



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

DAR ADMINISTRATIVE ORDER)
NO. 09 :
Series of 1998)

**SUBJECT: RULES AND REGULATIONS ON THE ACQUISITION,
VALUATION, COMPENSATION AND DISTRIBUTION OF
DEFERRED COMMERCIAL FARMS**

Pursuant to Sections 11 and 49 of Republic Act (RA) No. 6657, the "Comprehensive Agrarian Reform Law of 1988", and in view of the expiration on June 15, 1998 of the 10-year deferment period for commercial farms, the rules and regulations governing their acquisition, valuation, compensation and distribution are hereby promulgated as follows:

ARTICLE I

GENERAL PROVISIONS

SECTION 1. Coverage — This Administrative Order shall apply to all commercial farms as defined under Section 11 of RA 6657, as amended by Section 3 of RA 7881.

SEC. 2. Statement of Policies — The acquisition, valuation, compensation distribution, operation and management of deferred commercial farms shall be governed by the following policies:

- (a) All commercial farms whose deferment expired as of June 15, 1998 shall be subject to immediate acquisition and distribution under the Comprehensive Agrarian Reform Program (CARP). Those whose deferments have yet to expire will be acquired and distributed only upon expiration of their respective deferment periods as originally determined by the Department of Agrarian Reform (DAR), or earlier if the DAR



"Tulong-tulong sa pagsulong"



determines that the purpose for which it was deferred no longer exists and revokes its deferment;

- (b) As a general rule, acquired commercial farms shall be distributed to qualified beneficiaries based on the order of priority prescribed under Section 22 of RA 6657. Those who have worked longest on the land shall be given preference;
- (c) The landowner, whether individual or corporate, shall have the right to retention pursuant to Section 6 of RA 6657;
- (d) All infrastructure facilities and improvements including buildings, roads, machinery, receptacles, instruments or implements permanently attached to the land, which are necessary and beneficial to the operations of the farm as determined by the DAR, and shall be subject to acquisition upon the recommendation of the agrarian reform beneficiaries (ARBs);
- (e) In general, lands shall be distributed directly to individual worker-beneficiaries. However, in case it is not economically feasible and sound to divide the land, then it shall be owned collectively by the worker-beneficiaries who shall form a workers cooperative or association which will deal with the corporation or business association;
- (f) Determination of just compensation for commercial farms shall include not only the land but also the facilities and improvements introduced by the landowner. It may take into account the type of commercial crops planted (e.g. banana, pineapple, rubber) and such other relevant factors consistent with agrarian laws, rules and regulations;
- (g) Lands acquired and distributed under compulsory acquisition or voluntary offer to sell shall be paid by the agrarian reform beneficiaries subject to the affordability provisions of Section 26 of RA 6657 and other implementing rules and regulations;
- (h) The landowner shall retain his share of any standing crops unharvested at the time the DAR shall take possession of the land and who shall be given reasonable time to harvest the same; and
- (i) Beneficiaries of distributed commercial farms shall have full freedom to choose the type of agribusiness venture arrangement that will maintain the economic viability and productivity of the farm, the freedom to market their products or enter into appropriate marketing arrangements, and the

freedom to avail of the services of individuals, associations or non-government organizations who will assist them in negotiating for the most advantageous agribusiness venture arrangement, enterprise development, and capability building.

SEC. 3. *Definition of Terms* — As used in this Order, the following terms shall be defined as follows:

- (a) Agricultural Enterprise means the cultivation of the soil, planting of crops, growing of fruit trees, including the harvesting of such farm products, and other farm activities and practices performed by a farmer in conjunction with such farming operations done by reasons another whether natural or judicial (Sec. 3 [b], RA 6657, as amended by Sec. 1, RA 7881).
- (b) Build-Operate-Transfer (BOT) Scheme refers to a contractual arrangement entered into pursuant to RA 6957, as amended, whereby the project proponent undertakes the construction, including financing, of a given infrastructure facility and the operation and maintenance thereof for an agreed period of time, but not to exceed twenty-five (25) years, subject to extension.
- (c) Commercial Farms are private agricultural lands devoted to salt beds, fruit farms, orchard, vegetables and cut-flower farms, cacao, coffee and rubber plantations (Sec. 11, R.A. 6657, as amended by Sec. 3, R.A. 7881).
- (d) Compulsory Acquisition is the mandatory acquisition of agricultural lands, including facilities and improvements necessary for agricultural production, as may be appropriate, for distribution to qualified beneficiaries upon payment of just compensation.
- (e) Contract Growing/Growership Arrangement is an agribusiness arrangement whereby the ARBs own the land and commit, either collectively through their cooperative or individually, to produce certain crops for an investor or agribusiness firm that contracts to buy the produce at pre-arranged terms.
- (f) Deferment Period refers to the ten (10) year period counted from the start of commercial production and operation as provided in Sec. 11 of R.A.

6657 whereby the acquisition and distribution of commercial farms has been postponed.

- (g) Direct Payment Scheme is a mode of acquiring land wherein direct payment in cash or in kind is made by the ARB to the landowner under terms mutually acceptable to both parties and approved by DAR.
- (h) Farmworker refers to a natural person who renders service for value as an employee or laborer in an agricultural enterprise or farm regardless of whether his compensation is paid on a daily, weekly, monthly or "pakyaw" basis. The term includes an individual whose work has ceased as a consequence of, or in connection with, a pending agrarian dispute and who has not obtained a substantially equivalent and regular farm employment. (Section 3[g] of R.A. 6657).
- (i) Joint Venture Agreement is an agribusiness venture whereby a company is organized and co-owned by an investor and the agrarian reform beneficiaries through their cooperatives or associations. The investor may provide the management and marketing skills, technology infrastructure, and capital while the ARBs' contribution/participation in the joint venture includes labor, the usufructuary rights to the land, and capital, infusion, if available.
- (j) Lease Arrangement is an agribusiness scheme whereby the ARBs', through their cooperative or farmworkers' association, enter into a contract of lease with the landowner/investor. The lessee shall have farm control and operations within an agreed period of time but not to exceed ten (10) years, subject to extension upon mutual agreement of both parties. The lease rental shall not be less than the amortization to be paid by the ARBs to the Land Bank of the Philippines (LBP) pursuant to DAR Administrative Order No. 6, Series of 1998, and other pertinent laws, rules and regulation.
- (k) Management Contract is an agribusiness arrangement whereby the ARBs, or their cooperative/organization, hire the services of the landowner or an investor to manage and operate the farm in exchange for fixed wages or commission.
- (l) Other Farmworkers are those who does not fall under paragraphs [g], [h] and [i] of R.A. 6657, i.e., the definitions of farmworker, regular farmworker, and seasonal farmworker. (Sec. 3[j], R.A. 6657).

- (m) Regular Farmworker is a natural person who is employed on a permanent basis by an agricultural enterprise or farm (Sec. 3[h], R.A. 6657).
- (n) Seasonal Farmworker is a natural person employed on a recurrent, periodic or intermittent basis by an agricultural enterprise or farm, whether as a permanent or a non-permanent laborer, such as “dumaan”, sacada, and the like (Sec. [i], R.A. 6657).
- (o) Standing Crops refer to the harvestable agricultural produce or a portion thereof (e.g., fruits, sap, root,) normally harvested for such particular crop growing on the land at the time DAR takes possession thereof.
- (p) Voluntary Offer to Sell is a scheme whereby the landowner voluntarily offers his agricultural land including facilities and improvements necessary for agricultural production, if any, for distribution to qualified beneficiaries.

ARTICLE II

SELECTION OF BENEFICIARIES

SEC. 4. *Qualifications of Beneficiaries* — Agrarian reform beneficiaries for acquired commercial farms must have the following qualifications:

- (a) They must be at least 18 years old upon filing of application as agrarian reform beneficiary;
- (b) They must have the willingness, aptitude and ability to cultivate and make the land productive; *and*,
- (c) They must have been employed in the commercial farm between June 15, 1988 and June 15, 1998 or upon expiration or termination of the deferment: *Provided*, That farmworkers who have worked longest on the land continuously shall be given priority.

SEC. 5. *Grounds for Disqualification* — The following shall constitute as grounds for disqualification of potential beneficiaries of acquired commercial farms;

- (a) Mandatory retirement;
- (b) Optional retirement or resignation: *Provided*, That there is no case filed by the farmworker or prospective beneficiary questioning such retirement or resignation;
- (c) Dismissal for cause by final judgment as prescribed under labor laws;
- (d) Waiver or refusal to be a beneficiary; or
- (e) Violation of agrarian reform laws and regulations as determined with finality after proper proceedings by appropriate tribunal or agency.

SEC. 6. *Procedure for Selection of Beneficiaries* — The selection of qualified beneficiaries for acquired commercial farms shall subscribe to the following procedures:

- (a) Beneficiary Screening Committee – A Beneficiary Screening Committee shall be created composed of the following:
 - (1) Provincial Agrarian Reform Officer (PARO) who shall act as Chairman;
 - (2) Municipal Agrarian Reform Officer (MARO), as member;
 - (3) Provincial Agrarian Reform Coordinating Committee (PARCCOM) Chairman or his duly-authorized representative, as member;
 - (4) Barangay Agrarian Reform Council (BARC) Chairman or his duly-authorized representative from each of the barangays where the subject commercial plantation is situated, as member(s); and
 - (5) Barangay Chairman or his duly-authorized representative, from each of the barangays where the subject commercial plantation is situated, as member(s).

The Beneficiary Screening Committee shall be responsible for the qualification, identification and selection of agrarian reform beneficiaries for acquired commercial farms. In the performance of its tasks, the Committee may invite representatives from the landowners, peoples' or

non-government organizations and/or such other groups or entities as may be necessary as resource persons.

- (b) Notice to Potential Beneficiaries – Upon effectivity of this Order, the PARO concerned shall post a list of commercial farms whose deferments have already expired together with a notice inviting all interested farmworkers in said commercial farms to be listed as potential beneficiaries, and directing them to submit proofs of their qualifications within 30 days from posting. The posting of the list and notice shall be made in conspicuous places within the subject property, barangay and municipality, where the property is located.
- (c) Preparation and Posting of Preliminary List – The Beneficiary Screening Committee shall, upon expiration of 30 days after posting of the list/notice, prepare a preliminary list of potential beneficiaries on the basis of those have filed applications for agrarian reform beneficiary in the prescribed form (Annex 1: Application Form for ARB).

In preparing the preliminary list, the Committee shall consider the following pieces of evidence in deciding whether to include or exclude a potential beneficiary, to wit:

- (1) Application subscribed and sworn to before any official authorized to administer oaths; showing age, date of birth, residence, length of service, or date of employment among others;
- (2) Proof of employment; and
- (3) Such other proofs necessary to establish that the applicant has all the qualifications and none of the disqualifications to be an agrarian reform beneficiary.

The Committee shall then post copies of the preliminary list of beneficiaries in conspicuous places of the subject property, barangay and municipality. The list shall contain an invitation to all interested parties to appear at a public hearing at the designated place and time.


- (d) Public Hearings – Within 15 days from the posting of the preliminary list, the Beneficiary Screening Committee shall conduct public hearings for the purpose of examining and cleansing the preliminary list of beneficiaries. As much as practicable, the public hearings shall be conducted after

regular working hours at a place to be determined by the Committee preferably outside the commercial farm under acquisition.

The public hearings shall be presided by the Chairman of the Beneficiary Screening Committee with the members thereof in attendance. During the public hearings, any interested party may present proof of disqualification or lack of qualification of any person appearing on the preliminary list. For this purpose, the Committee may, in addition to the proofs earlier enumerated, consider any of the following pieces of evidence as may be appropriate:

- (1) Original or certified copy of notice of dismissal or retrenchment;
- (2) Original copy of waiver as beneficiary under oath;
- (3) Original or certified copy of resignation letter;
- (4) Original or certified copy of decision, order or ruling by a court, quasi-judicial body, or administrative agency; and
- (5) Such other proofs that will establish the qualifications or disqualifications of the potential beneficiary.

The Beneficiary Screening Committee shall rule on petitions or requests in writing for the inclusion/exclusion of potential beneficiaries either during or after the public hearings as it may deem appropriate.

- (e) Preparation of Updated List and Waiting List – Within 15 days from the last public hearing, the Beneficiary Screening Committee shall prepare an updated list of potential beneficiaries on the basis of the proofs presented during the public hearings and taking into consideration the order of priority prescribed in Section 22 of R.A. 6657. A waiting list which shall contain the names of those who possess the minimum qualifications and none of the disqualifications, but who could not otherwise be accommodated in the updated list, shall also be prepared. The updated list and the waiting list shall again be posted in conspicuous places of the subject property, barangay and municipality.
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- (f) Resolution of Protests – Any interested party may, within ten (10) days from posting of the updated list/waiting list, file a protest in writing with the Beneficiary Screening Committee on the qualifications or disqualification of those appearing on the said lists. Within three (3) days from receipt of the protest, the Chairman of the Committee shall furnish a copy thereof, together with the supporting evidence, to the beneficiary whose qualification is under question, with a directive for him to answer or comment within an inextendible period of 10 days from receipt. Upon expiration of the 10-day period, the Chairman shall, with or without the protestee's answer or comment, immediately transmit the records to the Regional Director. The Regional Director shall resolve the case within 15 days from receipt on the basis of substantial evidence showing the qualification or disqualification of the beneficiary subject of the protest, and furnishing a copy of the order/decision to the Beneficiary Screening Committee. No motion for reconsideration shall be allowed from the order or decision of the Regional Director, but the same may be appealed to the Undersecretary for Field Operations and Support Services whose decision shall be final and executory. The appeal, however, shall not stay the execution of the order of the Regional Director.
- (g) Preparation of Master List – After the Regional Director resolved any and all protests concerning the qualifications or disqualification of those appearing on the updated list/waiting list, the Beneficiary Screening Committee shall prepare a masterlist of beneficiaries who shall be the recipients of the commercial farm under acquisition. The masterlist shall be posted in conspicuous places of the subject property, barangay and municipality. In the event a beneficiary whose inclusion in the list is on appeal with the Undersecretary for Field Operations and Support Services is ordered excluded from the masterlist, his name shall be stricken off from the list and replaced with those on the updated list or, if not available, from those on the waiting list following the order of priority appearing on said lists.
- (h) Prioritization of Beneficiaries — The Beneficiary Screening Committee shall prioritize the potential ARBs pursuant to Section 22 of R.A. 6657. They shall be ranked according to the length of their continuous service in the commercial farm reckoned from June 15, 1988 up to the expiration of the deferment period; residency, i.e. whether residing in the same barangay or municipality; whether they have been validly retrenched, i.e. with approval of the Dept. of Labor and Employment; the nature of their work, i.e. whether directly related to farm activities; and such other factors as the Committee may deem appropriate.

SEC. 7 *Farmworkers Excluded From Land Distribution* — In cases where the lands available for distribution are not sufficient, the DAR shall ensure that the excluded farmworkers, if interested, may avail of support services extended to ARBs in acquired commercial farms, including social infrastructure building and enterprise development.

ARTICLE III

ACQUISITION, VALUATION, COMPENSATION AND DISTRIBUTION OF LAND

A. Acquisition

SEC. 8. *Mode of Acquisition* — Commercial farms with expired deferment period shall be acquired either through voluntary offer to sell (VOS), compulsory acquisition (CA), or direct payment scheme (DPS).

a) Voluntary Offer to Sell/Compulsory Acquisition

In order that acquisition of deferred commercial farm through voluntary offer to sell may be allowed, the offer to sell must have been submitted before the expiration of the deferment period, otherwise, the property shall be placed under compulsory acquisition.

b) Direct Payment Scheme

1) Upon mutual agreement of both the landowner and the majority of all qualified agrarian reform beneficiaries, and approved by the DAR, direct payment of deferred commercial farms placed under CARP coverage may be allowed.

2) The area of the land to be transferred to the beneficiaries shall not be less than the area which the government would otherwise acquire for redistribution through CA or VOS.

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- 3) The terms and conditions of the DPS shall include the immediate transfer of possession and ownership of the land in favor of the identified beneficiaries. The Certificates of Land Ownership Award (CLOAs) shall be issued to the individual ARBs, or their cooperative or association, as may be appropriate, with proper annotations.

SEC. 9. *Procedure for Acquisition* - The acquisition of deferred commercial farms shall be governed by the following procedures:

a) Voluntary Offer to Sell/Compulsory Acquisition

- 1) The Order of Deferment previously issued over the landholding shall serve, upon expiration of the deferment period of the subject commercial farm, as the Notice of Coverage, supported by the Compliance Work Program and Summary of Exceptions (Form A) originally submitted with the approved deferment application. However, for record purposes, the landowner shall be served a Notice of Expiration of Deferment (Annex 2) which shall contain a reminder of his right to retention, should he wish to exercise the same;
- 2) In general, the procedure for acquisition shall follow DAR Administrative Order No. 01, Series of 1998, as amended by DAR Administrative Order No. 02, 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", subject to certain modifications intended to expedite the process as provided herein.
- 3) The specific steps are as follows:

Steps	Responsible Agency/Unit	Activity	Forms/Documents (Requirements)
(Steps 1-12 for Lands Subject of Voluntary Offer to Sell)			
1	LO	Submits voluntary offer to sell over landholdings before expiration of deferment period	CARP Form No. 01 (Letter Offer)
2	DARMO	Acknowledges voluntary offer within seven (7) days upon receipt of offer	CARP Form No. 01.a-DCF-1 (Acknowledgement)
(Steps 3-12 for Lands Subject of Compulsory Acquisition)			
3	DARMO	Secures/reviews deferment folder of deferred	The folder should

		commercial farm subject of coverage	contain, among others, the following: ✓ Deferment Order ✓ Name of LO ✓ Title/TD No. ✓ Area ✓ Location ✓ Vicinity Map/Plan
4	DARMO	Posts Deferment Order previously issued which shall now serve, for the purpose of covering the subject commercial farm, as Notice of Coverage, for seven (7) days in the barangay and municipal hall where property is located thereafter, issues Certificate of Posting Compliance.	CARP Form No. 06 (Certification of Posting Compliance)
5	DARMO	Schedules Field Investigation and sends Notice thereof to BARC, DENR, DA, LBP, LO and prospective ARBs at least two weeks in advance	CARP Form No. 02 (Notice to Conduct Field Investigation)
6	DARMO	Conducts joint field investigation of property with LBP, DENR, DA, LO, BARC and prospective ARBs.	
7	DARMO	Prepares FIR and Land Use Map jointly with LBP and BARC	CARP Form No. 03 (Field Investigation Report); and CARP Form No. 03-DCF-02 (Report on Modifications in Land Use)
8	DARMO	Selects qualified ARBs from Masterlist of Beneficiaries prepared by Beneficiary Screening Committees and causes signing of APFUs.	CARP Form No. 04 (Application to Purchase and Farmer's Undertaking)
<p>Note:</p> <p>In the event the beneficiary selection process becomes contentious and is delayed for more than thirty (30) days after the preparation of the Updated and Waiting Lists, the MARO concerned shall forward the claim folder, without the APFU's, to the PARO for submission to Land Bank for valuation: <i>Provided</i>, that the actual release of payment to the landowner shall only be effected upon submission of the APFU's by the DAR and the request for payment.</p>			
9	DARMO	Forwards claim folder to DARPO	CARP Form No. 07 (CF Transmittal Memorandum)
10	DARPO	Receives claim folder and forwards to DAR-LBP Pre-Processing Unit (PPU) for review/evaluation of documents. Gathers lacking documents, if any.	
11	DARPO	Expedites survey activities and ensures that segregation/subdivision survey returns are	Approved subdivision or segregation plan (ASP)

		completed and approved by DENR-LMS pursuant to existing guidelines.	with technical description.
12	DAR-LBP-PPU	Forwards CF to LBP-LVLCO together with the ASP, if applicable.	CARP Form No. 08 (Memorandum Request to Value the Land)

b) Direct Payment Scheme

- 1) The landowner and qualified beneficiaries of the commercial farm subject of coverage may, upon mutual agreement, opt for the direct payment scheme at any time during the acquisition process, after the Preparation of the Master List but prior to the transmittal of the claim folder to the LBP.
- 2) Acquisition under DPS of lands with liens or encumbrances may be allowed: *Provided*, That the amount corresponding to the mortgage over the subject landholding shall be deducted from the total value of the land to be paid by the ARBs: *Provided, Further*, that said agreement shall be upon mutual consent of both the ARBs and the landowner, duly concurred with by the mortgagee or lienholder. In case of delinquent realty taxes, the ARBs may be allowed to assume such liability to be deducted from the total value of the land.
- 3) Upon mutual consent of the ARBs and the landowner, duly concurred with by the mortgagor or lienholder, the ARBs may assume the mortgage: *Provided*, That such obligation shall not exceed the annual amortization otherwise due to the land pursuant to Section 26 of RA 6657, if subject landholding was acquired under VOS or CA.
- 4) The following procedures shall be followed in availing of the direct payment scheme:

Step	Responsible Person Agency/Unit	Activity	Forms/Documents (Requirements)
1	Landowner and Qualified Farmworker Beneficiaries	Jointly notifies the DAR of their intent to avail of Direct Payment Scheme (DPS)	DPS-DCF Form No. 03 (LO/FB Notice of DPS)
<p>Note: The notice to avail of the DPS may be served by both parties to the DAR any time during the acquisition process, but prior to the transmittal of the claim folder to the LBP. However, if served prior to the preparation of the Master List, the notice shall be validated by the MARO with the identified ARBs included in the Master List, in a referendum to be held for this purpose.</p>			

2	MARO	Secures/reviews deferment folder of deferred commercial farm subject of coverage.	The folder should contain, among others, the following: ✓ Deferment Order ✓ Name of LO ✓ Title/TD No. ✓ Area ✓ Location ✓ Vicinity Map/Plan
(Steps 3-5 are to be accomplished in case the Joint Field Investigation has not yet been conducted)			
3	DARMO	Schedules the conduct of Field Investigation and sends Notice thereof to BARC, DENR, DA and prospective ARBs at least two weeks in advance	CARP Form No. 02 (Notice to Conduct Field Investigation)
4	DARMO	Conducts joint field investigation of property with DENR, DA, LO, BARC and prospective ARBs.	
5	DARMO	Prepares FIR and Land Use Map jointly with BARC	CARP Form No. 03 (Field Investigation Report); and CARP Form No. 03-DCF-02 (Report on Modifications in Land Use)
6	DARMO	Selects qualified ARBs from Masterlist of Beneficiaries prepared by Beneficiary Screening Committees.	Masterlist of Qualified ARBs
7	MARO	Conducts referendum between LO and identified ARBs on the proposed DPS. The DAR shall ensure that the ARBs are fully aware of and understand the options available to them in land distribution. The majority of all the ARBs should agree to the proposed DPS.	DPS-DCF Form No. 03 (Report on the Conduct of Referendum)
8	LO, ARBs and MARO	LO and ARBs negotiate on the purchase price and other terms of the DPS; MARO ensures that the same are beneficial and acceptable to both parties.	DPS-DCF Form No. 04 (Memorandum of Understanding re Direct Payment Scheme)
9	MARO	Forwards DPS folder to DARPO	CARP Form No. 07-A (DPS Folder Transmittal Memorandum)
10	DARPO	Receives DPS folder and reviews/evaluates documents; gathers lacking documents, if any; approves	

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	proposed DPS, if documents are in order.	
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B. Valuation

SEC. 10. *Determination of Just Compensation*

- (a) As a general rule, DAR Administrative Order No. 5, Series of 1998 entitled "REVISED RULES AND REGULATIONS GOVERNING THE VALUATION OF LANDS VOLUNTARILY OFFERED OR COMPULSORILY ACQUIRED PURSUANT TO REPUBLIC ACT NO. 6657", shall apply in the determination of just compensation for deferred commercial farms.
- (b) In the case of DPS, the applicable purchase price for such land shall be mutually agreed upon by both parties, but in no case higher than the prevailing market value.

SEC. 11. *Responsibility for Valuation* — The process of 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.

SEC. 12. *Procedures for Valuation* —

- (a) In case of lands voluntarily offered or compulsorily acquired, the following procedures shall apply:

Step	Responsible Person Agency/Unit	Activity	Action/Documents (Requirements)
1	LBP-LVLCO	Receives and evaluates the CF for completeness, consistency and document sufficiency. Gathers additional valuation documents, if necessary.	
2	LBP-LVLCO	Determines land valuation based on valuation inputs	Claim Valuation and Processing Form (CVPF)
3	LBP-LVLCO	Prepares and sends Memo of Valuation, Claim Folder Profile, and Valuation Summary (MOV-CFPVS) to PARO.	CARP Form No. 9 (Memorandum of Valuation and Claim Folder Profile and Valuation Summary)

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4	DARPO	Receives LBP's MOV-CFPVS and ascertains completeness of the data and information therein.	
5	DARPO	Sends Notice of Land Valuation and Acquisition to LO by personal delivery with proof of service or registered mail with return card, attaching copy of MOV-CFPVS and inviting LO's attention to the submission of documents required for payment of claim.	CARP Form No. 10 (Notice of Land Valuation and Acquisition)
6	DARPO	Posts copy of the Notice of Land Valuation and Acquisition (NLVA) for at least seven (7) working days on the bulletin board of the provincial capitol, municipal and barangay halls where the property is located and issues a Certificate of Posting Compliance.	CARP Form No. 11 (Certificate of Posting Compliance)
7	LO	Replies to Notice of Land Valuation and Acquisition and submits documents required for payment of compensation claim	CARP Form No. 10.a (LO's Reply to NLVA)
(If LO accepts, proceed to A) (If LO rejects, proceed to B)			
A. Where LO accepts the Land Valuation			
8	DARPO	Upon receipt of LO's Letter of Acceptance, sends Memorandum to LBP to prepare Deed of Transfer and pay the LO.	CARP Form No. 12 (Request to Pay)
9	LBP-LVLCO LBP-HO	Prepares DOT for LO to execute and deposits compensation proceeds in the name of LO in cash and in bonds. The entire deposit may be withdrawn by LO; however, the actual release of the same shall only be effected upon LO's submission of all documentary requirements.	CARP Form No. 13 (Deed of Transfer)
10	LO	Executes DOT and submits payment requirements to LBP within seven (7) working days.	CARP Form No. 13 (Deed of Transfer)
11	LBP	Should the LO fail to submit the required documents within seven (7) working days from LBP receipt of the DAR Request to Pay, notifies DAR of such failure by LO and also	CARP Form No. 16 (Notice of LO's Non-Compliance with Requirements)

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		issues to DAR the Certification of Deposit.	
12	LBP	Upon completion of payment requirements within seven (7) working days, immediately prepares payment and issues to DAR Certification of Payment	CARP Form No. 17 (Certification of Payment)
13	Department of Agrarian Reform	Requests ROD to transfer the Certificate of Title covering subject property in favor of RP; simultaneously forwards copy of Certification of Payment to DARMO with instructions to take over physical possession of the land.	CARP Form No. 18 (Request to Issue TCT in favor of RP)
14	LBP	Forwards DOT together with the owner's duplicate of title and ASP (if applicable) to ROD for registration	CARP Form No. 13 (Deed of Transfer), Certified copy of ASP and its technical description approved by DENR, if property is only partially covered by CARP.
15	ROD	Registers DOT and issues TCT in the name of RP, then forwards owner's duplicate certificate of title to PARO and certified copy of the owner's duplicate certificate of title to LBP, then proceeds with generation and registration of CLOA.	
16	LBP-LVLCO LBP-HO	Prepares payment release form upon LO's compliance with all the requirements for payment. In case the land is encumbered, pays the mortgagee-bank/creditor upon LO's request and pays the balance of the proceeds to the LO.	LBP Payment Release Form
B. Where LO Rejects the Land Valuation			
8	DARPO	If the LO rejects the offered price or fails to reply within thirty (30) days from receipt of the Notice of Land Valuation and Acquisition, forwards to LBP the Request to Deposit compensation proceeds in cash and in bonds in the name of the LO.	CARP Form No. 10.a (LO's Reply to NLVA) CAPR Form No. 15 (Request to Deposit)

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9	DARPO	Requests the DARAB/RARAD/PARAD to conduct administrative proceedings, furnishing a copy each of the LO's Letter of Rejection, Notice of Land Valuation and Acquisition, and LBP's Memorandum of Valuation.	CARP Form No. 14 (Advice to DARAB/RARAD/PARAD)
10	LBP-LVLCO LBP-HO	Deposits compensation proceeds in the name of the LO and issues Certification of Deposit to DAR through the PARO, copy furnished the LO. The entire deposit may be withdrawn by the LO; however, actual release of the same shall be subject to LO's submission of all requirements for payment and execution of Confirmation of Coverage and Transfer.	CARP Form No. 17 (Certification of Deposit) CARP Form No. 17.a (Confirmation of Coverage and Transfer for Claims of Individual LOs - still pending with DARAB)
11	DARPO	Upon receipt of the Certification of Deposit from LBP, transmits the same to Register of Deeds concerned, including the approved segregation/subdivision plan of subject property, if partially covered, and simultaneously requests ROD to issue TCT in the name of RP; and forwards copy of above Certification to DARMO with instructions to take over physical possession of the land.	CARP Form No. 18 (Request to Issue TCT in the Name of RP)
12	ROD	Issues new TCT in the name of RP and forwards owner's duplicate certificate of title in the name of RP to PARO, and certified copy of the owner's duplicate of title to LBP-LVO, then proceeds with generation and registration of CLOA.	New TCT in the name of RP and owner's duplicate copy of title in the name of RP
13	DARPO	Forwards to DARMO certified copy of TCT in the name of RP with instructions to proceed with distribution of the same in favor of qualified ARBs.	Certified copy of TCT in the name of RP
14	DARPO	Upon receipt of the Certificate of	CARP Form No. 17.c

		Finality of DARAB Order, requests LBP to pay LO in accordance with DARAB Decision; requests LBP to prepare Confirmation of Coverage and Transfer for LO to accomplish. In case LO still rejects DARAB Decision, he may go to the Special Agrarian Court (SAC) for final determination of just compensation.	(Confirmation of Coverage & Transfer for Claims of Individual LOs - Already decided by DARAB CARP Form No. 17.d (Confirmation of Coverage & Transfer for Claims of Corporate LOs - already decided by DARAB)
15	LBP-LVLCO LBP-HO	Prepares payment release form upon LO's compliance with all requirements for payment. In case the land is encumbered, pays mortgagee-bank/creditor upon LO's request and pays balance of the proceeds to LO.	LBP Payment Release Form

(a) In the case of DPS, the following procedures shall apply:

Step	Responsible Person Agency/Unit	Activity	Actions/Documents (Requirements)
1	DARPO	Notifies both LO and ARBs of the approval of the proposed DPS. If DPS is disapproved, sends corresponding notice to LO and ARBs, specifying therein the reasons for disapproval, as well as the documents and/or activities required to facilitate approval. After the lapse of three (3) months from date of submission of the DPS MOU (DPS-DCF Form No. 04) but the requirements for approval are still not duly complied with, compulsory acquisition of subject landholding shall be immediately resumed.	DPS-DCF Form No. 05 (Notice of Approval of DPS) or, DPS-DCF Form No. 05-a (Notice of Disapproval of DPS)
2	DARPO	Reviews purchase price agreed upon in the MOU (DPS-DCF Form No. 04) and either approves or	DPS-DCF Form No. 05 (Notice of Approval of DPS)

		disapproves proposed DPS. Should there be no agreement on purchase price, after three (3) months from the date of submission of the MOU, compulsory acquisition of subject landholding shall be immediately resumed.	or, DPS-DCF Form No. 05-a (Notice of Disapproval of DPS)
3	DARPO	Expedites survey activities and ensures that segregation/subdivision survey returns are completed and approved by the DENR-LMS pursuant to existing guidelines.	Approved subdivision or segregation plan (ASP) with technical description.
4	LO	Executes Deed of Transfer in favor of the ARBs, duly witnessed by PARO and MARO	DPS-DCF Form No. 06 (Deed of Transfer)
5	DARPO	Forwards DOT to ROD with request to generate title in favor of ARBs	CARP Form No. ___ (Request to Generate CLOA in favor of ARBs)

C. Compensation

SEC. 13. *Manner of Payment* —

(a) Voluntary Offer to Sell/Compulsory Acquisition

- (1) The LBP shall compensate the landowner in such amount as may be agreed upon pursuant to Sections 17 and 18 of RA No. 6657, or as may be finally determined by the court as just compensation for the land, facilities and improvements.
- (2) The compensation shall be paid in any of the modes specified in Section 18 of RA 6657. For lands voluntarily offered, an additional incentive of 5% cash payment shall be paid to the landowner, other than banks and financial institutions, pursuant to Section 19 of RA 6657.

(b) Direct Payment Scheme

- (1) Payment under DPS for the land may be made by the ARB in cash or in kind to the landowner, under terms mutually agreed

upon by them, and which shall be indicated in the Memorandum of Agreement (DPS-DCF Form No. 04) duly approved by the DAR.

- (2) The MOA, upon approval of the DAR, shall form an integral part of the Deed of Transfer (DPS-DCF Form No. 06) which shall be executed by the landowner in favor of the ARBs.
- (3) For landholdings acquired under DPS, the MOA shall be binding to the parties immediately upon registration of the DOT by the ROD, and the subsequent generation of CLOAs in favor of the ARBs.
- (4) Further, the ARBs shall be eligible to borrow from the Land Bank through its regular loan portfolio, an amount equal to eighty-five percent (85%) of the selling price of the land that they have acquired pursuant to RA 7905. The remaining cost of the land shall be paid directly to the LO by the ARBs. The Joint DAR-LBP Policy Committee shall draw up the necessary guidelines for the availment of this loan.
- (5) Other alternative modes of payment under the DPS, in cash or in kind, shall be encouraged subject to the approval and monitoring provisions prescribed in this Order.

SEC. 14. *Issuance of Proof of Payment* — For lands voluntarily offered or compulsorily acquired, the LBP shall issue the Certification of Deposit within fifteen (15) days upon receipt of the Request to Deposit from DAR, in case of non-acceptance by the LO of the valuation, but in no case to exceed ninety (90) days from the date of receipt of the LO of the Notice of Land Valuation and Acquisition.

In case of acceptance of the valuation, the LBP shall immediately issue the Certification of Payment, within seven (7) working days from execution of the DOT, but in no case to exceed sixty (60) days from the date of receipt of the LO of the Notice of Land Valuation and Acquisition.

With respect to payments under the DPS, the ARBs shall, upon effectivity of the MOA specified under Section 13(b) above, open an account in any government depository in the name of the landowner. All payments to the landowner shall be made through said account, and the corresponding deposit slips shall serve as proof of payment by the ARBs.

SEC. 15. *Period of Payment of Land Amortization* —

(a) Land

- (1) Amortizations for lands voluntarily offered or compulsorily acquired shall be paid by the ARB to the Land Bank in thirty (30) annual installments at six percent (6%) per annum. The annual amortization shall start one year from the date of CLOA registration.
- (2) The payments by the ARBs for the first three (3) years shall be two and a half percent (2.5%) of annual gross production (AGP) and five percent (5%) of AGP for the fourth and fifth years. To further make the payments affordable, the ARBs shall pay ten percent (10%) of AGP or the regular amortization, whichever is lower, from the sixth (6th) to the thirtieth (30th) year.
- (3) The LBP shall, within one year from the date of registration of the CLOA, furnish the ARBs the schedule of amortizations computed based on the abovesited provisions of R.A. 6657. Such amortization schedule shall be based on benchmark gross production figures, which shall later be adjusted to reflect actual production performance of the subject landholding.
- (3) Payment terms under the DPS shall be mutually agreed upon by the LO and ARBs, as approved by the DAR, and as contained in the Memorandum of Agreement executed by and among the parties, but in no case shall the period exceed fifteen (15) years. Interest rates per annum shall not exceed current mandated rates for agricultural loans.
- (4) In case of payment options availed of under Section 13(b)(5) above, the amount financed by LBP shall be paid by the ARBs subject to existing guidelines of the LBP on loan repayment schedule.

SEC. 16. *Monitoring of Payments* — For lands, voluntarily offered or compulsorily acquired, the LBP shall submit periodic reports to the DAR on the amortizations made by the ARBs.

For lands acquired under DPS, the ARBs shall furnish the DAR copies of their deposit slips representing payments made to the account of the LO. The DAR, through the MARO, shall keep a ledger to reflect said payments. The MARO shall submit quarterly reports of the payments to the PARO for monitoring and evaluation purposes.

D. Distribution

SEC. 17. *Mode of Distribution* — Commercial farms may be distributed collectively or individually. Qualified beneficiaries shall be awarded a maximum of three (3) hectares or a minimum of one (1) hectare each, in case the land is not sufficient to accommodate them.

To expedite the acquisition, the commercial farms shall be initially distributed collectively or under co-ownership.

In case the beneficiaries desires to partition the land, DAR shall first determine whether it is economically feasible and sound to divide the land, in coordination with the Department of Agriculture and other concerned agencies.

Thereafter, the beneficiaries may, by a majority vote, decide whether to proceed with the partition or not.

In the event the beneficiaries decide to partition, the land shall be allocated to the individual beneficiaries by drawing lots in the presence of DAR representatives.

SEC. 18. *Generation of CLOAs* — Collective CLOAs shall be generated within thirty (30) days upon receipt by the PARO of the certified copy of the certificate of title in the name of Republic of the Philippines.

Individual CLOAs shall be generated within thirty (30) days upon receipt of the Approved Segregation Plan (ASP). However, in the case of individual distribution, and considering the time and financial constraints particularly in the conduct of individual surveys, a collective CLOA may be generated in the interim over the subject landholding.

SEC. 19 *Standing Crops* — The landowner shall retain his share of any standing crops unharvested at the time the DAR shall take possession of the land pursuant to Section 16 of R.A. 6657. The DAR, through the PARO, shall take possession of the land immediately upon the issuance of RP title therefor. Upon taking possession, the PARO and the MARO concerned shall inventory the unharvested standing crops, and shall give the landowner reasonable time to harvest the same.

SEC. 20. *Registration of CLOAs and Installation of Beneficiaries* — CLOAs shall be registered immediately upon generation. The PARO shall install or cause the installation of the beneficiaries in the commercial farm within seven (7) days from registration of the CLOA.

SEC. 21. *Model Farms* — Commercial farms designated as model farms pursuant to Section 7 of RA 8435, otherwise known as the "Agriculture and Fisheries Modernization Act of 1997", shall be acquired and distributed collectively to ensure economic scale production. The landowner shall be given the right of first refusal to enter into any appropriate alternative venture arrangement with the agrarian reform beneficiaries therein.

SEC. 22. *Resolution of Disputes* — Any and all disputes arising from the acquisition, valuation and distribution of commercial farms shall be resolved in accordance with existing agrarian laws and regulations applicable on the matter. However, considering that the intent of the law is to immediately acquire and distribute these commercial farms, such disputes shall be accorded the highest priority and shall be expeditiously disposed of.

ARTICLE IV

ACQUISITION, VALUATION, COMPENSATION AND DISTRIBUTION OF FACILITIES AND IMPROVEMENTS

SEC. 23. *Coverage* — All infrastructure, facilities and improvements including buildings, roads, machinery, receptacles, and instruments or implements permanently attached to the land which are necessary and beneficial to the operation of the commercial farm shall be subject to acquisition, upon the written request to the DAR of a majority of all identified ARBs, following the procedures prescribed in Sec. 25 hereof.

SEC. 24. *Mode of Acquisition* — As a general rule, acquisition of facilities and improvements shall be encouraged through the direct payment scheme.

SEC. 25. *Procedures for Acquisition* — The following procedures for the acquisition of facilities and improvements shall be followed:

- (a) The majority of all the ARBs shall manifest in writing to the DAR, through the MARO, their intention to acquire the facilities and improvements which are necessary and essential to farm operations, copy furnished the LO.
- (b) The MARO shall then facilitate negotiations between the ARBs and the LO on the terms and conditions of acquisition and payment, but which negotiations shall not exceed three (3) months from receipt of the ARBs' offer by the LO, otherwise, said facilities and improvements shall be acquired compulsorily.
- (c) While the negotiations are in progress, the ARBs and the LO may execute an interim agreement on the use and rental of the facilities and improvements.
- (d) In case of failure of negotiations, or where no agreement is reached after the three-month period, the DAR shall compulsorily acquire the facilities and improvements. Disputes in the ownership of the facilities and improvement shall not be a bar to their compulsory acquisition.
- (e) Any disagreements on the valuation of the facilities and improvements shall be resolved by the DARAB, at the instance of either the LO, ARBs, or DAR.

SEC. 26. *Valuation* —

- (a) The facilities and improvements shall be valued by the Land Bank of the Philippines in accordance with pertinent DAR administrative issuances.
- (b) For facilities and improvements covered under DPS, the purchase price shall be mutually agreed upon by the LO and ARBs, but in no case higher than the value computed based on pertinent DAR administrative issuances.
- (c) However, at the option of the landowner, duly concurred with by the ARBs, DAR and LBP, the services of an independent appraiser may be availed of to ascertain the present value of the facilities or improvements to be acquired, at the account of the landowner. Such agreement may either be at the cost of the LO or both LO and ARBs, but in either case, a Memorandum of Understanding shall be executed (DPS-DCF Form No. 07).

- (d) Upon agreement on the valuation and approval of the DPS for the facilities and improvements, the LO shall then execute a Deed of Transfer for said properties in favor of the ARBs.
- (e) The Deed of Transfer covering said facilities and improvements shall be duly annotated in the CLOAs for the landholdings where said facilities or improvements are found.

SEC. 27. *Period of Payment by the ARBs* —

- (a) Payment for facilities and improvements compulsorily acquired or under direct payment shall be amortized in equal installments over the remaining useful life of said facilities and improvements. Further, in case of direct payment, and upon mutual consent of the ARBs and LO, the ARBs may opt for a payment period shorter than the remaining useful life of the facilities and improvements, provided that said payment, in addition to the land amortization, shall not exceed the net production income to be derived by the ARBs.
- (b) In case of payment options availed of under Section 13(b)(5) above, the amount financed by the LBP shall be paid by the ARBs subject to existing guidelines of the LBP on loan repayment.
- (c) For facilities and improvements acquired under DPS, the MOA shall be binding to the parties immediately upon annotation of the deed of transfer (DOT) in the CLOAs from the landholdings where the facilities and improvements are found.

SEC. 28. *Distribution* — Facilities and improvements acquired shall be distributed collectively, through a Deed of Transfer which shall specify the names of the ARBs and duly annotated in the CLOAs generated over the subject landholdings where said facilities and improvements are found. Areas where the facilities and landholdings are found are deemed common areas and shall not be partitioned individually.

ARTICLE V

OPERATION AND MANAGEMENT SCHEMES
FOR DISTRIBUTED COMMERCIAL FARMS

SEC. 29. *Types of Agribusiness Venture Arrangements* — The qualified ARBs or their cooperative/association in distributed commercial farms may enter into any, but not limited, to the following agribusiness venture arrangements:

- (a) Joint Venture Arrangement;
- (b) Lease Arrangement;
- (c) Contract Growing/Growership Arrangement;
- (d) Management Contract; or
- (e) Build-Operate-Transfer Scheme.

The qualified ARBs or their cooperative/association may also opt for a combination of two or more of the above schemes, or any other operation and management schemes they may choose in collaboration with the proposed investor. However, lease arrangement shall be the least preferred scheme.

SEC. 30. *Essential Elements of Agribusiness Venture Arrangements* — The agribusiness venture arrangements shall contain the following minimum requirements:

- (a) Contracting Parties
 - (1) Agreements or contracts pertaining to agribusiness venture arrangements in distributed commercial farms may be executed by and between the qualified ARBs and the investor or former landowner.
 - (2) Only qualified ARBs who have been awarded the title to the distributed area subject of the agribusiness venture arrangement may qualify to enter into such contract. In no case can a potential ARB, prior to the award of the land and the subsequent receipt of the CLOA, be allowed to enter into an agribusiness venture arrangement.
 - (3) Any qualified investor or former landowner may enter into an agribusiness venture arrangement with the qualified ARBs: *Provided*, That they are able to prove their financial and technical

capability to meet their duties and obligations under the proposed arrangement, as evidenced by the relevant financial and income statements: *Provided, further*, That the former landowner or operator of the commercial farm shall be given priority.

- (4) The qualified investor may be any individual, partnership or corporation with established financial and technical capabilities duly registered with the Securities and Exchange Commission, as may be appropriate.
- (5) A former landowner may enter into an agribusiness venture arrangement provided he has no outstanding obligations with the qualified ARBs. Specifically for distributed commercial farms, labor obligations such as separation pay and other benefits should have been paid by the landowner to the former farmworkers-ARBs before he may qualify as contracting party to the agribusiness venture arrangement.

(b) Consent of Affected ARBs

- (1) The consent of all identified ARBs for the acquired commercial farm concerning the terms and conditions of the proposed arrangement is necessary for it to be valid and binding.
- (2) Where it is the cooperative or association which will enter into agreement, said consent shall be secured in writing from the concerned ARBs, through the Board of Directors or other duly authorized signatories to the agreement, subject to the existing guidelines of the cooperative or association in the grant of authority to enter into such contracts or agreements, and subject, further, to the provisions of the Cooperative Code or Corporation Code, as may be applicable.

(c) Object of Agribusiness Venture Arrangements

- (1) The agreement covering the proposed agribusiness venture arrangement shall specify the object thereof.
- (2) In the case of JVA, the contract shall provide only for the usufructuary rights to the land, but not the transfer of ownership of

the land itself, valued at prevailing market rates, but not lower than the amortization cost thereof.

(d) Essence of Agribusiness Venture Arrangements

- (1) Consistent with the objective of RA 7905 entitled "AN ACT STRENGTHENING THE IMPLEMENTATION OF THE COMPREHENSIVE AGRARIAN REFORM PROGRAM, AND FOR OTHER PURPOSES," agribusiness venture arrangements are aimed to optimize the operating size for agricultural production and also to promote agricultural security of tenure and security of income to beneficiaries.
- (2) It is expressly understood, therefore, that qualified ARBs and the investor enter into agreement for the agribusiness venture arrangement to achieve the above objective. Specifically, the ARBs shall have access to the physical (land and/or facilities) and human resources (labor) necessary for agricultural production, while the investor has the means and capability to provide the necessary financial, technical and/or managerial inputs towards an improved production and marketing of the agricultural produce.
- (3) In the case of lease arrangements, provisions for the use of the land by the ARBs who will not be hired by the investor, or who will otherwise be retrenched or retired during the lifetime of the agreement, corresponding to the subject ARBs' actual share of the land subject of the lease arrangement, shall be included in the contract.

(e) Period of Agreement

The agribusiness venture arrangement shall be for such period as may be mutually agreed upon by the contracting parties.

(f) Price Review Mechanism

- (1) The price for the services or goods to be delivered as specified in the agribusiness venture arrangement shall be based on fair and prevailing market rates.

- (2) In the case of lease arrangements, the rental rate shall be based on lease determination guidelines, existing or that which may be formulated for this purpose, but in no case less than the amortizations due on the land.
- (3) Contracts on lease arrangements shall include a rental rate review or adjustment mechanism.
- (4) All contracts on agribusiness venture arrangements shall include provisions for price review or adjustment mechanism, as may be appropriate, and as applied for each industry. However, such price review mechanism may be waived upon mutual consent of both ARBs and investors.

(g) Arbitration Clause

Agribusiness venture agreements shall include provisions for mediation/conciliation and arbitration as a means of resolving disputes arising from the interpretation or enforcement thereof. Mediation/conciliation may be undertaken by duly trained DAR mediators or conciliators acceptable to both parties. Arbitration shall be conducted pursuant to RA 876 otherwise known as the "Philippine Arbitration Law." These alternative dispute resolution strategies shall first be availed of before the parties may seek judicial relief. The costs of arbitration shall be shouldered by the contracting parties.

Any and all disputes arising from the interpretation or implementation of agribusiness venture agreements involving commercial farms shall be considered as an agrarian dispute within the jurisdiction of the DAR.

(h) Effectivity

The agribusiness venture agreement shall take effect as stipulated by the parties, unless the DAR Secretary disapproves the same within 30 days from receipt of a copy of the agreement. Any of the contracting parties shall furnish a certified copy of the agreement to the Office of the Secretary within five (5) days from execution thereof, copy furnished the DAR regional office.

SEC. 31. *Operation and Management of Facilities and Improvements* — Facilities and improvements subject of acquisition shall be owned collectively and the land where said facilities and improvements are found shall be considered as common areas. The facilities and improvements shall be operated and managed by a cooperative, association or corporation duly organized by the ARBs in whose favor the land was awarded.

SEC. 32. *Monitoring and Evaluation* — The Office of Support Services at DAR Central Office shall institute a system of monitoring and evaluation of ongoing agribusiness venture arrangements. It shall ensure, through the appropriate field offices, that the terms and conditions of the agreement are faithfully complied with. Annual on-site evaluation of areas with existing AVAs shall be conducted by the OSS, and a report thereon submitted to the PARC Executive Committee, through the Office of the Undersecretary for Field Operations and Support Services.

SEC. 33. *Transitory Period* —

- (a) In the event the ARBs cannot immediately agree on what operation and management scheme to adopt (whether full individual/cooperative takeover or AVA), or during the pendency of the processing of the proposed agribusiness venture arrangement, a transitory period not to exceed one year from the date of award of the land may be allowed.
- (b) During said transitory period, any agreement existing between the former landowner, corporation or business association and the workers' cooperative or association prior to the acquisition of the land shall be respected until such time, not to exceed one year, that the ARBs are able to take full control and management of the land, or an agribusiness venture arrangement is implemented, as the case may be.
- (c) However, considering that the ARBs are already the owners of the land during the transitory period, they shall be paid the corresponding amount for the use of the land, which shall not be less than the amortization cost of the land. Such amount shall be indicated in the Interim Agreement which shall be executed on the date of award of the CLOA, by and between the concerned parties, duly approved by the DAR Regional Director.
- (d) The ARBs shall also be paid production and profit share, as computed based on Section 32 of RA 6657 and pertinent rules and regulations thereof, during the transitory period.

- (e) Further, the Interim Agreement shall provide for ARB representation and involvement in farm management operations, as well as free and open access to pertinent records.
- (f) The Interim Agreement is automatically terminated as soon as an AVA agreement takes effect, or the ARBs assume full control and management of the farm, as the case may be.
- (g) In case of full individual or cooperative takeover, a 15-day written notice is required to be served by the ARBs or ARB cooperative/association to the existing management, indicating their intention, prior to actual and physical take over of said farm operations and management.

ARTICLE VI


FINAL PROVISIONS

SEC. 34. *Repealing Clause* — The provisions of DAR Administrative Order No. 6, Series of 1998 and all other orders, circulars or issuances inconsistent herewith are hereby repealed or modified accordingly.

SEC. 35. *Separability Clause* — In the event any of the provisions of this Order is declared unconstitutional, the validity of the other provisions shall not be affected by said declaration.

SEC. 36. *Effectivity* — This Order shall take effect ten (10) days after publication in two (2) newspapers of general circulation.

Diliman, Quezon City, December 23, 1998.

/ 
HORACIO R. MORALES JR.
 Secretary

Published in Two (2) National Newspapers
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