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ADMINISTRATIVE ORDER NO. 2'89
Series of 1989

Subject: RULES AND PROCEDURES GOVERNING COMPULSORY ACQUISITION OF PRIVATE AND GOVERNMENT-OWNED AGRICULTURAL LANDS UNDER R.A. 6657

I. PREFATORY STATEMENT

To implement the compulsory acquisition of agricultural lands pursuant to the provisions of R.A. 6657, the following rules and procedures are hereby promulgated.

II. POLICIES

- A. The acquisition and distribution of all lands covered by R.A. 6657 shall be implemented immediately and completed within ten (10) years from the effectivity of said R.A. 6657;
- B. In all cases, the security of tenure of the farmers or farmworkers on the land prior to the approval of this Act shall be respected;
- C. The need to distribute lands to the tillers at the earliest practicable time to enhance agricultural productivity, and the availability of funds and resources to implement and assure support for the program shall be given the highest priority consideration;
- D. Farmers and regular farmworkers who are landless shall have the right to own directly or collectively the land they till;
- E. In effecting land ownership transfer, priority must be given to tenanted, idle and abandoned lands;
- F. Any sale, disposition, lease or management contract, or any transfer of possession of private lands executed by the original owner in violation of R.A. 6657 shall be null and void;

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G. Landowners shall be entitled to a retention of not more than five (5) hectares for lands covered by R.A. 6657.

III. COVERAGE

This Order shall cover private and government-owned agricultural lands according to the schedule hereunder enumerated:

A. Phase I (Schedule of Acquisition: 1988-1992)

1. Rice and corn lands covered by P.D. 27 (These are governed by the procedures provided for under DAR Administrative Order No. 2, Series of 1987, as amended by Administrative Order No. 12, Series of 1988.);
2. Idle and abandoned lands;
3. Lands foreclosed by government financial institutions;
4. Private lands voluntarily offered for sale (VOS);
5. Lands acquired by the PCGG;
6. All other lands owned by the government cultivated to or suitable for agricultural purposes;
7. Lands operated by multinational companies (Schedule of Acquisition: 1988-1991)
 - a. Lands owned by the government or by government-owned or controlled corporations, associations, institutions or entities, devoted to existing and operational enterprises operated by multinationals; and
 - b. Lands leased by multinationals from private individuals, non-governmental institutions or entities or citizens of the Philippines.

B. Phase II (Schedule of Acquisition: 1988-1992)

All private agricultural lands in excess of 50 hectares insofar as the excess hectarage is concerned.

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C. Phase III

1. Lands above 24 hectares up to 50 hectares (Schedule of Acquisition: 1992-1994); and
2. Lands above the retention area up to 24 hectares (Schedule of Acquisition: 1994-1997).

D. Priority Land Reform Area

The Presidential Agrarian Reform Council (PARC) may, upon the recommendation of the Provincial Agrarian Reform Coordinating Committee (PARCCOM), declare certain provinces or regions as priority land reform area, in which case the private agricultural lands in the declared areas shall be acquired and distributed ahead of the aforesated priorities.

IV. OPERATING PROCEDURES

A. Municipal Agrarian Reform Office (MARO)

The MARO shall perform the following activities:

1. Identify all landholdings and estates covered by Sec. 7 under Phases I and II and Sec. 8 on multinationals within the municipality in accordance with the schedules approved by PARC and PARCCOM;
2. Determine and identify agricultural lands which have not been cultivated, tilled or developed to produce any crop, nor devoted to any specific economic purposes continuously for the last three (3) years reckoned as of the time of identification, and classify the same as idle and abandoned;
3. Identify the owners of lands in Phases I and II under Sec. 7 and those operated by multinationals under Sec. 8 in accordance with the schedules approved by PARC and PARCCOM, if any;
4. Identify and determine the qualified beneficiaries, on the basis of the information sheets accomplished and submitted by the applicants (CARP Form) No. _____);

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5. Secure copies of corresponding Tax Declarations from the Office of the Municipal Treasurer/Assessor;
6. Determine if the land has any encumbrance. If encumbered and the creditor resides within the municipality, secure statement of account and recommend the settlement of obligation through payment in Land Bank bonds;
7. Request the Provincial Agrarian Reform Officer (PARO) to secure copies of Certificates of Titles (OCT, TCT) from the Register of Deeds and the corresponding Tax Declarations from the Provincial Assessor's Office in case these are not available in the municipality;
8. Determine the suitability/productivity of the land to be acquired;
9. Determine, with the assistance of BARC, the initial land value based on the established procedures provided for under Administrative Order (No. _____, Series of 1988,) on Land Valuation and Just Compensation.
10. Prepare Land Valuation Summary (CARP Form No. 4);
11. Prepare Application to Purchase and Farmer's Undertaking of qualified beneficiaries and assist them in accomplishing the same (CARP Form No. 5);
12. Assist DENR-LMS in the conduct of perimeter/boundary survey, if and when necessary;
13. Compile all documents prepared and/or gathered to constitute the Compulsory Acquisition Claim Folder (CACF);
14. Notify the Barangay Agrarian Reform Committee (BARC), if one is already organized, or the Interim BARC, to assist the MARO in the accomplishment of the activities under items 1 to 9 and 11 to 13 of this paragraph; and
15. Forward to the PARO the CACF with the MARO's findings and recommendations whether or not to acquire the land that has been identified and documented.

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B. Provincial Agrarian Reform Office (PARO)

The PARO shall perform the following activities:

1. Collate/~~inventory~~ all private agricultural lands/estates within the province and identify those covered under Phases I and II as well as those operated by multinationals. The inventory shall contain the following information:
 - a. Name and address of landowner;
 - b. Area and location of his agricultural lands;
 - c. OCT/TCT Number;
 - d. Tax Declaration Number.
2. Forward inventory to the Regional Director, copy furnished the Director of BLAD in the Central Office;
3. Review and evaluate the CACF, as well as the reports and recommendations of MARO;
4. Secure certified copies of titles from the ROD or from creditor bank;
5. Arrange for the settlement of loan or mortgage obligations, if any, to be paid in Land Bank bonds;
6. Transmit to RARO for appropriate action the CACF together with the PARO's recommendations for the acquisition of the land; and
7. Closely supervise and monitor the activities of the MARO and extend to it necessary assistance.

C. Regional Agrarian Reform Office (RARO)

The Regional Director shall:

1. Review and evaluate the CACF including the report and recommendation of PARO and resolve whether or not the land shall be acquired;

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2. Notify landowner that his landholding will be acquired (CARP Form) No. _____). The Notice shall be in writing and served to the landowner by personal delivery or registered mail with copies thereof posted in a conspicuous place in the municipal building and the barangay hall where the property is located. X

The Notice shall contain the following:

- a. An offer to pay an amount initially determined by MARO and approved by the Regional Director, subject however to the final approval of the Secretary of Agrarian Reform;
- b. Advice to the landowner of his right to retain an area of not more than five (5) hectares and the right of his children to three (3) hectares each as preferred beneficiaries provided the children are:
 - (a) 15 years of age or above as of June 15, 1988; and
 - (b) Actually cultivating the land or directly managing the farm as of June 15, 1988.

In case the landowner opts for a retention, he shall indicate the specific area to be retained including the area to be awarded to his qualified children, if any, within thirty (30) days from receipt of the Notice, otherwise he and his children are deemed to have waived their rights to retain or to become preferred beneficiaries.

- c. A request to the landowner to inform DAR, particularly the Regional Director, within thirty (30) days from receipt of Notice, whether or not he is accepting the value offered.
3. If the offer or notice is rejected, or the landowner fails to reply to the Notice within thirty (30) days from receipt, the Regional Director shall, within five (5) days from receipt of landowner's rejection, or within five (5) days after the thirty-day period
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to reply has expired, direct the Legal Officer/Trial Attorney to conduct summary administrative proceedings to determine the just compensation to be paid the landowner.

The Legal Officer shall:

- a. Immediately conduct the summary administrative proceedings upon receipt of the CACF;
 - b. Require the landowner, the LBP and other interested parties to submit, within fifteen (15) days from receipt of Notice, sworn statements and evidence as to the just compensation for the land to be acquired;
 - c. Accept oral or parol evidence only to clarify contents of sworn statements; and
 - d. Submit to the Regional Director, within five (5) days from receipt of the evidence of the parties, a report on his findings and recommendations as to the just compensation.
4. Review report and issue order fixing the land compensation on the basis of the evidence submitted by the parties, copy thereof furnished the landowner.

No motion for reconsideration shall be entertained. If a motion is filed, it shall be treated as an appeal to be resolved by the Secretary.

5. Refer CACF to the Chief of Legal Division for determination of legal sufficiency of documents.
6. Forward to the Secretary, through BLAD, the CACF together with the Order/Resolution for final determination of compensation.
7. (If the offer or notice to acquire land is accepted by the landowner, the procedures in processing a Voluntary Offer Claim Folder (VOCF) under Paragraph IV (D-3) of Administrative Order (No. _____, Series of 1988,)

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on Voluntary Offer to Sell and all the succeeding pertinent paragraphs thereof shall be followed.)

D. Bureau of Land Acquisition and Distribution (BLAD)

Upon receipt of the CACF, BLAD shall:

1. Evaluate the documents and review the compensation that shall be paid the landowner;
2. Recommend to the Secretary the final land value that LBP shall pay the landowner;
3. Refer the CACF to the Undersecretary for Legal Affairs for review and final determination as to the legal sufficiency of documents;
4. Prepare Order for the acquisition of land;
5. Forward to the Office of the Secretary the Order for Acquisition.

E. Office of the Secretary of Agrarian Reform (OSAR)

1. Approve and sign the Order for the acquisition of land. The Order shall contain, among others, the following:
 - a. Decision to acquire the land;
 - b. The amount of compensation to be paid the landowner;
 - c. A directive to LBP to deposit the compensation in the name of the landowner with the bank most accessible to the latter designated in the order;
 - d. A directive requiring the landowner to turn over physical possession of the land to DAR for redistribution to the farmer-beneficiaries;
 - e. A directive to Land Bank to issue a certification that the compensation has been deposited with the bank in the name of the landowner;

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- f. A directive requiring the ROD to cancel the Title of the landowner and to issue a TCT in the name of the Republic of the Philippines; and
- g. A directive to PARO to take physical possession of the property and to redistribute the same to the beneficiaries.

F. Bureau of Land Acquisition and Distribution (BLAD-DARCO)

- 1. Transmit the Order together with the CACF to LBP through the Office of the Undersecretary for Operations (CARP Form) No. _____).

G. LBP Head Office

Upon receipt of the Order together with the CACF, LBP shall:

- 1. Deposit within ten (10) days from receipt of the Order the land compensation in the name of the landowner, with the bank designated by DAR in the Order; and
- 2. Issue and transmit to DAR a certification to the effect that the compensation has been deposited with the bank in the name of the landowner.

H. DAR/RARO/PARO

The PARO shall present to ROD:

- 1. The LBP Certification, and
- 2. The Order of the DAR Secretary,

and shall request the cancellation of the Certificate of Title of the landowner and the issuance of a new Transfer Certificate of Title in the name of the Republic of the Philippines.

I. Register of Deeds (ROD)

- 1. Upon the presentation of the Order of the DAR Secretary and LBP Certification, the ROD shall cancel the Title of the landowner and issue a new Certificate of Title in the name of the Republic of the Philippines; and

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2. ROD shall release the Title of the land in the name of RP to PARO who shall take over physical possession of the land and proceed with the redistribution of the same in favor of the qualified beneficiaries.

J. Protest

Any party who disagrees with the decision of the DAR Secretary with respect to the compensation may bring the matter to the Special Agrarian Court for final determination.

V. EFFECTIVITY

This Administrative Order shall take effect ten (10) days after its publication in two (2) national newspapers of general circulation pursuant to Sec. 49 of R.A. 6657. All orders, circulars, rules and regulations inconsistent herewith are hereby revoked, amended, or modified as the case may be.

Diliman, Quezon City, Jan. 4, 1989.


PHILIP ELLA JUICO
Secretary

