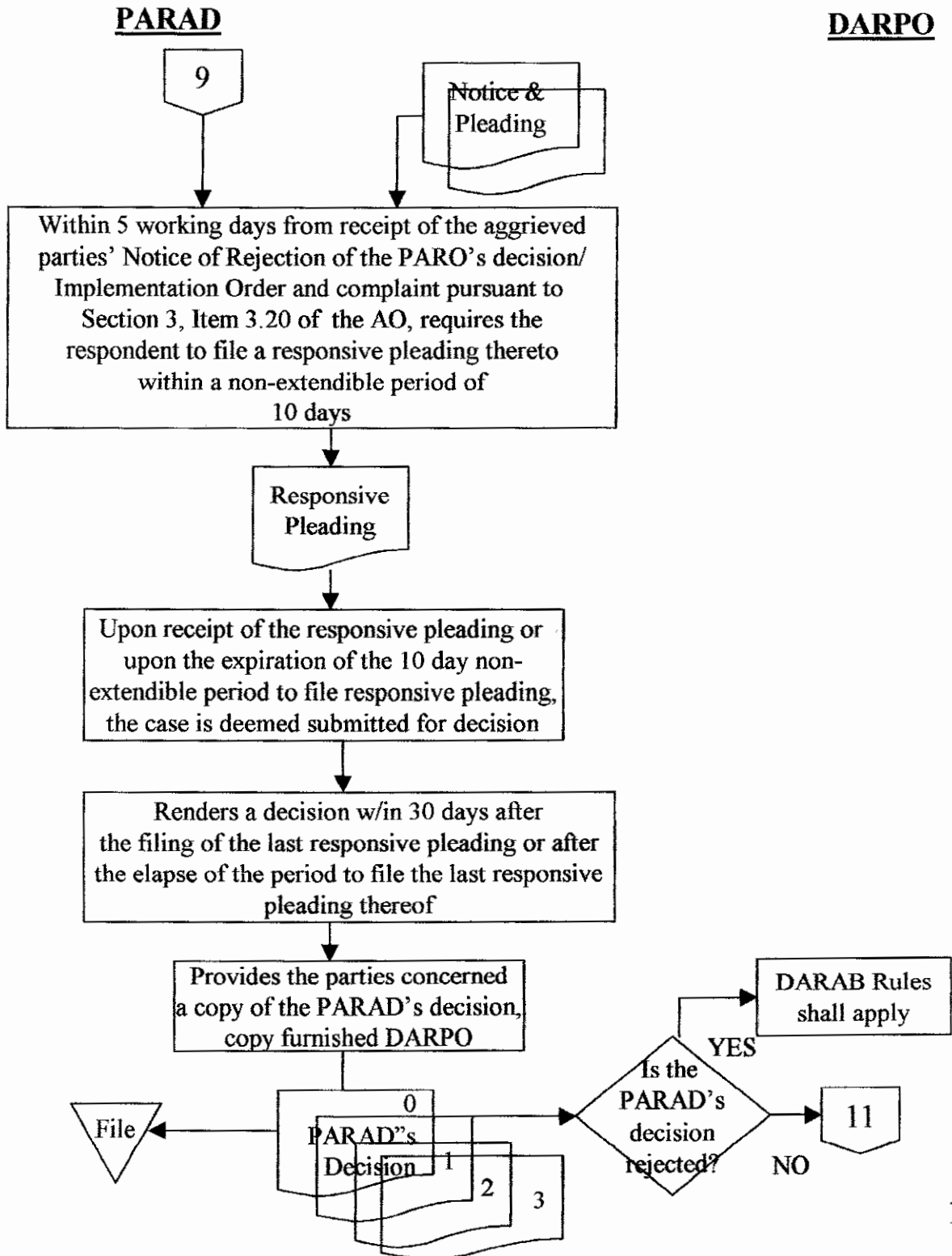
Procedural Flow on Leasehold Implementation on Tenanted Agricultural Lands

Sec. 17 In Case of Disagreement of Landholder and Tenant on the Issue of Existence of Tenancy Relationship



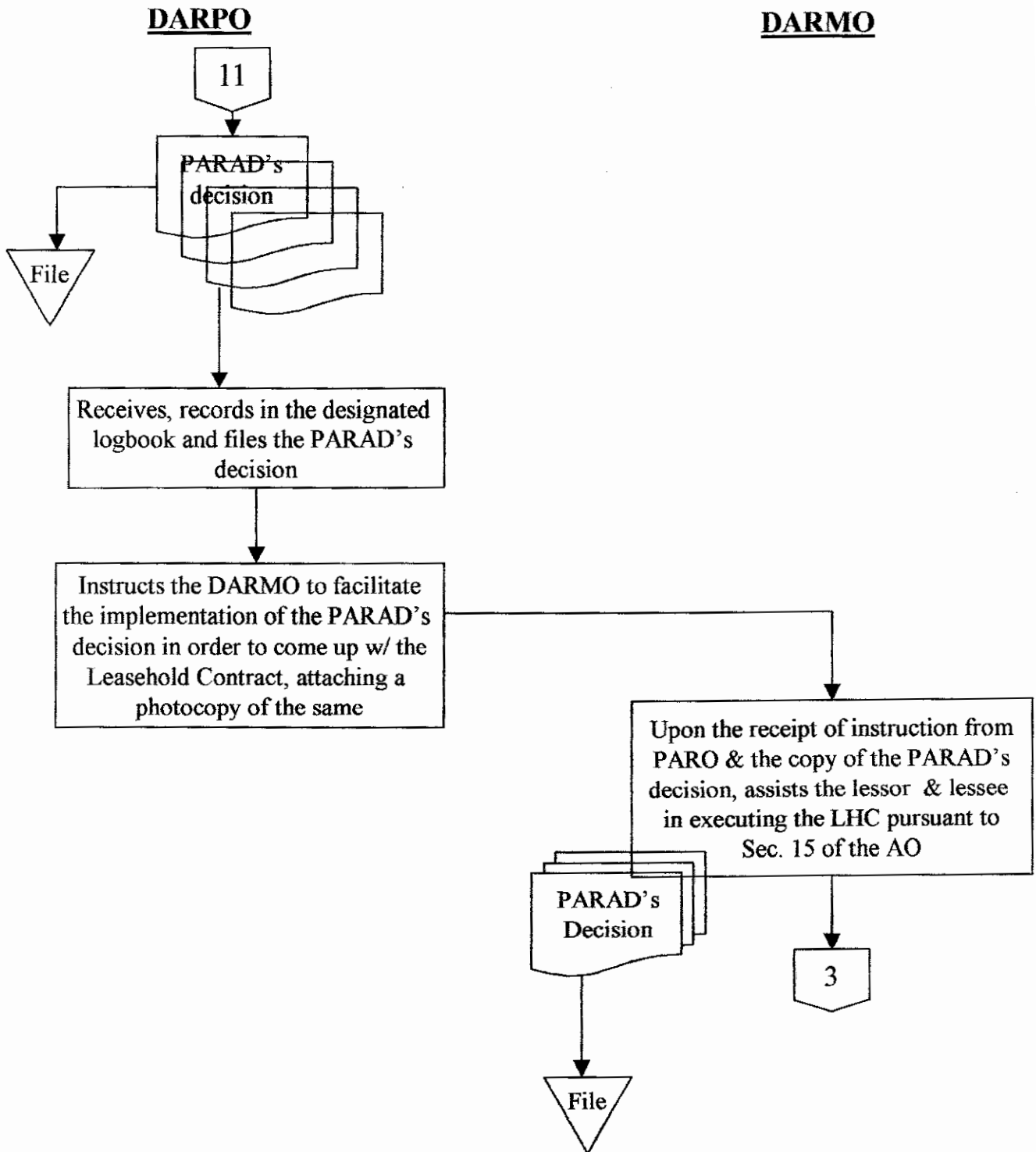
Procedural Flow on Leasehold Implementation on Tenanted Agricultural Lands

Sec. 18 In Case Aggrieved Party/ies Opt/s to File a Notice of Rejection of the PARO's Decision or Implementation Order



Procedural Flow on Leasehold Implementation on Tenanted Agricultural Lands

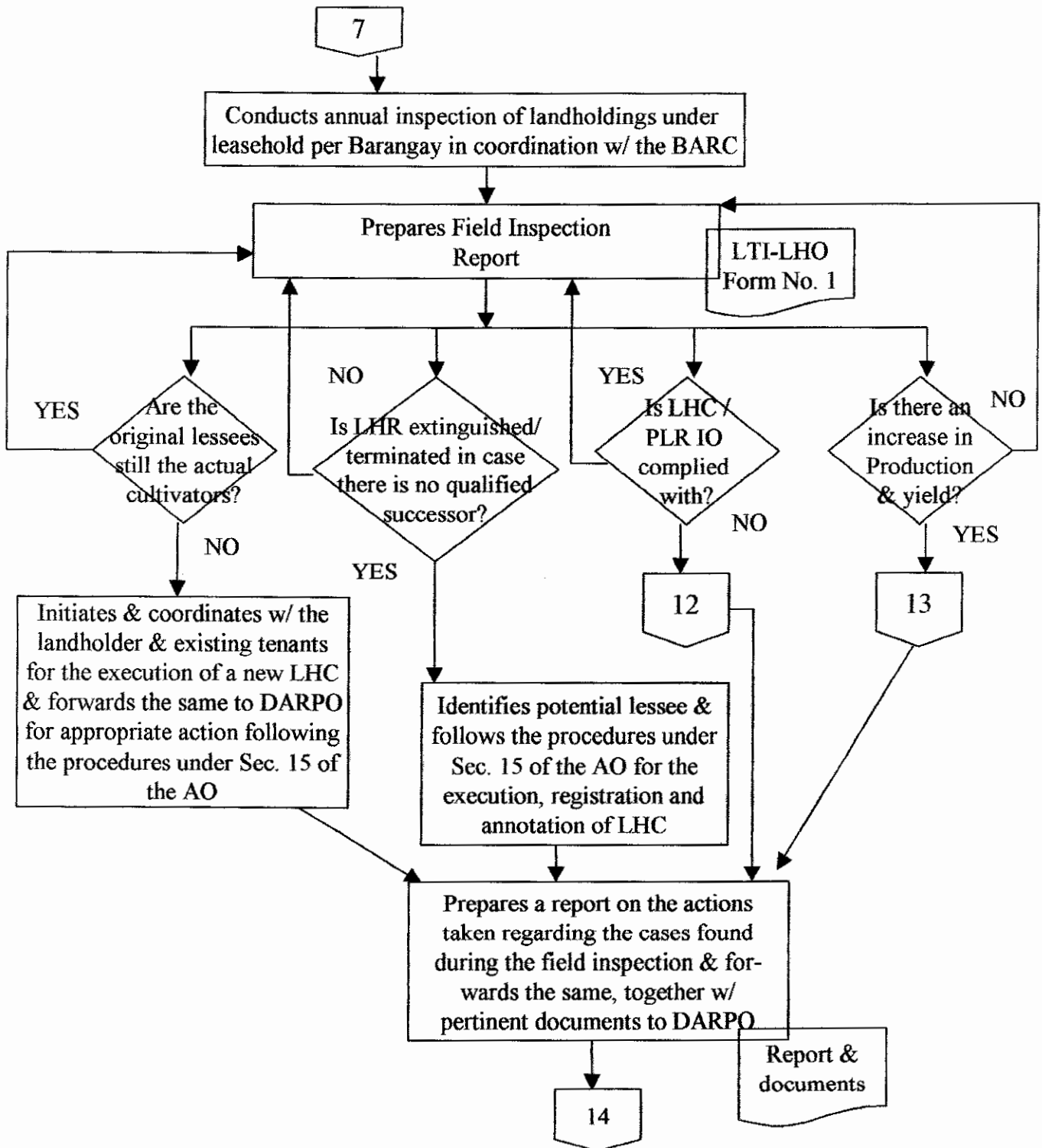
Sec. 19 Implementation of the Decision of the PARAD



Procedural Flow on Leasehold Implementation on Tenanted Agricultural Lands

Sec. 22.1 Monitoring of Leasehold System Implementation

DARMO

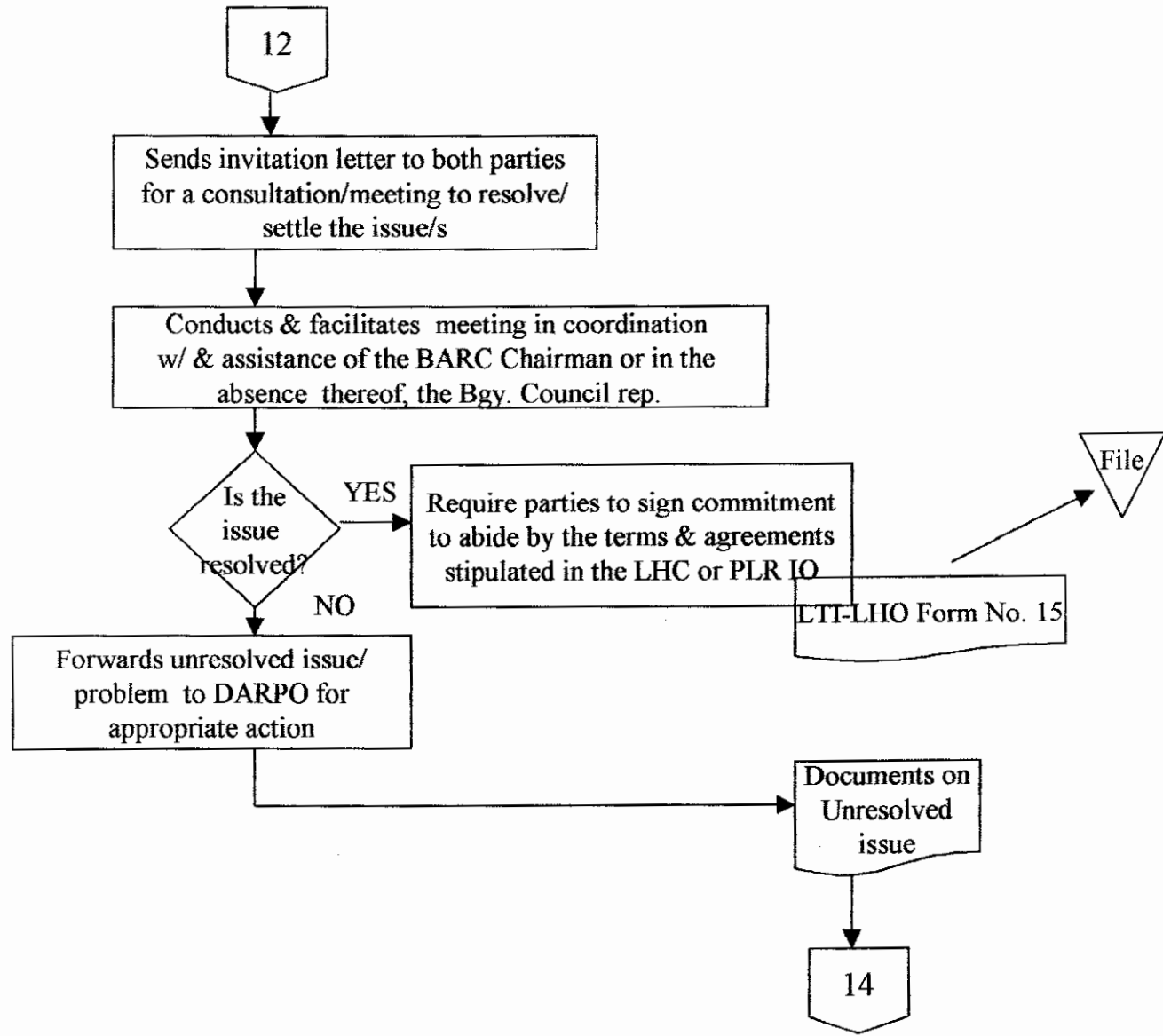


Procedural Flow on Leasehold Implementation on Tenanted Agricultural Lands

Sec. 22.1 Monitoring of Leasehold System Implementation

DARMO

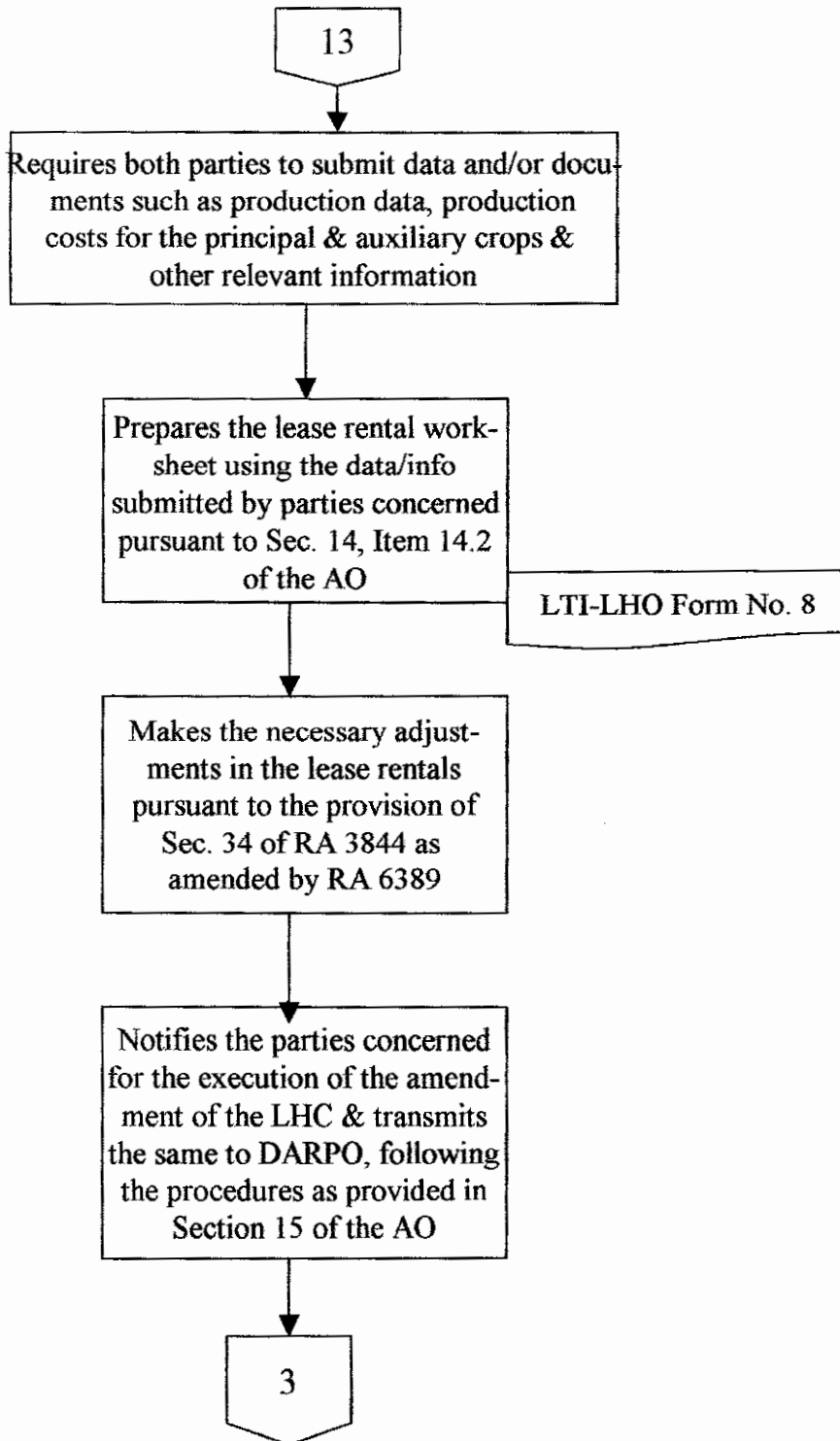
DARPO



Procedural Flow on Leasehold Implementation on Tenanted Agricultural Lands

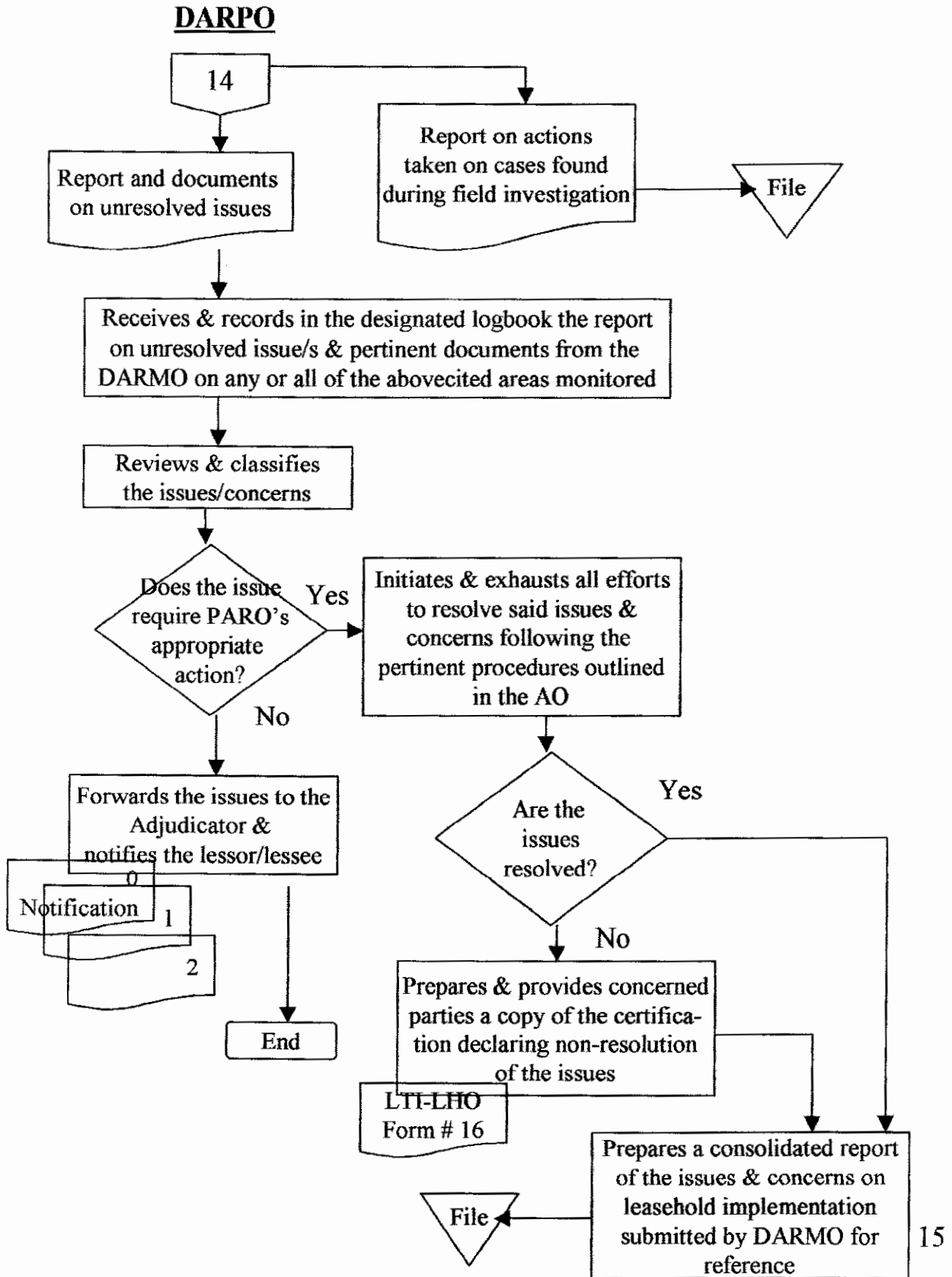
Sec. 22.1 Monitoring of Leasehold System Implementation

DARMO



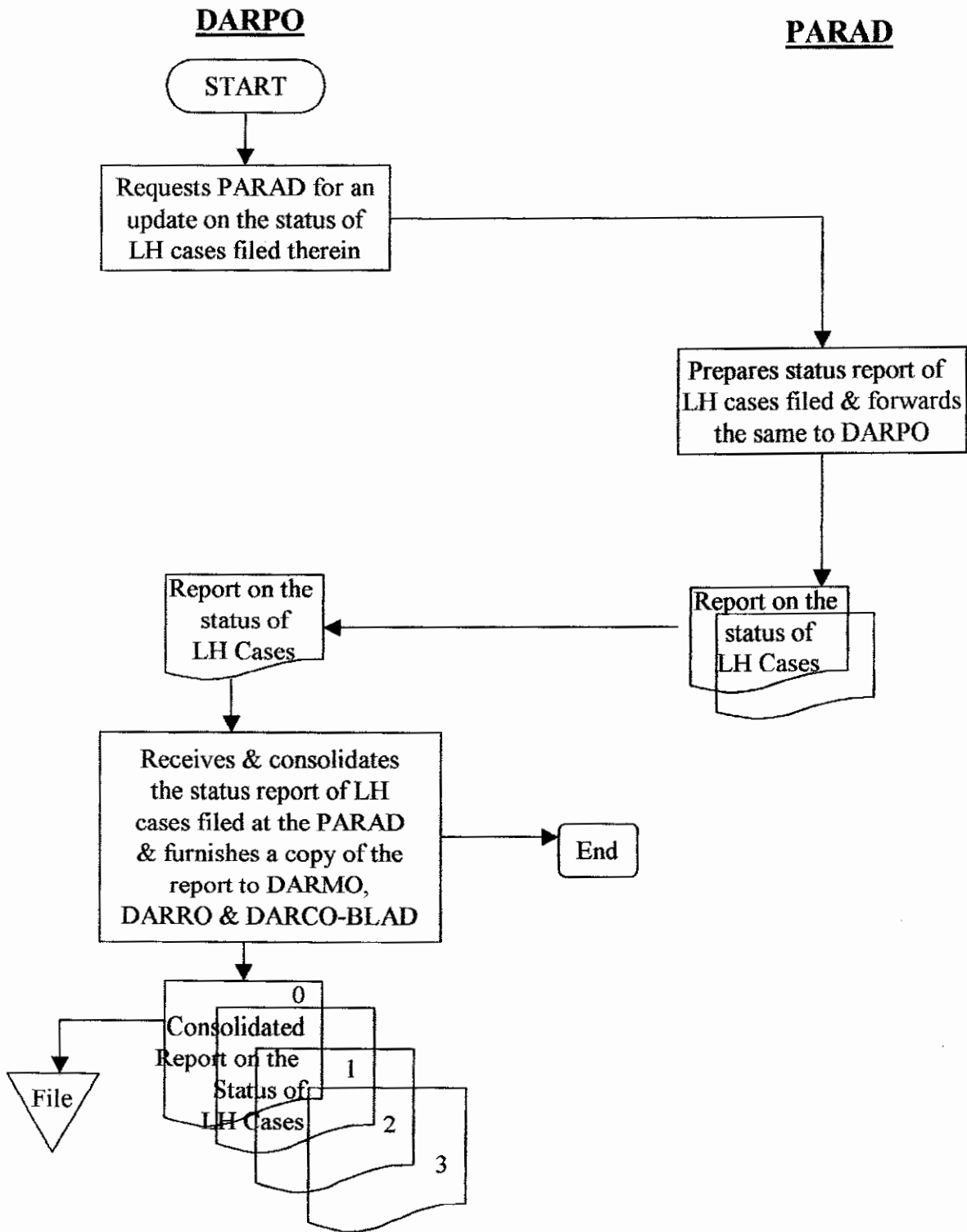
Procedural Flow on Leasehold Implementation n Tenanted Agricultural Lands

Sec. 22.1 Monitoring of Leasehold System Implementation



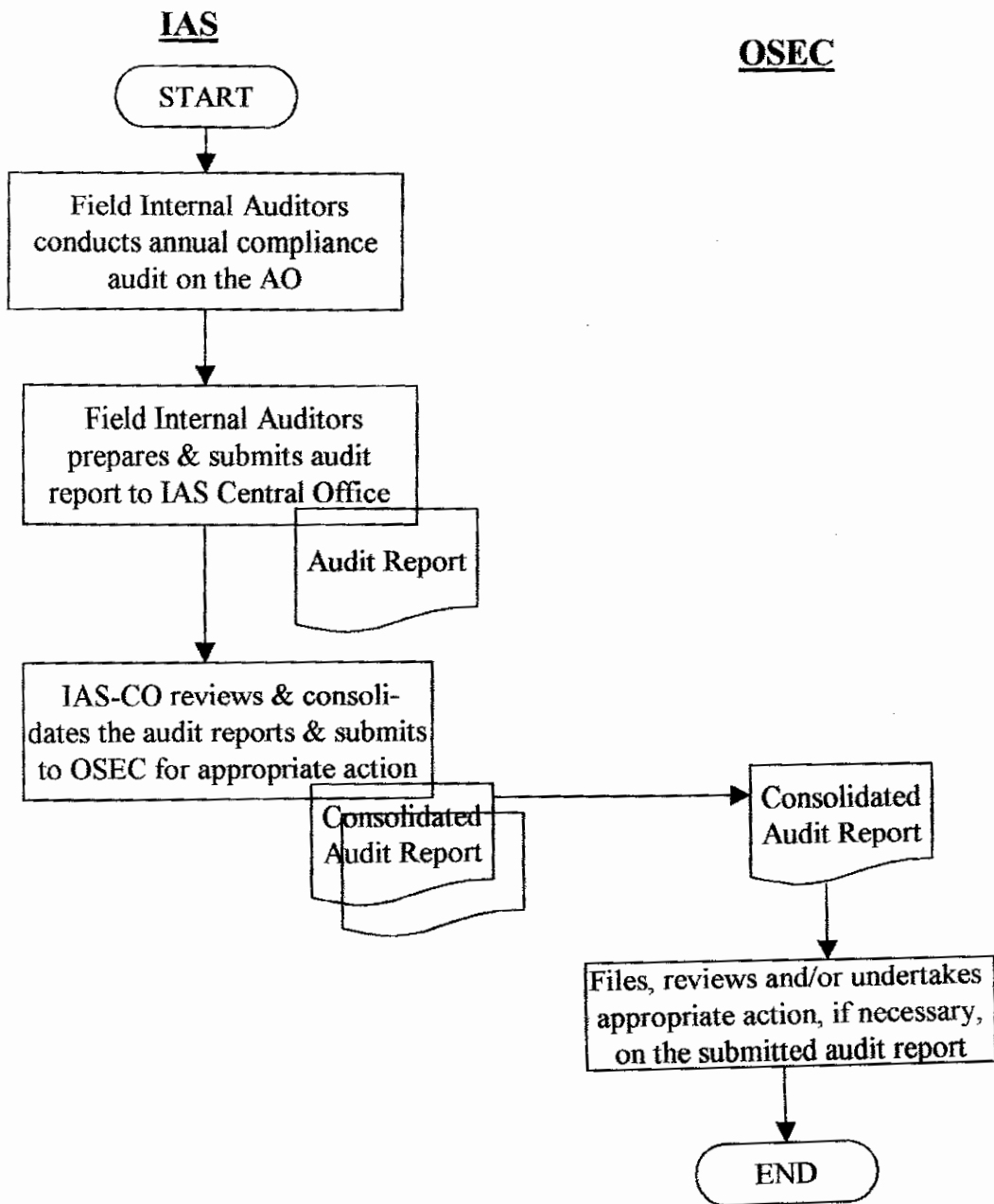
Procedural Flow on Leasehold Implementation on Tenanted Agricultural Lands

Sec. 22.2 Monitoring of Cases Filed at PARAD



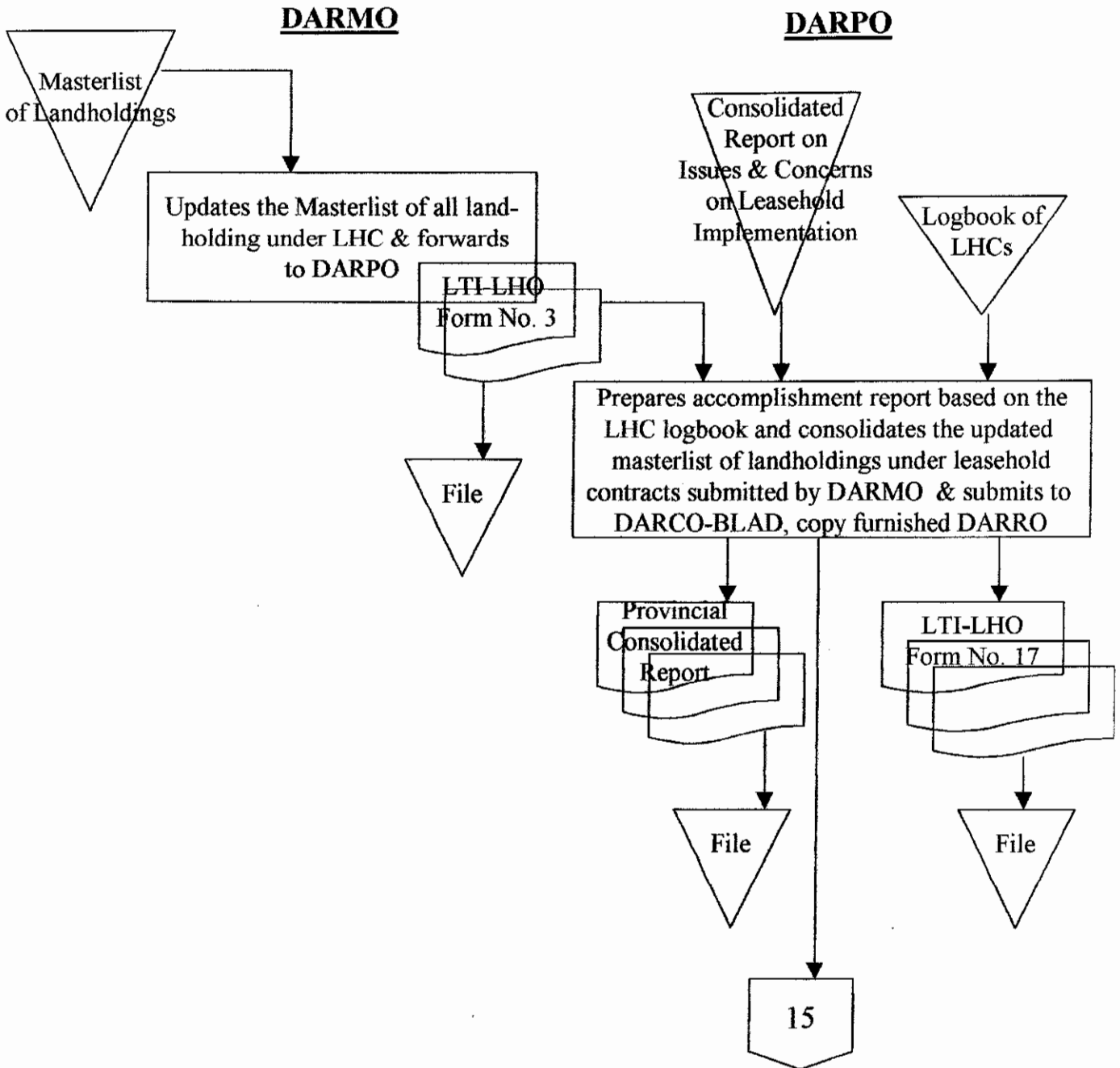
Procedural Flow on Leasehold Implementation on Tenanted Agricultural Lands

Sec. 22. 3 Compliance Audit by the Internal Audit Service



Procedural Flow on Leasehold Implementation on Tenanted Agricultural Lands

Sec. 23 Reporting



Con't. Annex "O"

Procedural Flow on Leasehold Implementation on Tenanted Agricultural Lands

Sec. 23 Reporting

