



Republika ng Pilipinas
KAGAWARAN NG REFORMANG PANSAKAYAN
(DEPARTMENT OF AGRARIAN REFORM)
Tanggapan ng Kalihim
Diliman, Lungsod ng Quezon

In reply, please address:

THE SECRETARY
Department of Agrarian Reform
P.O. Box No. 2993
Manila

DEPARTMENT MEMORANDUM CIRCULAR NO. 6 *Ag 224-78*
Series of 1978

All Regional Directors, District Officers,
Team Leaders and Field Personnel

Subject: GUIDELINES IN THE PAYMENT OF LEASE RENTAL/
PARTIAL PAYMENT BY FARMER-BENEFICIARIES
UNDER THE LAND TRANSFER PROGRAM PURSUANT
TO PRESIDENTIAL DECREE NO. 27

Our attention has been invited on situations which has affected adversely the orderly and systematic implementation of Operation Land Transfer (OLT), among which are the following:

1. Continued payment of lease rentals directly to landowners by tenant-farmers may result to situations wherein payments made may even exceed the actual value of the land. This is particularly probable in cases where continuous payments made are based on previous sharing arrangements, despite its being declared as contrary to law or public policy. It is anticipated that a considerable number of tenant-farmers shall have paid for the total value of the land within the next two or three harvest seasons.
2. There is difficulty in recording lease rental payments made by tenant-farmers to landowners more specifically in cases where landowners concerned refuse to issue acknowledgment/official receipts for payments made.
3. Payments made by tenant-farmers to landowners after the establishment of Farmer Amortization Schedule (FAS) through the National Computer Center were found to be ineffectively captured or accounted for. This situation occurs due to the continued collection of lease rental payments by some landowners from tenant-farmers, although the value of the land has already been established and in some instances partially paid for by the Land Bank of the Philippines (LBP).

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"Hindi na matatalikuran pa ang pagbabagong-ayos ng pananakahan. Higit kong pangarap na makita ang ating mga magsasaka na pag-aar. ang lupang kanilang binubungkal." - Pangulong MARCOS

4. The prolonged disagreement between parties concerned on the total payments made by the tenant-farmers has delayed program implementation.

Considering that lease rental payments in rice/corn lands covered by OLT are to be credited as partial payments of the land transferred to the tenant-farmers, the following guidelines and procedures are hereby prescribed for guidance in the implementation of the land transfer program:


A. Where the value of the land has already been established.

The value of the land is established on the date the Secretary or his authorized representative has finally approved the average gross production data established by the BCLP or upon the signing of the LTPA by landowners and tenant-farmers concerned heretofore authorized.

Payment of lease rentals to landowners covered by OLT shall terminate on the date the value of the land is established. Thereafter, the tenant-farmers shall pay their lease rentals/amortizations to the LBP or its authorized agents; provided that in case where the value of the land is established during the month the crop is to be harvested, the cut-off period shall take effect on the next harvest season. With respect to cases where lease rentals paid may exceed the value of the land, the tenant-farmer may no longer be bound to pay such rentals, but it shall be his duty to notify the landowner and the DAR Team Leader concerned of such fact who shall ascertain immediately the veracity of the information and thereafter resolve the matter as expeditiously as possible. If the landowner still insist after positive ascertainment that the tenant-farmer is to pay rentals to him, the amount equivalent to the rental insisted to be paid shall be deposited by the tenant-farmer with the LBP or its authorized agent in his name and for his account to be withdrawn only upon proper written authorization of the DAR District Officer based on the result of ascertainment or investigation.

B. Where the value of the land has not yet been established or under process or under protest.

In case where the value of the land has not yet been established or under process or under protest, tenant-farmers concerned shall continue paying their lease rentals to the landowners until such time that the value of the land is

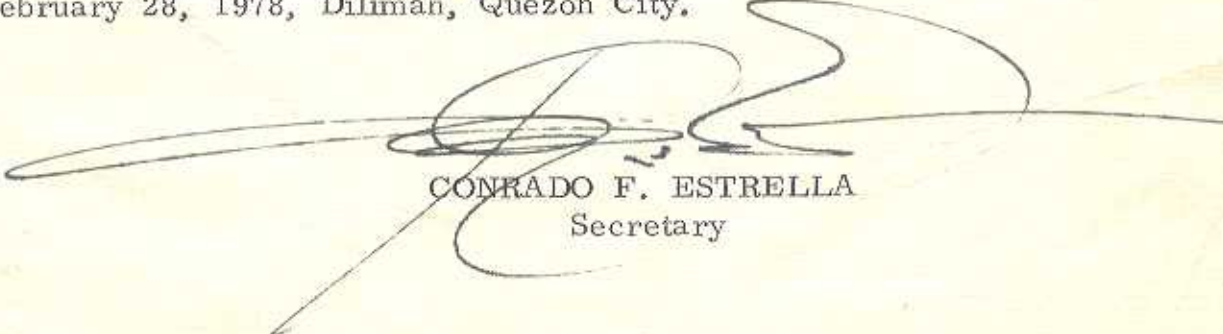


established provided that such rental payments be properly receipted by landowners. In case the landowner concerned refuse to issue such receipt, the tenant-farmers may deposit such rental payments to the LBP or its authorized agents or to a bonded warehouse in the name of the landowner. The tenant-farmer shall properly notify the landowner of such deposit copy furnished the DAR Field Team.

In case the tenant-farmer has estimated that his subsequent rental payment may already exceed the value of the land by considering the total rentals paid by him and/or the mortgage indebtedness as a lien or encumbrance of the land, it is his duty to immediately inform the landowner concerned in writing that the rentals paid by him including mortgage indebtedness will already exceed the estimated value of the land and, therefore, he will no longer continue to pay lease rentals. In the event that the landowner will not agree and insist in the payment of rentals, it shall be the duty of the tenant-farmer to bring the matter to the DAR District Office for summary verification and investigation and the District Officer shall resolve the problem as expeditiously as possible but not to exceed ten (10) days from the receipt of the complaint. Resolution of this problem may be appealed within five (5) days from receipt thereof to the Regional Director concerned for final resolution within ten (10) days from receipt of the appeal. A copy of the appeal should be furnished the District Officer concerned. However, any rental due for payment during the pendency of the question shall in the meantime be deposited by the tenant-farmer to the Land Bank of the Philippines or to any of its authorized agents, or any bonded warehouse in his name and for his account to be withdrawn only upon proper written authorization of the DAR Regional Director based on his final resolution. In the absence of an appeal, proper authorization shall be made by the DAR District Officer.

For strict compliance,

February 28, 1978, Diliman, Quezon City.



CONRADO F. ESTRELLA
Secretary