



ADMINISTRATIVE ORDER NO. 02
Series of 1995

SUBJECT : Revised Rules and Procedures Governing the Acquisition of Private Agricultural Lands Subject of Voluntary Land Transfer or a Direct Payment Scheme (VLT/DPS) pursuant To R.A. No. 6657

A. PREFATORY STATEMENT

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

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

Moreover, in the meeting of the PARC Executive Committee on 19 April 1995, a resolution was passed in the following tenor:

"RESOLVED , that the Revised Rules and Procedures Governing the Acquisition of Private Agricultural Lands Subject of Voluntary Land Transfer or Direct Payment Scheme (VLT/DPS) Pursuant to R.A. No. 6657 be approved."

These Rules and Regulation are being issued pursuant to the mandate of R.A. No. 6657, as amended by R.A. No. 7905 and the PARC Executive Committee Resolution No. 95-57-2 dated 19 April 1995.

B. POLICY STATEMENTS

1. The general policies for VLT/DPS are as follows:
 - a. the beneficiaries are determined by DAR to be the same individuals who would be eligible to purchase the land in case the government, through Compulsory Acquisition (CA) or Voluntary Offer to Sell (VOS), acquired the land for sale;

- b. the area of land to be transferred to the ARBs should not be less than the area which the government, through CA, would otherwise acquire for redistribution;
 - c. the terms and conditions of VLT/DPS should include the immediate transfer of possession and ownership of the land in favor of the identified beneficiaries; Certificates of Land Ownership Award (CLOAs) shall be issued to the ARBs with proper annotations;
 - d. the terms and conditions of the VLT/DPS shall not be less favorable to the ARB than those of the government's standing offer to purchase from the landowner and to sell to the beneficiary, if such offers have been made and are fully known to both parties; it is incumbent upon DAR to ensure that the ARBs are made fully aware of and understand the options available to them in land redistribution;
 - e. direct payment in cash or in kind may be made by the ARB to the landowner under terms to be mutually agreed upon by them and which shall be binding upon registration and approval by the DAR; said approval shall be presumed unless a notice of disapproval is received by the ARB within thirty (30) days from the date of registration; and
 - f. the VLT/DPS agreement shall include sanctions for non-compliance by either party and shall be duly recorded and its implementation monitored by the DAR.
2. A landowner whose land is subject to acquisition under R.A. No. 6657 may, with the concurrence of his qualified ARBs, voluntarily transfer his land directly to them. Negotiations for VLT/DPS between the landowner and his qualified beneficiaries must be completed and the agreement arrived at must be submitted within one (1) year from the date of receipt by the DAR of the Notice or Application for VLT/DPS. Otherwise, the land shall be acquired by the government and transferred to qualified ARBs pursuant to R.A. No. 6657.

All VLT/DPS agreements/negotiations already resolved but are still pending at the DAR for completion of some requirements shall be considered enforceable and shall continue to be processed.

3. Should the beneficiary, for reasons other than those brought about by force majeure or fortuitous events, default in his obligations for three (3) consecutive installments to pay the land amortizations provided in the agreement shall, pursuant to R.A. No. 3844, as amended by R.A. No. 6389, of Paragraphs 7 and 8, he/she shall be replaced as beneficiary and shall be

permanently disqualified from becoming a beneficiary under the CARP. The CLOA issued to him/her shall be cancelled accordingly and the land shall either be:

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

In the event of such a substitution, the landowner shall refund the previous beneficiary, in one lump sum or on installment basis, for the amounts already paid and for the improvements made by the latter, less the computed lease rental for the duration of the previous beneficiary's use of the land and the other charges provided by law.

The grace period for each payment and the provisions on the declaration of default shall be included in the VLT/DPS agreement.

4. All payments made by a beneficiary pursuant to a VLT/DPS agreement must be covered by receipts that will be issued by the landowner. Upon full payment of the land, a certification to this effect shall be issued by the landowner to the beneficiary, copy furnished the Municipal Agrarian Reform Officer (MARO). The annotation on the CLOA shall be cancelled at the instance of the ARB.
5. Lands acquired under the VLT/DPS scheme may not be sold, transferred or conveyed except through hereditary succession or to the Government, or to other qualified beneficiaries for the period of ten (10) years, provided, however, that the children or the spouse of the transferor shall have a right to redeem the land from the Government within a period of two (2) years from the date of transfer.
6. Land titles with existing liens and encumbrances shall not be covered under the VLT/DPS scheme.
7. The agreement on VLT/DPS shall be adequately explained by the MARO to the parties in the local dialect prior to its signature.

C. DOCUMENTATION

A Deed of Voluntary Land Transfer (VLT/DPS Form No. 7) shall be executed as proof of the transaction between the parties. Such a Deed must be supported by the following documents:

1. For titled properties:
 - a. Owner's copy of the title;
 - b. Copy of the latest Tax Declaration;
 - c. Approved segregation or subdivision plan;
 - d. Real estate tax clearance or statement of tax delinquency; and
 - e. Certification from the Office of the Register of Deeds concerned that the property/ies as appearing in the title is/are free from all liens and encumbrances.

2. For untitled properties:
 - a. Copy of the latest Tax Declaration;
 - b. Survey Plan and technical description of the property duly approved by the Land Management Sector of the Department of Environment and Natural Resources;
 - c. Real estate tax clearance or statement of tax delinquency;
 - d. Affidavit of landowner stating that the property appearing in the approved survey plan is exclusively owned by him and not subject to claim by any third party; and
 - e. Certifications from the Office of the Register of Deeds and Assessor concerned that the subject property/ies is/are free from all liens and encumbrances.

D. OPERATING PROCEDURES

1. LANDOWNER

Accomplish the Notice/Application for Voluntary Land Transfer/Direct Payment Scheme (VLT/DPS Form No. 1) and submit the same to the Municipal Agrarian Reform Office concerned together with the following documents:

- a. Landowner's Information Sheet (CARP Form No. 1.1, Revised May, 1990).
- b. Agreement of Voluntary Land Transfer (VLT/DPS Form No. 5).
- c. Documents required under Item C.1 (if titled) or C.2 (if untitled property) of this Administrative Order. For untitled properties, a

sketch plan of the farmholding, instead of a survey plan, may be initially submitted.

2. DAR MUNICIPAL AGRARIAN REFORM OFFICE (DARMO)

a. Review the landowner's Notice/Application and other accompanying documents. If in order, accomplish and post VLT/DPS Form No. 2 together with the submitted draft VLT Agreement. The posting shall be for the period of fifteen (15) days in the following places:

- 1) Barangay Hall or any conspicuous place in the barangay where the subject property is located; and
- 2) Municipal Hall

The MARO shall include a Certification of Posting to be attached to the VLT Agreement.

- b. Simultaneous with the period of posting, conduct, with the assistance of the Barangay Agrarian Reform Committee (BARC), an investigation to verify or identify the land, the lawful owner thereof, the ARBs, the productivity of the land, and the terms and conditions of the VLT Agreement (VLT/ DPS Form No. 3), among others.
- c. After the fifteenth day of posting, immediately call the parties to a conference (VLT/DPS Form No. 4) to discuss and formalize the terms and conditions of the VLT Agreement. Thereafter, document the highlights of the proceedings of the conference and ensure that the VLT/Agreement (VLT/DPS Form No. 5) is prepared in five copies, all signed by the concerned parties and their witnesses.
- d. Complete the VLT/DPS documentation folder. The same should be forwarded to the Provincial Agrarian Reform Officer (PARO) within five (5) days upon compliance of the posting requirement.

3. DAR PROVINCIAL AGRARIAN REFORM OFFICE (DARPO)

- a. Upon receipt of the VLT/DPS folder, register/record the provisional VLT agreement in a log book.
- b. Review and evaluate the pertinent forms and documents contained in the VLT/DPS folder for completeness and consistency and approve the agreement within 30 calendar days. Otherwise, return the same to the DARMO for appropriate action.

- c. Upon approval of the agreement, send memorandum to DARMO (VLT/DPS Form No. 6), directing them to coordinate with the survey party in the conduct of the survey of the subject landholding and the execution of the Deed of Voluntary Land Transfer (VLT/DPS Form No. 7). If disapproved, return the agreement and other papers to the MARO concerned for appropriate action. The VLT/DPS Agreement shall be considered approved unless a notice/memorandum of disapproval (VLT/DPS Form No. 6) by the PARO is received by the ARB within thirty (30) days from its registration in a log book. Reckoning with this thirty-day period may, however, be suspended upon due notice to the parties concerned in case a protest is filed or, in extreme cases, if the PARO deems that more time is needed to evaluate the documents.
 - d. On the basis of the approved survey plan, generate CLOAs in the name of each ARB. All CLOAs shall contain an annotation of lien in favor of the landowner to be signed by the PARO.
 - e. Prepare the corresponding CLOA Recording Sheet and cause the signing and sealing of the CLOAs duly initialed.
 - f. Record signed and sealed CLOAs and enter the same in the CLOA Registry Book.
 - g. Cause the registration of Deed of Voluntary Land Transfer (DVLT) and CLOA with the Register of Deeds (ROD).
 - h. After registration, reflect title number and date of registration in the CLOA Registry Book.
 - i. Transmit the Owner's Duplicate Certificates of Title to DARMO for distribution to ARBs.
4. DAR MUNICIPAL AGRARIAN REFORM OFFICE (DARMO)
- a. Receive and record Owner's Duplicate Certificates of Title.
 - b. Distribute Owner's Duplicate Certificates of Title to ARBs.
 - c. Maintain a Log Book of all CLOAs/Titles issued within the Municipality and prepare individual record for each ARB.
 - d. Assist ARBs in securing corresponding Tax Declaration from the Assessor's/Treasurer's Office.
 - e. Remind the ARBs of their obligation to pay the agreed amortization whether in cash or in kind.

E. REPORTING AND MONITORING

For reporting and monitoring purposes, a quarterly report on the status of the VLT/DPS scheme shall be submitted by the PARO to the Office of the Undersecretary for Field Operations through the Regional Director, copy furnished the Bureau of Land Acquisition and Distribution (BLAD) and the Management Information Service (MIS).

F. REGISTRATION

The registration of the DVLT shall be free from payment of Capital Gains Tax, registration fees, and all other taxes and fees for the conveyance and transfer thereof pursuant to Sections 66 and 67 of R.A. No. 6657.

G. TRANSITORY PROVISIONS

In order to prevent delays in the processing, evaluation and approval of all VLT/DPS, documentation folders already forwarded to or pending in the DARRO shall continue to be processed under the old procedures. However, all VLT/DPS documentation folders still in the DARMOs and DARPOs at the time of effectivity of these guidelines shall be governed by this Administrative Order.


H. REPEALING CLAUSE

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

I. EFFECTIVITY

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

Diliman, Quezon City 10 May, 1995.


ERNESTO D. GARILAO
Secretary

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

1. TODAY
2. MALAYA

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