Administrative Order No. 05
Series of 1998

SUBJECT : REVISED RULES AND REGULATIONS GOVERNING THE VALUATION OF LANDS VOLUNTARILY OFFERED OR COMPULSORILY ACQUIRED PURSUANT TO REPUBLIC ACT NO. 6657.

I. PREFATORY STATEMENT

A. The Constitution mandates the payment of just compensation for lands covered by agrarian reform:

> The state shall, by law undertake an agrarian reform program founded on the right of the farmers and regular farmworkers, who are landless, to own directly or collectively the lands they till or, in the case of other farmworkers, to receive a just share of the fruits thereof. To this end, the State shall encourage and undertake the just distribution of all agricultural lands, subject to such priorities and reasonable retention limits as the Congress may prescribe, taking into account ecological, development, or equity considerations and subject to the payment of just compensation... (Article XIII, Section 4, underlining supplied)

B. This Principle is cited in Proclamation No. 131, Instituting a Comprehensive Agrarian Reform Program (22 July 1987), and in Republic Act No. 6657 (10 June 1988). Section 2 of the latter law specifically states, "... a more equitable distribution and ownership of land, with due regard to the rights of landowners to just compensation.. shall be undertaken ..." (underlining supplied)

C. Just Compensation in Supreme Court jurisprudence has been taken to mean fair market value or the price which a buyer will pay without coercion and a seller will accept without compulsion.

D. Just compensation in regard to land cannot be an absolute amount disregarding particularities of productivity, distance to the marketplace and so on. Hence, land valuation is not an exact science but an exercise fraught with inexact estimates requiring integrity, conscientiousness and prudence on the part of those responsible for it. What is important ultimately is that the land value approximates, as closely as possible, what is broadly considered to be just.

E. Section 17 of RA 6657 provides particular guidance on land valuation:

> Section 17. Determination of Just Compensation -- In determining just compensation, the cost of acquisition of the land, the current value of like properties, its nature, actual use and income, the sworn valuation by the owner, the tax declarations, and assessments made by the government assessors shall be considered. The social and economic benefits contributed by the farmers and the farmworkers and by the Government to the property as well as the non-payment of taxes or loans secured from any government financing institution on the said land shall be considered as additional factors to determine its valuation.

F. The process of land valuation must involve agrarian reform beneficiaries and their organizations, the Barangay Agrarian Reform Committees, the landowner concerned, the Department of Agrarian Reform and the Land Bank of the Philippines.

i. Section 3 of Executive Order No. 129-A declares that "... the State shall: ... Institutionalize partnership between government and organizations of farmers and farmworkers in agrarian reform policy formulation, program implementation, and evaluation...".

ii. Section 47 of Republic Act No. 6657 specifies that the Barangay Agrarian Reform Committee shall, among other things, "Assist in initial determination of the value of the land."

iii. Section 18 of Republic Act No. 6657 states: " The LBP shall compensate the landowners in such amount as may be agreed upon by the landowner and the DAR and the LBP...."

II. The following rules and regulations are hereby promulgated to govern the valuation of lands subject of acquisition whether under voluntary offer to sell (VOS) or compulsory acquisition (CA).

A. There shall be one basic formula for the valuation of lands covered by VOS or CA:

$$LV = (CNI \times 0.6) + (CS \times 0.3) + (MV \times 0.1)$$

Where:	LV	=	Land Value
	CNI	=	Capitalized Net Income
	CS	=	Comparable Sales
	MV	=	Market Value per Tax Declaration

The above formula shall be used if all the three factors are present, relevant, and applicable.

A.1 When the CS factor is not present and CNI and MV are applicable, the formula shall be:

LV = (CNI x 0.9) + (MV x 0.1)

A.2 When the CNI factor is not present, and CS and MV are applicable, the formula shall be:

LV = (CS x 0.9) + (MV x 0.1)

A.3 When both the CS and CNI are not present and only MV is applicable, the formula shall be:

LV = MV x 2

In no case shall the value of idle land using the formula MV x 2 exceed the lowest value of land within the same estate under consideration or within the same barangay or municipality (in that order) approved by LBP within one (1) year from receipt of claimfolder.

A.4 When the land planted to permanent crops is not yet productive or not yet fruit-bearing at the time of Field Investigation (FI), the land value shall be equivalent to the value of the land plus the cumulative development cost (CDC) of the crop from land preparation up to the time of FI. In equation form:

LV = (MV x 2) + CDC

where:

1. MV to be used shall be the applicable UMV classification of idle land.

2. CDC shall be grossed-up from the date of FI up to the date of LBP Claim Folder (CF) receipt for processing but in no case shall the grossed-up CDC exceed the current CDC data based on industry.

In case the CDC data provided by the landowner could not be verified, DAR and LBP shall secure the said data from concerned agency/ies or, in the absence thereof, shall establish the same.

In no case, however, shall the resulting land value exceed the value of productive land similar in terms of crop and plant density within the estate under consideration or within the same barangay or municipality (in that order) approved by LBP within one (1) year from receipt of CF.

In case where CS is relevant or applicable, the land value shall be computed in accordance with Item II.A.2 where MV shall be based on the lowest productivity classification of the land.

A.5 When the land is planted to permanent crops introduced by the farmer-beneficiaries (FBs) which are not yet productive or not yet fruit-bearing, the land value shall be computed by using the applicable UMV classification of idle land. In equation form:

$$LV = MV \times 2$$

In no case, however, shall the resulting land value exceed the value of productive land similar in terms of crop and plant density within the estate under consideration or within the same barangay or municipality (in that order) approved by LBP within one (1) year from receipt of CF.

In case where CS is relevant or applicable, the land value shall be computed in accordance with Item II.A.2 where MV shall be based on the applicable classification of idle land.

A.6 The value of lands planted to permanent crops which are no longer productive or ready for cutting shall be determined by using the applicable UMV classification of idle land plus the salvage value of the standing trees at the time of the FI. In equation form:

$$LV = (MV \times 2) + \text{Salvage Value}$$

In no case, however, shall the resulting land value exceed the value of productive land similar in terms of crop and plant density within the estate under consideration or within the same barangay or municipality (in that order) approved by LBP within one (1) year from receipt of CF.

In case where CS is relevant or applicable, the land value shall be computed in accordance with Item II.A.2 where MV shall be based on the lowest productivity classification of the land.

A.7 In all of the above, the computed value using the applicable formula shall in no case exceed the LO's offer in case of VOS.

The LO's offer shall be grossed up from the date of the offer up to the date of receipt of CF by LBP from DAR for processing.

A.8 For purposes of this Administrative Order, the date of receipt of CF by LBP from DAR shall mean the date when the CF is determined by the

LBP-LVLCO to be complete with all the required documents and valuation inputs duly verified and validated, and ready for final computation/processing.

Should LBP need any of the documents listed under Paragraph C, Annex B of DAR Administrative Order No. 1, Series of 1993, as amended by DAR Administrative Order No. 2, series of 1996, to facilitate processing under Paragraph IV, Step 14 to 17, of the same Order, the DAR shall assist the LBP in securing the same.

A.9 The basic formula in the grossing-up of valuation inputs such as LO's Offer, Sales Transaction (ST), Acquisition Cost (AC), Market Value Based on Mortgage (MVM) and Market Value per Tax Declaration (MV) shall be:

$$\text{Grossed-up Valuation Input} = \text{Valuation Input} \times \text{Regional Consumer Price Index (RCPI) Adjustment Factor}$$

The RCPI Adjustment Factor shall refer to the ratio of the most recent available RCPI for the month issued by the National Statistics Office as of the date when the CF was received by LBP from DAR for processing and the RCPI for the month as of the date/effectivity/registration of the valuation input. Expressed in equation form:

$$\text{RCPI Adjustment Factor} = \frac{\text{Most Recent RCPI for the Month as of the Date of Receipt of CF by LBP from DAR}}{\text{RCPI for the Month Issued as of the Date/Effectivity/Registration of the Valuation Input}}$$

B. Capitalized Net Income (CNI) - This shall refer to the difference between the gross sales (AGP x SP) and total cost of operations (CO) capitalized at 12%.

Expressed in equation form:

$$CNI = \frac{(AGP \times SP) - CO}{0.12}$$

Where : CNI = Capitalized Net Income

AGP = Annual Gross Production corresponding to the latest available 12-months' gross production immediately preceding the date of FI.

SP = The average of the latest available 12-months' selling prices prior to the date of receipt of the CF by LBP for processing, such prices to be secured from the Department of Agriculture (DA) and other appropriate regulatory bodies or, in their absence, from the Bureau of Agricultural Statistics. If possible, SP data shall be gathered for the barangay or municipality where the property is located. In the absence thereof, SP may be secured within the province or region.

CO = Cost of Operations

Whenever the cost of operations could not be obtained or verified, an assumed net income rate (NIR) of 20% shall be used. Landholdings planted to coconut which are productive at the time of FI shall continue to use the assumed NIR of 70%. DAR and LBP shall continue to conduct joint industry studies to establish the applicable NIR for each crop covered under CARP.

0.12 = Capitalization Rate

B.1 Industry data on production, cost of operations and selling price shall be obtained from government/private entities. Such entities shall include, but not be limited to, the Department of Agriculture (DA), the Sugar Regulatory Authority (SRA), the Philippine Coconut Authority (PCA) and other private persons/entities knowledgeable in the concerned industry.

B.2 The landowner shall submit a statement of net income derived from the land subject of acquisition. This shall include, among others, total production and cost of operations on a per crop basis, selling price/s (farm gate) and such other data as may be required. These data shall be validated/verified by the Department of Agrarian Reform and Land Bank of the Philippines field personnel. The actual tenants/farmworkers of the subject property will be the primary source of information for purposes of verification or, if not available, the tenants/farmworkers of adjoining property.

In case of failure by the landowner to submit the statement within fifteen (15) days from the date of receipt of letter-request as certified by the Municipal AgrarianReform Office (MARO) or the data stated therein cannot be verified/validated, DAR and LBP may adopt any applicable industry data or, in the absence thereof, conduct an industry study on the specific crop which will be used in determining the production, cost and net income of the subject landholding.

B.3 For landholdings planted to permanent crops which are productive and introduced by the farmer-beneficiaries, CNI shall be equal to 25% of the annual net income capitalized at 12%.

B.4 For landholdings devoted to intercropping, the total income contribution of each crop, whether seasonal or permanent, shall be considered in the determination of CNI. "Intercropping" shall refer to the practice of planting seasonal or other permanent crop/s between or under existing permanent or seasonal crop/s. Depending on the intercropping practice, the CNI and the LV of the property shall be computed using the following formula:

a. Landholdings Planted to Permanent Crop/s Intercropped with Other Permanent Crop/s:

a.1 In case all the permanent crops are productive or fruit-bearing at the time of FI, the CNI per hectare of the property is derived by dividing the Total Net Income (TNI) per hectare by the capitalization rate.

Expressed in equation form:

$$\text{CNI/Ha.} = \frac{\text{TNI/Ha.}}{0.12}$$

Where :

$$\text{TNI/Ha.} = \frac{(\text{NI1} + \text{N12} + \ldots + \text{NIn})}{\text{Total Area}}$$

TNI refers to the sum of the net income contribution of each permanent crop.

NI1, NI2 and NIn represent the annual net income of each crop.

Total area is the hectarage of the land where all the crops are commonly planted.

The MV of the property shall include the UMV of the land and the UMV of the permanent trees. The MV of the land to be used shall be based on the highest UMV among the land use/s.

a.2 In case one or more of the permanent crops are productive or fruit-bearing and the other permanent crops are not yet productive, the value of the property shall be the sum of the land value of the productive permanent crop/s and the total

CDC of the permanent crop/s which is/are not yet productive. Expressed in equation form:

Total LV = LV (productive crop/s) + CDC (not yet productive crop/s)

The CNI of the productive permanent crop/s shall be determined in accordance with Item II.B.4.a.1.

The MV of the land shall be based on the highest UMV among the productive land use/s.

The CDC of the permanent crop/s shall be determined in accordance with Item II.A.4.

In no case shall the resulting land value exceed the value of productive land similar in terms of crop and plant density within the estate under consideration or within the same barangay or municipality (in that order) approved by LBP within one (1) year from receipt of CF.

a.3 In case all the permanent crops are not yet productive or not yet fruit-bearing at the time of FI, the value of the property shall be determined in accordance with Item II.A.4. Expressed in equation form:

Total LV = (MV x 2) + Total CDC of all Permanent Crops

b. Landholdings Planted to Permanent Crop/s Intercropped with Seasonal Crop/s

b.1 The CNI of the seasonal crop/s may only be considered if said intercropping has been continuously practiced for three (3) consecutive crop cycles immediately preceding the date of FI. One crop cycle is defined as the period from the time the crop is planted until it bears fruit or is harvested.

b.2 In case the permanent crop/s and the seasonal crop/s are all productive at the time of FI, the CNI of the permanent and seasonal crops shall be determined based on Item II.B.4.a.1 in accordance with the condition set forth in Item II.B.4.b.1.

b.3 In case the permanent crop/s are not yet productive or not yet fruit-bearing at the time of FI and the intercropping with seasonal crop has been continuously practiced for three (3) consecutive crop cycles immediately preceding the date of FI, the value of the property shall be the sum of the land value of the productive seasonal crop/s and the total CDC of the permanent crop/s which is/are not yet productive or not yet fruit-bearing. Expressed in equation form:

Total LV = LV (productive seasonal crop/s) +
CDC (non-productive crop/s)

The LV of the productive seasonal crop/s shall be the sum of the CNI per hectare of the seasonal crop/s as defined under Item II.B. 4.a.1. The MV of the land shall be based on the highest UMV among the productive seasonal crop/s.

The CDC of the permanent crop/s shall be determined in accordance with Item II.A..4.

In no case shall the resulting land value exceed the value of productive land similar in terms of crop and plant density within the estate under consideration or within the same barangay or municipality (in that order) approved by LBP within one (1) year from receipt of CF.

c. Landholdings Planted to Seasonal Crop/s Intercropped with Other Seasonal Crop/s

For landholdings planted to seasonal crop/s inter-cropped with other seasonal crop/s and the said intercropping has been continuously practiced for three (3) consecutive crop cycles immediately preceding the date of FI, the CNI of the property shall be computed in accordance with the formula defined under Item II.B.4.a.1.

The MV of the land shall be based on the highest UMV among the productive seasonal crop/s.

B.5 For seasonal crops, at least one normal crop cycle shall be used to get AGP for crops whose cycles are more than one (1) year. For crops whose cycle is less than one (1) year, two (2) normal crop cycles shall be required.

1. In case the crop cycle is more than one year, the formula shall be:

$$AGP = \frac{TP}{\text{No. of months in one complete cycle}} \times 12$$

2. In case the crop cycle is less than one (1) year, the following rules shall apply:

a. Total production (TP) of all completed crop cycles within the year shall be considered.

b. In case there is more than one (1) crop cycle within the 12-month period, the AGP, as defined under Item II.B, shall be the sum of the actual production from all the crop cycles completed within the said period divided by the total number of months needed to complete the said crop cycles, and multiplied by 12 to annualize AGP. In equation form:

$$AGP = \frac{TP1 + TP2... + TPn}{\text{No. of months to complete all cycles}} \times 12$$

Where : TP1 = Total actual production for the 1st crop cycle
TP2 = Total actual production for the 2nd crop cycle
TPn = Total actual production for the n crop cycle

B.6 For landholdings planted to permanent crops which are covered by a lease contract, duly registered with the Register of Deeds (ROD), existing at the time of FI, with other parties other than the FBs/tenants, the following formula shall be used in the computation of the CNI:

$$CNI/Ha. = \frac{LRI}{0.12}$$

Where : LRI = Lease Rental Income per Hectare/Year as stipulated under the contract.

Depending on the lease arrangement, LRI shall mean:

a. If the lease rental is a fixed amount regardless of actual yearly production, LRI shall be equal to the fixed amount of lease rental.

b. If the lease rental is a fixed percentage of the yearly gross production, LRI shall be equal to the Annual Gross Production (as defined in Item II.B.) multiplied by the selling price and the agreed percentage reflected in the lease contract. Thus, in equation form:

LRI = AGP x SP x Agreed Percentage

c. In case the lease rental is a variable amount (e.g., progressively increasing during the term of the lease), LRI is computed as follows:

$$LRI = \frac{\text{Sum of Annual Lease Rentals per Hectare over the remaining Term of the Lease Contract}}{\text{Remaining Term of Lease, Years}}$$

d. If the lease rentals over a future period corresponding to the over-all effectivity of the lease contract are prepaid in one lump sum, the equivalent annual lease rental shall be computed as the equivalent annuity of the total advanced lease payment discounted at 12% over the effective term of the lease contract expressed in years. Thus, in equation form:

$$LRI = \frac{\text{Total Advance Payment/Hectare, Peso}}{\text{Annuity Factor of 12\% Discount Rate for the Term of the Lease Contract}}$$

Dividing the total advance payment/hectare by the annuity factor at 12% discount rate would establish the equivalent future rental income streams, thus, translating this case similar to Item B.6.

e. If the landowner and/or the lessee fail to submit copies of the Lease Contract within three weeks from date of receipt of LBP's letter-request or LBP cannot secure the same document from other sources within the same period, or the production data submitted cannot be verified/validated, the CNI shall be computed using the following formula:

$$CNI = \frac{[(AGP \times SP) - CO] \times 0.25}{0.12}$$

where: AGP, SP and CO, if applicable, shall be based on industry data/study.

C. CS shall refer to any one or the average of all the applicable sub-factors, namely ST, AC and MVM:

Where : ST = Peso Value of Sales Transactions as defined under Item C.2
AC = Acquisition Cost as defined under Item C.3
MVM = Market Value Based on Mortgage as defined under Item C.4

C.1 The following rules shall be observed in the computation of CS:

a. As a general rule, there shall be at least three (3) Sales Transactions.

At least one comparable sales transaction must involve land whose area is at least ten percent (10%) of the area being offered or acquired but in no case less than one hectare. The other transaction/s should involve land whose area is/are at least one hectare each.

b. If there are more than three (3) STs available in the same barangay, all of them shall be considered.

c. If there are less than three (3) STs available, the use of STs may be allowed only if AC and/or MVM are/is present.

d. Depending on the presence of applicable sub-factors, the following formulae shall be used:

d.1 If there are two or more STs and MVM and/or AC are present:

d.1.1 $$CS = \frac{STA + MVM + AC}{3}$$ OR

d.1.2 $$CS = \frac{STA + MVM}{2}$$ OR

d.1.3 $$CS = \frac{STA + AC}{2}$$

WHERE : STA is the average of available STs or as expressed in equation form:

$$STA = \frac{ST1 + \ldots\ldots + STN}{\text{No. of STs}}$$

d.2 If there is only one ST and AC and/or MVM are/is available:

d.2.1 $$CS = \frac{ST + MVM + AC}{3}$$ OR

d.2.2 $$CS = \frac{ST + MVM}{2}$$ OR

d.2.3 $$CS = \frac{ST + AC}{2}$$

d.3 If three or more STs are present and AC and MVM are not available:

$$CS = STA$$

d.4 If AC and/or MVM are/is present and no ST is available:

d.4.1 $$CS = \frac{AC + MVM}{2} \quad \text{OR}$$

d.4.2 $$CS = AC \quad \text{OR}$$

d.4.3 $$CS = MVM$$

C.2 The criteria in the selection of the comparable sales transaction (ST) shall be as follows:

a. When the required number of STs is not available at the barangay level, additional STs may be secured from the municipality where the land being offered/covered is situated to complete the required three comparable STs. In case there are more STs available than what is required at the municipal level, the most recent transactions shall be considered. The same rule shall apply at the provincial level when no STs are available at the municipal level. In all cases, the combination of STs sourced from the barangay, municipality and province shall not exceed three transactions.

b. The land subject of acquisition as well as those subject of comparable sales transactions should be similar in topography, land use, i.e., planted to the same crop. Furthermore, in case of permanent crops, the subject properties should be more or less comparable in terms of their stages of productivity and plant density.

c. The comparable sales transactions should have been executed within the period January 1, 1985 to June 15, 1988, and registered within the period January 1, 1985, to September 13, 1988.

d. STs shall be grossed up from the date of registration up to the date of receipt of CF by LBP from DAR for processing, in accordance with Item II.A.9.

C.3 Acquisition Cost (AC) - AC shall be deemed relevant when the property subject of acquisition was acquired through purchase or exchange with another property within the period January 1, 1985 to June 15, 1988 and registered within the period January 1, 1985 to September 13, 1988, and the condition of said property is still substantially similar from the date of purchase or exchange to the date of FI.

AC shall be grossed up from the date of registration of the deed of sale/exchange up to the date of receipt of CF by LBP from DAR for processing, in accordance with Item II.A.9.

C.4 Market Value Based on Mortgage (MVM) - For MVM to be relevant or applicable, the property subject of acquisition should have been mortgaged as of June 15, 1988 and the condition of the property is still substantially similar up to the date of FI. MVM shall refer to the latest available appraised value of the property.

a. MVM shall not apply if ALL of the following conditions are present:

a.1 There are several titles covered by CARP belonging to the same landowner;

a.2 The titles cover contiguous landholdings with similar topography, land use, and productivity; and

a.3 Not all of the properties are mortgaged.

b. If the landowner or the mortgagee bank fails to submit the latest appraisal report, as defined under item C.4, within three (3) weeks from date of receipt of LBP's letter-request, MVM shall not be applicable.

c. MVM shall be grossed up from the date of the latest appraisal report (as defined under Item C.4) up to the date of receipt of CF by LBP from DAR for processing, in accordance with Item II.A.9.

D. In the computation of Market Value per Tax Declaration (MV), the most recent Tax Declaration (TD) and Schedule of Unit Market Value (SUMV) issued prior to receipt of CF by LBP shall be considered. The Unit Market Value (UMV) shall be grossed up from the date of its effectivity up to the date of receipt of CF by LBP from DAR for processing, in accordance with Item II.A.9.

D.1 In case the area as appearing in the TD differs from the findings per actual FI, the latter FI shall prevail.

D.2 In case the land classification/land use per FI differs from that reflected in the TD, the result of the actual FI shall prevail and the

UMV of the land classification per FI shall be obtained from the municipal assessor's office concerned.

D.3 In case where the UMV for a certain land classification in the municipality where the property is located is not available, the UMV of the same land classification in an adjacent municipality may be used.

D.4 In cases where the trees are not yet productive/fruit- bearing or no longer productive/ready for cutting, MV shall only include the value of the land.

D.5 In cases where the trees are already productive or fruit-bearing, the land productivity classification of the property whenever possible shall be established in accordance with the assessment regulations issued by the appropriate agency.

D.6 The value of the trees introduced by the farmer-beneficiaries, lessees or third parties shall not be considered in the MVTD computation.

D.7 For purposes of establishing the land use per MV, at least fifty percent (50%) of the standard density per hectare based on industry, shall be required. If no permanent crop meets the minimum 50% standard density requirement, the UMV for the land shall be based on the applicable classification of idle land.

E. Valuation of Improvements (non-crop) shall be undertaken by LBP.

F. The landowner shall not be compensated or paid for improvements introduced by third parties such as the government, farmer-beneficiaries or others.

G. For purposes of this Order, Annex "A" contains the glossary of terms and Annex "B", the lists of crops classified by the Bureau of Plant Industry (BPI) as seasonal or permanent crops.

H. The Land Bank of the Philippines is hereby authorized to issue, from time to time, clarificatory guidelines to implement these rules and regulations.

I. All claims whose Memorandum of Valuation have not yet been forwarded to DAR shall be valued in accordance with this Administrative Order.

III. REPEALING CLAUSE

This Order supersedes Administrative Order No. 6, Series of 1992, as amended by Administrative Order No. 11, Series of 1994, as well as other rules, regulations and issuances inconsistent herewith.

IV. EFFECTIVITY CLAUSE

This Administrative Order shall take effect ten (10) days after its publication in two national newspapers of general circulation pursuant to Sec. 49 of RA 6657.

Diliman, Quezon City, 15 April 1998.

ERNESTO D. GARILAO
Secretary

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

1. MANILA BULLETIN
2. PHILIPPINE DAILY INQUIRER

Date of Publication - May 1, 1998

Annex "A"

DEFINITION OF TERMS

1. **Voluntary Offer to Sell (VOS)** - **a scheme wherein landowner/s voluntarily offer their agricultural lands, including improvements thereon, if any, for coverage.**

2. **Compulsory Acquisition (CA)** - **the mandatory acquisition of all agricultural lands pursuant to the provisions of Section 7 of R.A. 6657, for distribution to the qualified CARP beneficiaries.**

3. **Landowner's Offer (LO's Offer)** - **the price offered by the landowner/s on his/her agricultural land which he/she voluntarily offers for coverage under CARP.**

4. **Land Value (LV)** - **the value of the land subject of VOS or CA as determined by the DAR and LBP, taking into consideration the LO's offer and other factors under Sec. 17 of RA 6657 and the applicable or relevant factors, namely: Capitalized Net Income (CNI), Comparable Sales (CS), Market Value per Tax Declaration (MV), and in certain cases, Cumulative Development Cost (CDC) or Salvage Value (SV).**

5. **Memorandum of Valuation (MOV)** - **notice issued by the LBP for the DAR Secretary thru the Provincial Agrarian Reform Officer (PARO) on the valuation of property voluntarily offered or compulsorily acquired in accordance with a DAR Memorandum Request to Value.**

6. **Field Investigation (FI)** - **for purposes of segregating the acquired from the unacquired areas, the actual field investigation conducted jointly by the DAR and LBP with the participation of, as far as practicable, the landowner, the Barangay Agrarian Reform Committee (BARC), Department of Agriculture (DA) and Department of Environment and**

Natural Resources (DENR) and actual occupants/prospective/potential ARBs, to identify the landholding and determine the conditions of the land and other valuation inputs.

This shall refer to the date when the field investigation was completed and said date shall be reflected/included in the Field Investigation Report (FIR).

7. Cumulative Development Cost (CDC)	-	**the total cost incurred in the cultivation of a permanent crop up to the time of OCI.**
8. Lease Rental	-	**the amount paid or payable for the use of another's land pursuant to a registered lease contract, which may be expressed either as a fixed peso amount or as a percentage of the peso value of production.**
9. Permanent Crops	-	**agricultural crops perennially growing on the land, producing fruits or other agricultural raw materials from year to year such as coconut, rubber, and other fruit-bearing crops.**
10. Salvage Value (SV)	-	**the value of permanent crops which are no longer productive and ready for cutting as determined by DAR and LBP based on market data available in the most immediate vicinity.**
11. Seasonal Crops	-	**agricultural crop whose economic life span is three (3) years or below.**
12. Standard Density	-	**ideal population or number of permanent/ seasonal crops per hectare in a plantation, based on industry data.**

EXAMPLES OF SEASONAL AND PERMANENT CROPS

A. Seasonal Crops

1. Vegetables

1.1 Leafy vegetables - **pechay, mustard, lettuce, celery, kulitis, kangkong, parsley**

1.2 Cole crops/crucifers - **cabbage, cauliflower,**

1.3 Root and bulb crops - **sweet potato, onion, garlic, carrot, radish, potato**

1.4 Legumes/pulses - **sitao, cowpea, snapbean, winged beans, lima beans, pigeon pea, chickpea, edible podded pea, mungbean, peanut, soybean**

1.5 Solanaceous crops - **tomato, eggplant and pepper**

1.6 Cucurbits - **squash, cucumber, watermelon, muskmelon, upo, ampalaya, patola, chayote**

1.7 Okra

1.8 Tree vegetables - **malunggay, katuray**

2. Grains and Cereals - **rice, corn (white/yellow)**

3. Plantation Crops

3.1 Sugar Cane

3.2 Spices - turmeric

3.3 Fiber Crops - abaca, buri, kapok, maguey, cabo negro

4. *Fruit Crops*

   4.1 Papaya
   4.2 Strawberry
   4.3 Pineapple

5. ***Ornamentals and Cutflowers*** **- gladiola, rose, sunflower, chrysanthemum**

B. Permanent Crops

1. ***Vegetables*** **- Asparagus**

2. ***Fruit Crops*** **- Anonas, apple, atemoya, atis, avocado, balimbing, banana, breadfruit, caimito, camansi, cashew, chico, citrus, duhat, durian, grapes, guava, guayabano, jackfruit, kamias, kamanchile, lanzones, mabolo, macopa, mango, mangosteen, pear, persimmon, pili, rambutan, santol, tiessa, mandarin, sweet orange, pummelo, grape fruit, lime, kalamundin**

3. ***Plantation crops***

   3.1 Oil Crops - coconut, African oil palm, lumbang, castor oil palm

   3.2 Beverage crops - coffee, cacao

   3.3 Latexes - rubber

   3.4 Spices - blackpepper, vanilla, citronella

Source: Bureau of Plant Industry