



Republika ng Pilipinas  
MINISTRI NG AGRARIAN REFORM  
(Ministry of Agrarian Reform)  
Tanggapan ng Minister  
Diliman, Lungsod ng Quezon  
Pilipinas, D-505

In reply, please address:  
THE MINISTER  
Ministry of Agrarian Reform  
P.O. Box No. 2993  
Manila

MINISTRY MEMORANDUM CIRCULAR NO. 6<sup>'86 PDP</sup>  
Series of 1986 5/30/86

TO : All Regional Directors, District Officers,  
Team Leaders and All Others Concerned

SUBJECT : Amending Item 1, Paragraph B, Section III of Ministry  
Memorandum Circular No. 19-'81 by Providing Thereon  
Additional Guidelines and Procedures in Effecting Land  
Transfer Compensation Claims

Item 1, Paragraph B, Section III of Ministry Memorandum Circular  
No. 19-'81 is hereby amended to read as follows:

1. Mode of Compensation to Landowners

Under PD 251, there are six (6) modes of payments  
prescribed. The more commonly opted by landowners are:  
payment through the Land Bank of the Philippines (LBP  
and direct payment.

1.1 Payment through LBP -

1.1.1 At the option of the landowner, the  
LBP shall finance the total value of  
the farmholding covered by Operation  
Land Transfer subject to existing  
laws, decrees, rules and regulations,  
and related issuances.

1.1.2 The land value initially expressed in  
kind pursuant to PD 27 shall be con-  
verted to peso, using the government  
buying support price at the time the  
Decree was promulgated on October 21,  
1972 except those landholdings tenanted  
after said date and covered by OLT  
placement orders pursuant to Department  
(now Ministry) Memorandum Circular No. 2,  
series of 1978, in which case, the peso  
value of the palay or corn shall be based  
on the government buying support price at  
the time the farmholding was placed under  
OLT coverage. However, in case of those  
landholdings voluntarily offered for OLT  
coverage pursuant to Department (now  
Ministry) Memorandum Circular No. 11,  
series of 1978, the peso value of the  
palay or corn shall be based on the

government buying support price at the time voluntary offer was accepted by MAR and placed under OLT coverage. All MAR personnel are enjoined to adhere to the true and actual average gross production (AGP) established by the Barangay Committee on Land Production (BCLP).

- 1.1.3 The MARPT shall assist the landowner and the farmer-beneficiaries concerned in the documentation of claims for land transfer compensation in accordance with the guidelines and procedures embodied in the Procedures Manual on Land Transfer Compensation System.

1.2 Direct Payment -

On the basis of land value established pursuant to PD 27, the landowner and farmer-beneficiary may mutually agree on a direct payment either in kind or in cash.

- 1.2.1 If in kind - the cavan of palay or corn shall weigh not less than fifty (50) kilos.
- 1.2.2 If in cash - the policy under 1.1.2 above shall apply.


This mode of land compensation can be availed of only if the following conditions prevail, otherwise all land compensations shall be done through Land Bank financing scheme.

- Both Landowners and Farmer-Beneficiaries formally opted for a direct payment agreement;
- Subject landholding is free from liens or encumbrances;
- Landowner submits legal evidences of ownership enumerated under Ministry Memorandum Circular No. 16-'81; and
- To evidence the transaction between the parties, a Deed of Transfer Under PD 27 is to be executed.

This Memorandum Circular shall take effect immediately.

Please be guided accordingly.

Diliman, Quezon City, May 28, 1986.

  
MEHERSON T. ALVAREZ  
Minister