



Republic of the Philippines
DEPARTMENT of AGRARIAN REFORM

ADMINISTRATIVE ORDER NO. 11
Series of 1994

SUBJECT : REVISING THE RULES AND REGULATIONS COVERING THE VALUATION OF LANDS VOLUNTARILY OFFERED OR COMPULSORILY ACQUIRED AS EMBODIED IN ADMINISTRATIVE ORDER No. 06, SERIES OF 1992

In order to effectively carry out the intents and purposes of Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Law, the following revisions on the Rules and Regulations covering the valuation of lands Voluntarily Offered or Compulsorily Acquired provided for under Administrative Order No. 06, Series of 1992, are hereby promulgated.

1. Item II.A.A.3 is hereby amended to read as follows:

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

$$LV = MV \times 2$$

In no case shall the value of idle land using the formula $MV \times 2$ 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."

2. Item II.A.A.4 is hereby amended to read as follows:

"A.4. 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 claimfolder by LBP from DAR for processing."

3. Hereby added after Item II.A.A.4. are Items II.A.A.5. and II.A.A.6, to read as follows:

"A.5. For purposes of this Administrative Order, the date of receipt of claimfolder by LBP from DAR shall mean the date when the claimfolder is determined by the LBP to be complete with all the required documents and valuation inputs duly verified and validated, and is 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 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.6. 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:

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

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

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

4. The definitions of AGP and SP under Item II.B. are hereby amended to read as follows:

"B. X X X X X

AGP = Latest available 12-month's gross production immediately preceding the date of offer in case of VOS or date of notice of coverage in case of CA.

SP = The average of the latest available 12-month's selling prices prior to the date of receipt of the claimfolder 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 from the barangay or municipality where the property is located. In the absence thereof, SP may be secured within the province or region.

X X X X X X X"

5. The last paragraph of Item II.B.B.2. is hereby amended to read as follows:

"B.2. X X X X X

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 Agrarian Reform Office (MARO) or the data stated therein cannot be verified/validated from the farmers, LBP may adopt any available 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."

6. The first paragraph of Item II.B.B.6. is hereby amended to read as follows:

"B.6. 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 cycles are less than one (1) year, two (2) normal crop cycles shall be required."

7. Item II.C.C.2.c. is hereby amended to read as follows:

"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."

8. Item II.C.C.2.d. is hereby amended to read as follows:

"d. STs shall be grossed up from the date of their registration up to the date of receipt of claimfolder by LBP from DAR for processing, in accordance with Item II.A.A.6."

9. Item II.C.C.3. is hereby amended to read as follows:

"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 offer or coverage. This should no longer be used as ceiling/cap but as an additional input in the determination of CS.

AC shall be grossed up from the date of registration of the deed of sale/exchange up to the date of receipt of claimfolder by LBP from DAR for processing, in accordance with Item II.A.A.6."

10. Item II.C.C.4.d. is hereby amended to read as follows:

"d. MVM shall be grossed up from the date of the latest appraisal report (as defined under C.4) up to the date of receipt of claimfolder by LBP from DAR for processing, in accordance with Item II.A.A.6."

11. The first paragraph of Item II.D. is hereby amended to read as follows:

"D. In the computation of Market Value per Tax Declaration (MV), the most recent Tax Declaration (TD) and Schedule of Unit Market Value (SMV) issued prior to receipt of claimfolder 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 claimfolder by LBP from DAR for processing, in accordance with Item II.A.A.6."

12. Item II.F. is hereby amended to read as follows:

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

This Order hereby amends Administrative Order No. 06, Series of 1992 as well as other issuances, or any parts thereof inconsistent herewith.

This 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. 6657.

Diliman, Quezon City, 13 September 1994.


ERNESTO D. GARILAO
Secretary *ad*

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of general circulation:

1. MALAYA
2. THE PHILIPPINE STAR

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