



ADMINISTRATIVE ORDER NO. 13
Series of 1994

SUBJECT: RULES AND REGULATIONS GOVERNING THE GRANT OF INCREMENT OF SIX PERCENT (6%) YEARLY INTEREST COMPOUNDED ANNUALLY ON LANDS COVERED BY PRESIDENTIAL DECREE NO. 27 AND EXECUTIVE ORDER NO. 228

I. PREFATORY STATEMENT

Presidential Decree No. 27 issued on 21 October 1972 and Executive Order No. 228 dated 17 August 1987, declared the actual tenant-tillers as deemed full owners of the land they till, thereby resulting in the effective dispossession of the landowners of their lands. A number of these landholdings remain unpaid in view of the non-acceptance by the landowners of the compensation due to low valuation. Had the landowner been paid from the time of taking his land and the money deposited in a bank, the money would have earned the same interest rate compounded annually as authorized under the banking laws, rules and regulations.

To address these problems, the Presidential Agrarian Reform Council (PARC), in its resolution dated 25 October 1994, approved the grant of an increment of six percent (6%) yearly interest compounded annually based on the land value as determined under existing valuation formula.

II. COVERAGE

These rules and regulations shall apply to landowners:

1. Whose lands are actually tenanted as of 21 October 1972 or thereafter and covered by OLT;
2. Who opted for Government financing through Land Bank of Philippines as the mode of compensation; and
3. Who have not yet been paid for the value of their land.

III. POLICY STATEMENTS

1. Qualified landowners, as defined under Item II above shall, in addition to the compensable value of the land as determined under present policies be entitled to receive the increment of six percent (6%) yearly interest compounded annually.
2. In the case of landowners who were partially paid, the yearly interest of six percent (6%) compounded annually shall be applied to the unpaid balance.
3. The grant of six percent (6%) yearly interest compounded annually shall be reckoned as follows:
 - 3.1 Tenanted as of 21 October 1972 and covered under OLT
 - From 21 October 1972 up to the effectivity date of this Order
 - 3.2 Tenanted after 21 October 1972 and covered under OLT
 - From the date when the land was actually tenanted up to the effectivity date of this Order
4. Nothing in this Order shall impair the rights and/or benefits that have already accrued in favor of the landowner-payee whose claims was previously approved for payment by Land Bank. If those provided for in this Order are superior to such rights and/or benefits, the landowner shall still be entitled to the difference.
5. The agrarian reform beneficiaries shall continue to amortize the land on the basis of the original land value.
6. The LBP shall compensate the landowner pursuant to Section 3 (A) of E.O. 228.

IV. INCREMENT FORMULA

The following formula shall apply:

For palay: $LV = (2.5 \times AGP \times P 35) \times (1.06)^n$

For corn: $LV = (2.5 \times AGP \times P 31) \times (1.06)^n$

where :

- LV = Land Value
- AGP = Average Gross Production in cavan of 50 kilos in accordance with DAR Memorandum Circular No. 26, series of 1973
- P 35 = Government Support Price for palay in 1972 pursuant to Executive Order No. 228
- P 31 = Government Support Price for corn in 1972 pursuant to Executive Order No. 228
- n = number of years from date of tenancy up to effectivity date of this Order

V. PROCEDURE

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

VI. EFFECTIVITY

This Administrative Order shall take effect on 21 October 1994 after its publication in two (2) national newspapers of general circulation pursuant to Section 49 of R.A. 6657. All orders, circulars, rules and regulations inconsistent herewith are hereby revoked, amended or modified accordingly.

Diliman, Quezon City, 27 October, 1994.


ERNESTOD D. GARILAO
Secretary


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1. THE PHILIPPINE JOURNAL
2. MANILA STANDARD

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