



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

**ADMINISTRATIVE ORDER NO. 08**  
Series of 1997

**SUBJECT : Revised Guidelines on the Acquisition and Distribution of Compensable Agricultural Lands under Voluntary Land Transfer/Direct Payment Scheme (VLT/DPS)**

**I. PREFATORY STATEMENT**

Under Section 20 of R.A. No. 6657, landowners (LOs) of agricultural lands subject to acquisition under the Comprehensive Agrarian Reform Program (CARP) may enter into a voluntary arrangement for the direct transfer of their lands to beneficiaries. Section 21 of the same Act provides that direct payment may be made in cash or in kind by the agrarian reform beneficiary (ARB) to the landowner under the terms to be mutually agreed upon by both parties and which will be binding upon registration with and approval by the DAR.

Section 44 of R.A. No. 6657, as amended by R.A. No. 7905, provides that the PARCCOM shall recommend to the PARC the adoption of a direct payment scheme between the landowner and the farmer or farmworker.

In the meeting of the PARC Executive Committee on 19 April 1995, the following resolution was passed:

"Resolved, that the revised rules and procedures governing the acquisition of private agricultural lands subject of voluntary land transfer or direct payment scheme (VLT/DPS) pursuant to R.A. No. 6657 be approved."

These rules and regulations are being issued pursuant to the mandate of R.A. No. 6657, as amended by R.A. No. 7905, and the PARC Executive Committee Resolution No. 95-57-2 dated 19 April 1995. The PARC Secretariat shall monitor the implementation of these guidelines through the PARCCOMs.

**II. POLICY STATEMENT**

- A. The beneficiaries under the VLT/DPS are determined by the DAR to be the same individuals who would be eligible to purchase the lands in case the government, through Compulsory Acquisition (CA) or Voluntary Offer to Sell (VOS), acquired the land for distribution under the agrarian reform program.



No beneficiary who is related to the LO up to the second degree of consanguinity shall be considered as an awardee under CARP, unless a tenancy relationship with the landowner exists or has been established prior to June 15, 1988, the effectivity date of the Comprehensive Agrarian Reform Law, pursuant to Memorandum Circular No. 04, Series of 1994, entitled "Clarificatory Guidelines Concerning the Award to Children Under Sections 6 and 22 of R.A. No. 6657", to be certified by the MARO and the BARC.

- B. The ARB who opts for VLT/DPS shall be afforded priority in the processing of documents for the immediate issuance of CLOA. The ARBs of the same landholding, who do not wish to enter into a VLT/DPS, shall be processed under standard procedures pursuant to A.O. No. 2, Series of 1996, entitled "Revised Rules and Procedures Governing the Acquisition of Agricultural Lands Subject of Voluntary Offer to Sell and Compulsory Acquisition Pursuant to Republic Act No. 6657".
- C. The terms and conditions of the VLT/DPS shall not be less favorable to the ARB than those of the government's standing offer to purchase from the LO and to sell to the beneficiary, if such offers have been made and are fully known to both parties. It is incumbent upon the DAR to ensure that the ARBs are made fully aware of and understand the options available to them in land redistribution.
- D. Direct payment in cash or in kind may be made by the ARB to the LO under the terms mutually agreed upon by them and which shall be binding upon registration and approval by the DAR. DAR's approval shall be presumed unless a notice of disapproval is received by the ARB and/or the LO within thirty (30) days from the date of receipt of notice/application for VLT/DPS agreement.
- E. The terms and conditions of VLT/DPS should include the immediate transfer of possession and ownership of the land in favor of the identified beneficiaries. Certificates of Land Ownership Award (CLOAs) shall be issued to the ARBs with the proper annotations.
- F. Should the ARB, for reasons other than force majeure or fortuitous events, default in his/her obligation to pay an aggregate of three (3) consecutive amortizations to the landowner or deliberately fail to comply with any provisions of the agreement, he/she shall be permanently disqualified as a beneficiary under CARP pursuant to Section 20 (c) of R.A. No. 6657 and M.C. No. 19, Series of 1996, entitled, "Guidelines and Procedures Governing the Monitoring of Violations or Circumventions Committed by the ARBs, Providing Sanctions Therefore and Filing of Appropriate Administrative Quasi-judicial and/or Criminal Actions". Moreover, any EP/CLOA issued shall be cancelled pursuant to A.O. No. 2, Series of 1994, entitled "Rules Governing the Correction and Cancellation of

Registered/Unregistered Emancipation Patents (EPs), and Certificates of Land Ownership Award (CLOAs) Due to Unlawful Acts and Omissions or Breach of Obligations of Agrarian Reform Beneficiaries (ARBs) and for Other Causes", and the land shall be distributed in the following order:

1. To a qualified heir of the beneficiary who is willing to abide by the terms of the existing VLT/DPS agreement and who will pay for the entire value of the land; or
2. In the absence of a qualified heir, to a new qualified beneficiary who, as a condition for such transfer or conveyance, is willing to abide by the terms of the existing VLT/DPS agreement and who will pay for the entire value of the land.

All payments made by the disqualified beneficiary shall be forfeited in favor of the landowner and shall be treated as lease rentals. Should there be non-payment of land for the time that the disqualified FB remained in possession, he/she shall be assessed the value of lease rentals for the use of the land in accordance with the provisions of RA 3844, as amended.

- G. In case the beneficiary's default is due to force majeure or fortuitous events, he/she shall be given a grace period of not less than one year to pay the obligation on deferred payment. These obligations shall be embodied in the VLT/DPS agreement.

In the case of substitution of the beneficiary with a qualified heir, the amount amortized by the beneficiary and the improvements the latter may have introduced on the land as these will be credited in favor of his/her heir.

However, in case the transferee is other than an heir of the original beneficiary, the amount amortized by the original beneficiary and the cost of improvements he/she has introduced on the land may either be reimbursed to him in one lump sum or on installment basis.

- H. All payments made by an ARB under the VLT/DPS agreement must be covered by receipts that will be issued by the LO. Upon submission by the ARB of receipts showing full payment, the PARO concerned shall issue a Certificate of Full Payment and request the Register of Deeds (ROD) concerned for the cancellation of the encumbrance annotated at the back of the Certificate of Land Ownership Award (CLOA). The MARO shall render assistance in this regard when necessary.
- I. Lands acquired under the VLT/DPS scheme may not be sold, transferred or conveyed except through hereditary succession or to the government, or to other qualified beneficiaries for a period of ten (10) years, provided, however, that the children or the spouse of the transferor shall have the

right to redeem the land from the government within a period of two (2) years from the date of transfer, pursuant to Section 12 of R.A. No. 3844, as amended by R.A. No. 6389.

- J. The agreement on VLT/DPS shall be adequately explained by the MARO to the parties in the local dialect prior to its signing.
- K. Tax delinquencies incurred by the landowner (natural or juridical) prior to a VLT/DPS arrangement shall be paid before the registration of the Deed of Voluntary Land Transfer/Direct Payment Scheme (DVLT/DPS).

In case of financial incapability of the landowner to pay his realty taxes, he may enter into an arrangement with the ARB, with the conformity of the Municipal Treasurer, for the remittance of the ARB amortizations to the Municipal Treasurer until the unpaid realty taxes of the landowner plus interest, if any, have been fully paid. Thereafter, the ARB amortizations shall be remitted to the landowner. This arrangement shall be included in the VLT/DPS agreement.

On the basis of this arrangement, the Municipal Treasurer concerned shall issue a realty tax clearance for the registration of the Certificates of Land Ownership Award/Emancipation Patents (CLOAs/EPs).

Realty tax payments shall be the responsibility of the concerned ARBs from the time the DAR makes an award of the land to them, pursuant to Section 24 of R.A. No. 6657. The payment shall be made on the basis of the assessment by the Municipal Assessor's office.

- L. Lands mortgaged with banking and/or financial institutions may not be the subject of VLT/DPS.

### III. COVERAGE

These guidelines shall cover all private agricultural lands subject of acquisition under CARP.

### IV. BASIC DOCUMENTS REQUIRED FOR THE VLT/DPS AGREEMENT (VLT/DPS FORM NO. 7)

- A. For Titled Properties
  - 1. Owner's copy of the Title
  - 2. Copy of the latest Tax Declaration
  - 3. Approved segregation or subdivision plan
  - 4. Real Estate Tax Clearance or Statement of Tax Delinquency

5. Certification from the ROD concerned that the property is free from liens and/or encumbrances

B. For Untitled Properties

1. Community Environment and Natural Resources Officer (CENRO) Certification pursuant to DAR-DENR-LBP Joint Memorandum Circular No. 12 S. 1994
2. Survey plan of the property/ies duly approved by the Land Management Bureau, and if not available, a sketch plan certified by the said office, and technical description thereof
3. Certified copy of the claimant's current Tax Declaration on the property indicating the lot numbers and area per approved plan
4. Instruments of acquisition covering the subject property, such as Deed of Sale, Donation, Transfer, etc. in favor of the claimant and those of his/her predecessor/s in interest
5. Certification of the Assessor concerned showing the Tax Declaration issued, the declarant/s, the area covered, and the basis for the issuances and cancellations made thereon from the first declaration up to the Tax Declaration issued in the name of the claimant
6. Certification from the Clerk of Court concerned whether or not the property is involved in land registration proceedings or a civil case, and if the same was used as bond or bail in other court actions
7. Certification from the office of the Registry of Deeds and the Assessor's Office concerned that per their records, the property/ies, as appearing in the approved survey plan, is/are free from all liens and encumbrances
8. LRA Certification that subject land is not within the decreed property per their record

C. Foreclosed Agricultural Lands

1. Consolidated title in the name of the mortgagee  
Same requirements as Item IV-A (1-5) of this A.O.
2. Not yet consolidated
  - a. Affidavit of Consolidation duly registered with the ROD or Sheriff's Certificate of Sale

- b. Same documents required from no. 2 to 5 under Item IV-A of this A.O.

## V. OPERATING PROCEDURES

A. The landowner (natural or juridical) shall initiate the negotiation with the prospective ARBs and submit to MARO the following documents:

1. Notice/Application for VLT/DPS (Form No. 1);
2. LO Information Sheet (Revised Form No. 1.1.);
3. VLT/DPS Agreement (Form No. 5); and
4. the proposed agreement with the complete and pertinent supporting documents provided under Item IV-A and B of this A.O.

In the case of tax delinquencies incurred by the landowner, he shall first settle his obligation before entering into a VLT/DPS with the ARB. If he cannot pay in cash, he may, together with the ARBs, arrange the payment of the said taxes pursuant to Section II-K of this A.O.

B. The MARO shall:

1. record and review the proposed agreement (VLT/DPS) with all its supporting documents;
2. if in order, prepare and post the VLT/DPS Form No. 03 including the draft Agreement in the Barangay and Municipal Halls where the property is located for a period of fifteen (15) days;
3. simultaneous to the period of posting, the MARO and the BARC shall conduct an investigation and confirm the identification of the LO, the ARB, the land and its current production as these pertain to the provisions of the Agreement;
4. prepare the Certification of Posting and attach to the proposed Agreement;
5. after the period of posting, the MARO calls the contracting parties, including the witnesses, to a conference to discuss, formalize, sign, and seal the terms and conditions of the VLT/DPS Agreement (5 copies of Form No. 4);
6. for ARBs related to the LO up to the second degree of consanguinity, the MARO and BARC shall issue a Certification that a tenancy relationship between the prospective ARB and the LO

has been existent even prior to 15 June 1988, pursuant to Section 22 of R.A. No. 6657; and

7. prepare the VLT/DPS documents folder and forward to the PARO within five (5) days of signing by the contracting parties.

C. The PARO shall:

1. upon receipt of the VLT/DPS folder, record the provisional VLT agreement in a log book maintained for the purpose;
2. review and evaluate the pertinent forms and documents contained in the VLT/DPS folder for completeness and consistency and approve the agreement within thirty (30) calendar days. Otherwise, return the same to the DARMO for appropriate action;
3. upon approval of the Agreement, send memorandum to DARMO (VLT/DPS Form No. 6), directing them to coordinate with the survey party in the conduct of the survey of the subject landholding and the execution of the Deed of Voluntary Land Transfer (VLT/DPS Form No. 7). If disapproved, return the Agreement and other papers to the MARO concerned for appropriate action. The VLT/DPS Agreement shall be considered approved unless a Notice/Memorandum of disapproval (VLT/DPS Form No. 6) is issued by the PARO and received by the landowner and ARB within thirty (30) days from the receipt of the documents by the PARO. This thirty (30) day reglamentary period may, however, be suspended upon due notice to the parties concerned in case a protest is filed or, in extreme cases, if the PARO thinks that more time is needed to evaluate the documents;
4. on the basis of the approved survey plan, generate CLOAs in the name of the ARB. All CLOAs shall contain an annotation of lien in favor of the LO, to be signed by the PARO;
5. prepare the corresponding CLOA Recording Sheet and cause the signing and sealing of the CLOAs duly initialed by the PARO;
6. record signed and sealed CLOAs and enter the same in the CLOA Registry Book;
7. cause the Registration of Deed of Voluntary Land Transfer and CLOA with the Register of Deeds (ROD); (The registration of the VLT/DPS agreement and the corresponding CLOAs are free from payment of Capital Gains Tax, Registration Fee, and all other taxes and fees for the conveyance and transfer thereof pursuant to Sections 66 and 67 of R.A. No. 6657)

8. after registration, reflect title number and date of registration in the CLOA Registry Book; and
9. transmit the Owner's Duplicate Certificate of Title to DARMO for distribution to ARBs.

D. After registration, the MARO shall:

1. receive and record the Owner's Duplicate Certificate of Title;
2. distribute Owner's Duplicate Certificate of Title (CLOA/EP) to ARBs;
3. maintain a Log Book of all CLOAs/Titles issued within the Municipality and prepare an individual record for each ARB; and
4. remind the ARBs of their obligation to pay the agreed amortization whether in cash or in kind.

## **VI. REPORTING AND MONITORING**

For reporting and monitoring purposes, a quarterly report on the status of VLT/DPS Agreements shall be submitted by the PARO to the Office of the Undersecretary for Field Operations through the Regional Director, copy furnished the Bureau of Land Acquisition and Distribution (BLAD) and the Management Information Service (MIS). The MARO shall submit to the PARO a list of ARBs who have fully paid their landholdings and a concomitant list of titles whose liens and encumbrances have been cancelled by the Register of Deeds (ROD).

## **VII. TRANSITORY PROVISIONS**

In order to prevent delays in the processing, evaluation and approval of all VLT/DPS, documentation folders already forwarded to or pending in the DARRO shall continue to be processed under A.O. No. 2, Series of 1995. However, all VLT/DPS documentation folders still in the DARMOs and DARPOs at the time of effectivity of these guidelines shall be governed by this Administrative Order.

## **VIII. REPEALING CLAUSE**

All orders, circulars, rules and regulations inconsistent herewith are hereby revoked, amended, or modified as the case may be.

## **IX. EFFECTIVITY**



This Administrative 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 10 December, 1997.

  
**ERNESTO D. GARILAO**  
Secretary

Published in Two (2) National Newspapers  
of general circulation:

1. THE MANILA CHRONICLE
2. PHILIPPINE DAILY INQUIRER

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