



MEMORANDUM CIRCULAR NO. 7-79  
Ministry of Agrarian Reform  
Series of 1979

4/23/79

TO : All Regional Directors  
District Officers  
Team Leaders  
Field Personnel  
All Concerned

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Am 7/8/79*

SUBJECT: RULES AND REGULATIONS GOVERNING TRANSACTIONS  
INVOLVING LANDS COVERED BY PRESIDENTIAL DECREE  
NO. 27.

I Prefatory Statement

Presidential Decree No. 27 emancipating tenants from the bondage of the soil and transferring to them the ownership of the land they till provides in part:

"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 to the Government in accordance with the provisions of this Decree, the Code of Agrarian Reform and other existing rules and regulations."

Despite the above prohibition, however, there are reports that many farmer-beneficiaries of P.D. 27 have transferred the ownership, rights and/or possession of their farms/homelots to other persons or have surrendered the same to their former landowners. All these transactions/surrenders are violative of P.D. 27 and therefore null and void.

II Restatement of Policy

Under Republic Act No. 3844, as amended, otherwise known as the Code of Agrarian Reform, it is the policy of the State to establish owner-cultivatorship and the economic family-size farm as the basis of Philippine agriculture. To attain this policy, share tenancy was abolished, and in lieu thereof, the agricultural leasehold system was mandated. Having full managerial rights over his farmholding, the lessee was thus ready to become an owner-cultivator.

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

— PANGULONG FERDINAND E. MARCOS

The concept of owner-cultivatorship - that of making the tiller the owner of the land is the over-riding philosophy of land reform. By making the tiller the owner of the land, the program envisions the creation of an agricultural sector where every farmer is the owner of the land he tills.

Said State policy to establish owner-cultivatorship was accelerated on October 21, 1972, when P.D. 27 was promulgated.

Agrarian Reform being the cornerstone of the New Society, the importance of safeguarding its results could not be over-emphasized; otherwise, the policy of establishing owner-cultivatorship will be imperiled, thereby reverting to the pernicious land tenure system that has heretofore blighted the lives of the tenantry - a system under which the tenants could neither live nor die. Hence, the necessity for rules and regulations to govern transactions involving lands covered by P.D. 27.

### III Coverage

These rules and regulations shall apply to all transactions involving transfer of ownership, rights, possession and/or cultivation of lands covered by P.D. 27.

### IV Investigation Procedure

Upon receipt of information of the existence of transactions violative of P.D. 27, the Team Leader concerned or his duly authorized representative shall immediately conduct an investigation and ocular inspection of the land to determine the veracity thereof. In case there is prima facie showing of the existence of said transactions, he shall direct a formal investigation by the Team Legal Officer or in his absence, by any MAR lawyer designated by the District Officer.

The investigating officer shall send notices of investigation to the parties concerned regarding the reported violation/s, requiring their presence on the date, time and place specified therein. Thereunder, he shall apprise the parties of the transaction entered into by them and if they admit the existence thereof, he should ask for and require the submission of documents evidencing the same. If no such documents are available, he should take down their sworn statements separately and require the declarant to sign his statement in his presence and two (2) other witnesses. For the purpose of the



investigation, the investigating Officer is hereby authorized to administer oath.

If the parties deny the existence of the transaction or should they refuse or fail to attend the investigation despite due notice, he should obtain sworn statements of witnesses, preferably the neighboring cultivators of the land involved and/or from at least two (2) members of the Samahang Nayon or barangay council, who have knowledge of the transaction. In addition, the investigating officer shall exert efforts to secure evidences of the transaction, such as, from the Notary Public before whom the parties acknowledged the execution of the document, or from the Register of Deeds of the province concerned, if the document was registered or from any other source of which he has knowledge of, during the process of investigation.

Thereafter, on the basis of the evidence obtained, the parties shall be confronted and given a chance to present their side.

In all cases, the proceedings of the investigation shall be recorded and proof of service of notice to the parties or their representatives shall be attached to the record.

The investigating officer shall accomplish the investigation not later than thirty (30) calendar days from receipt of the case.

#### V Report of Investigation

The investigating officer shall submit a report of his findings, together with his comments and recommendations, to the District Officer not later than fifteen (15) days after the completion of the investigation. The report shall state among others, the following:

- a) names, addresses and personal circumstances of the parties involved in the transaction;
- b) location, area and CLT/EP number covering the lot;
- c) the nature of the transaction as well as circumstances surrounding the same including evidences of such transaction;
- d) the name of the person who is actually cultivating the farmholding, and his qualifications; and the date he started cultivating the same;



- e) names of persons who may be considered for reallocation of the farmholding and their qualifications, like but not limited to the following:
- 1) A Patent/CLT holder who has the smallest farmholding which is within the same landholding as the farmholding to be reallocated; Provided that the reallocation would not result in an aggregate area which exceeds the areas prescribed under P.D. 27;
  - 2) The son of any OLT beneficiary who is a farmer and a head of a family, with the same qualifications under item number (3), below;
  - 3) The transferee who has the following qualifications:
    - aa. landless citizen or with uneconomic family-size farm;
    - bb. capable of personally cultivating the land;
    - cc. member of the SN or a duly registered cooperative;
    - dd. resident of the barangay where the land is located or of the adjoining barangay of the same municipality;
    - ee. willing to accept the obligations of tenant-beneficiary.
  - f) the names of other persons interested in the farmholding and their qualifications;
  - g) any other information relevant to the transaction.

#### VI Transmittal of Records

Immediately upon his receipt of the Report and Recommendation/s of the investigating officer, the District Officer shall forward the same and other pertinent papers to the Regional Director, together with his comments and recommendation/s. The latter shall within ten (10) days also forward the said documents, together with his comments and recommendation/s, to the Minister of Agrarian Reform, thru the Bureau of Agrarian Legal Assistance.

The BALA shall review and evaluate the report and it shall prepare a draft of the Decision for consideration and approval of the Minister.



## VII Order/Decision

The Order/Decision shall contain a statement as to whether or not the transaction is violative of P.D. 27. In case of positive findings, it shall direct the cancellation of the CLT issued thereunder; the declaration of the land vacant and the reallocation and disposition of the same to qualified farmers, as well as the forfeiture of all payments made on account of the purchase price thereof in favor of the LBP.

The decision shall contain the same directive in the case of an Emancipation Patent that was issued but not yet registered in the Office of the Register of Deeds concerned.

Pending the disposition/allocation of the land, the actual tiller thereof, be he the transferee or any other person, shall have the obligation to pay a rental for the use of the land equivalent to 15% of the gross produce per harvest of any agricultural crop, the same to be paid to the government through MAR. Such payment of rental shall stop upon reallocation of the landholding. Thereafter, it shall be the obligation of the allocatee to amortize to the LBP the full value of the landholding as determined under P.D. 27.


## VIII Finality of Order/Decision

All Orders/Decisions issued pursuant to this Memorandum Circular shall become final and executory unless the party adversely affected thereby moves for a reconsideration within fifteen (15) days from receipt thereof.

## IX Effectivity

This Memorandum-Circular shall take effect immediately.

Done at Diliman, Quezon City, Metro-Manila, this 20 day of April, 1979.

  
CONRADO F. ESTRELLA

Minister