



Republic of the Philippines  
**DEPARTMENT of AGRARIAN REFORM**

(M)  
ADMINISTRATIVE ORDER NO. 03  
Series of 1991

SUBJECT : Rules and Regulations Amending Certain Provisions of AD 17 which Governs the Valuation of Lands Voluntarily Offered Pursuant to EO 229 and RA 6657 and Compulsorily Acquired Pursuant to RA 6657

The following rules and regulations are hereby promulgated to amend certain provisions of AD 17:

1. Only one formula shall be used regardless of the date of coverage/date of application for VDS:

$$LV = (CS \times .3) + (CNI \times .4) + (MV \times .3)$$

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

- 1.1 If all the factors for valuation are present, the land value shall be computed in accordance with the above formula.

- 1.2 Where CS could not be obtained and market value per mortgage (MVM) or Cost of Acquisition (CA) are not applicable, the formula to be used shall be:

$$LV = (CNI \times .70) + (MV \times .30)$$

- 1.3 Where CNI could not be obtained and only CS and MV are relevant/present, the formula to be used shall be:

$$LV = (CS \times .55) + (MV \times .45)$$

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- 1.4 In case CNI and CS are not available, land valuation shall be based on the Market Value per tax declaration multiplied by 2. (MV x 2)
- 1.5 In all the above, the computed value using the formula or the Declared Value (DV), as defined in AO 17, whichever is lower, shall be adopted as the land value.
2. Comparable Sales, Capitalized Net Income and Market Value per Tax Declaration are as defined in section I (A-F) of AO 17 except when modified/amended by this circular.
3. All valuation inputs, i.e. market value per tax declaration, comparable land transactions, acquisition cost, appraised value, landowner's offer and listasaka value shall be adjusted to current values using the Regional Consumer Price Index (CPI).
4. Whenever the cost of operations could not be obtained and verified, a 20% net income factor shall be used. A different net income factor may, however, be used for a particular crop as result of industry study which may be conducted as situations warrant. The use of the same shall be covered by a circular to all concerned.
5. A net income capitalization rate of 16% shall be used.
6. The Land Bank of the Philippines, may, as necessary, issue clarificatory guidelines to implement the above rules and regulations. This however, should not be construed as amending the provisions of existing Administrative Orders.

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7. All pending claim folders should now be valued using the applicable provisions of AO 17, as amended by this Administrative Order.
8. All orders, circulars, memoranda and rules and regulations or portions thereof inconsistent herewith are hereby revoked, cancelled or modified as the case may be.
9. This Administrative Order shall take effect ten (10) days after its publication in two (2) newspapers of general circulation pursuant to Section 49 of R.A. 6657.

  
BENJAMIN T. LEONG  
Secretary

Diliman, Quezon City, 25 April 1991.