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MINISTRY MEMORANDUM CIRCULAR NO. *16-81*
Series of 1981

T O : All Regional Directors
District Officers
Team Leaders and
Fieldmen Concerned

16-81
mail
1-4-82
for mailing

SUBJECT : GUIDELINES AND PROCEDURES TO GOVERN DIRECT
PAYMENT OF FARMHOLDINGS COVERED BY OLT PUR-
SUANT TO P.D. NO. 27.

I. INTRODUCTION

Feedback has been constantly received by the Central Office that some farmer-beneficiaries of Operation Land Transfer pursuant to P.D. No. 27 and their landowners have opted direct payment as the mode of settlement of the farmholdings involved therein through mutually agreed amortization schedules. This arrangement should be encouraged if farmer-beneficiary and landowners are in agreement and have done so on their own free will. Accordingly, it is deemed necessary that to effect an orderly and systematic monitoring of the direct payment scheme, the following guidelines and procedures are hereby prescribed.

II. COVERAGE

These guidelines shall apply to all private agricultural lands covered by the land transfer program under P.D. No. 27 where the value of the land is directly paid by the farmer-beneficiary to the landowners through amortizations mutually agreed upon between them, except those lands with existing liens or encumbrances.

III. DEED OF TRANSFER UNDER P.D. 27

For this purpose, the attached form shall serve as guide in the preparation of a deed of transfer.

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"Hindi na matalatikiran pa ang pagbabago ng ayos ng pananakahan. Higit kong pangarap: makita ang ating mga magsasaka na pag-aari ang lupang kanilang binubungkal."

PANGULONG FERDINAND E. MARCOS

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IV. VALUATION

In all cases, the total cost of the land agreed upon by the parties, whether payable in kind or in money shall be equivalent to $2\frac{1}{2}$ times the average harvest of three (3) normal crop years immediately preceding October 21, 1972, and shall be understood to include the 6% interest per annum provided under P.D. No. 27.

Amortization payment shall be paid by farmer-beneficiaries in fifteen (15) years of fifteen (15) equal annual amortizations as provided under P.D. No. 27 unless they choose to accelerate the payments.

V. MODES OF DIRECT PAYMENT

A. PAYMENT IN KIND

Illustration:

AGP	- - - - -	114
Constant Factor	- - - - -	2.5
No. of years to pay	- - - - -	15 years

Hence:

114×2.5 equals 285 cavans (land value)
285 over 15 years equals 19 cavans yearly payment.

For farmer-beneficiaries who opt for this mode of payment, a cavan of palay shall weigh not less than 50 kilos.

B. PAYMENT IN CASH

Illustration:

AGP	-	114 cavans
Constant Factor	-	2.5
Government Support Price	-	₱35.00/cavan
Capital Recovery Factor		
(interest of 6% p.a. already included)	-	.102963
No. of years to pay	-	15 years

Hence:

$114 \times 2.5 \times ₱35.00$ equals ₱9,975.00
 $₱9,975.00 \times .102963$ equals ₱1,027.00 (annual amortization)

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VI. LEASE RENTALS PAID BEGINNING 1973

All lease rentals paid by the farmer-beneficiary on crops planted on October 21, 1972 and/or planted thereafter shall be credited as advanced payment.

VII. DOCUMENTATION

To evidence the transaction between the parties, a deed of transfer is to be executed. However, before a deed of transfer is prepared, landowners concerned shall present the following documents to MAR field office.

1. Requirements common to all landowners (titled and untitled properties)
 - 1.1 Copy of the title (owner's copy)
 - 1.2 Tax declaration
 - 1.3 Tax receipt
 - 1.4 Survey plan
2. Where the property/ies is/are titled.
 - 2.1 Xerox copy of the title duly certified by the Register of Deeds as the exact copy of the title on file.
 - 2.2 Certified copy of the Tax Declaration covering subject property/ies. It is preferable that the Tax Declaration shall contain the area of the land as indicated on the OCT/TCT.
3. Where property/ies is/are untitled.
 - 3.1 Certified copy of the Tax Declaration covering the property.
 - 3.2 Survey plan and technical description of the property duly approved by the Bureau of Lands if available otherwise, PMS prepared by the BL will suffice.
 - 3.3 Real estate clearance of statement.
 - 3.4 Affidavit of landowner that the property/ies as appearing in the approved survey plan is/are exclusively owned by him/them and not subject to adverse claim of third parties.

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Upon presentation of the above-mentioned documents, MARFT shall PREPARE the Deed of Transfer under P.D. NO. 27; let both FB and LO sign the deed in the presence of two (2) witnesses. After the Deed of Transfer has been duly prepared and signed by both parties, the same shall be notarized/acknowledged by a Notary Public and registered in the Register of Deeds where the property is situated.

VIII. MONITORING OF PAYMENT

The MAR field team office concerned should remind the farmer-beneficiaries of their obligation to pay the agreed amortization whether in cash or in kind at least two weeks before harvest.

For effective monitoring and control purposes, MAR field team office, should be furnished by farmer-beneficiaries with copies of all receipts (Appendix "B") evidencing the payment of amortization whether in cash or in kind made by them to their respective landowners.

IX. CERTIFICATE OF FULL PAYMENT

That upon full payment of the land, a certificate of full payment shall be issued by either the landowner or the MAR Team Leader concerned which shall be the basis for the Ministry of Agrarian Reform to issue an Emancipation Patent in favor of each farmer-beneficiary.

For strict compliance.

Diliman, Quezon City, November 27, 1981.


CONRADO F. ESTRELLA
Minister

for mailing

DEED OF TRANSFER UNDER P.D. 27

This Deed of Transfer under P.D. 27 entered into by and between _____.

_____ of legal age, filipino, single/
married and a resident of _____
hereinafter called the LANDOWNER.

AND

_____ of legal age, filipino, single/
married and a resident of _____
hereinafter called the FARMER-BENEFICIARY.

WITNESSETH:

That prior to October 21, 1972, the LANDOWNER was the absolute and exclusive owner of a parcel of rice/corn land, situated in and more particularly bounded and described as follows:

PARCEL NO.

OCT/TCT No. _____
ROD OF _____
Tax Declaration No. _____
CLT No. _____
PMS No. _____

Bounded on the

NORTH _____
EAST _____
SOUTH _____
WEST _____

That the above-described landholding is by law covered by Operation Land Transfer pursuant to Presidential Decree No. 27 as of October 21, 1972;

That the LANDOWNER has chosen to be paid directly by the FARMER-BENEFICIARY, and that the FARMER-BENEFICIARY is willing to pay directly;

NOW, THEREFORE, for and in consideration of the amount of
P _____ / _____ cavans, the landowner ~~do~~ hereby convey and

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transfer pursuant to P.D. 27 to the FARMER-BENEFICIARY the parcel of land above described under the following terms and conditions;

(A) That LANDOWNER shall consider as advanced payment of the land all rentals paid in the amount of ₱_____/____cavans paid by the FARMER-BENEFICIARY beginning the year 1973, to be deducted from the total amount due him;

(B) That the unpaid balance of ₱_____/____cavan shall be amortized by the FB for a period of 15 equal annual payments in the amount of ₱_____/____cavans per year from date hereof which amount includes principal and interest;

(C) That FB shall assume payment of realty taxes beginning 1973. In case the landowner paid the taxes, the FB shall reimburse such payment;

(D) That LANDOWNER shall issue appropriate receipt (see form) for every payment made by FB's, copy furnished MARFT covering the areas, provided that refusal of the landowner to issue receipt shall constitute a valid ground for the farmer-beneficiary to stop payment and deposit the same with the LBP to the account of the LANDOWNER;

(E) That the land subject of this sale shall be personally cultivated by the FARMER-BENEFICIARY with the help only of his immediate farm family;

(F) That FARMER-BENEFICIARY must be a member of farmers cooperative or a duly registered farmer organization recognized and accredited by Ministry of Agrarian Reform provided such farmer organization has recourse procedures against the farmer in case he fails to comply with the terms and conditions of this Deed; and

That this Deed shall be subject to applicable law, rules, and regulation issued by the Ministry of Agrarian Reform, particularly the following provisions of P.D. No. 27;

"Title to land acquired pursuant to this Decree or the land reform program of the Government shall not be transferable except by hereditary succession or the government in accordance with the provisions of this Decree, the Code of Agrarian Reform and other existing laws and regulations."

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IN WITNESS WHEREOF, the parties hereunto set their hands
on _____ at _____.

LANDOWNER

FARMER-BENEFICIARY

Signed in the presence of:

MAR TEAM LEADER

SN/ARBA REPRESENTATIVE

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REPUBLIC OF THE PHILIPPINES) S.S.
PROVINCE/CITY _____)

ACKNOWLEDGMENT

At the Municipality of _____ in said province/city
on this _____ day of _____, 1981, personally appeared

NAMES

Res. Cert. No., Place & Date of Issue

1. _____
2. _____

known to me as the same person/s who executed the foregoing instrument
of _____ over _____, parcels of land, which
instrument consists of _____ pages including the page on which this
knowledge is written and signed at the left margin of each page by
the party/ies executing this instrument and their witnesses, and said
party/ies acknowledges to me that the same is his/her/their free act
and deed. The Residence Certificate/s of the party/ies was/were
exhibited to me, the same being Nos. _____ issued at
_____ on _____ 1981.

NOTARY PUBLIC

Until December 31, 1981

Doc. No. _____
Page No. _____
Book No. _____
Series of 1981

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