

**[ REPUBLIC ACT NO. 3844, August 08, 1963 ]**

**AN ACT TO ORDAIN THE AGRICULTURAL LAND REFORM CODE  
AND TO INSTITUTE LAND REFORMS IN THE PHILIPPINES,  
INCLUDING THE ABOLITION OF TENANCY AND THE  
CHANNELING OF CAPITAL INTO INDUSTRY, PROVIDE FOR THE  
NECESSARY IMPLEMENTING AGENCIES, APPROPRIATE FUNDS  
THEREFOR AND FOR OTHER PURPOSES.**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

PRELIMINARY CHAPTER—TITLE, DECLARATION OF POLICY AND  
COMPOSITION OF CODE

SECTION 1. *Title*—This Act shall be known as the Agricultural Land Reform Code.

SEC. 2. *Declaration of Policy*.—It is the policy of the State:

(1) To establish owner-cultivatorship and the economic family-size farm as the basis of Philippine agriculture and, as a consequence, divert landlord capital in agriculture to industrial development;

(2) To achieve a dignified existence for the small farmers free from pernicious institutional restraints and practices;

(3) To create a truly viable social and economic structure in agriculture conducive to greater productivity and higher farm incomes;

(4) To apply all labor laws equally and without discrimination to both industrial and agricultural wage earners;

(5) To provide a more vigorous and systematic land resettlement program and public land distribution; and

(6) To make the small farmers more independent, self-reliant and responsible citizens, and a source of genuine strength in our democratic society.

SEC. 3. *Composition of Code*.—In pursuance of the policy enunciated in Section two, the following are established under this Code:

(1) An agricultural leasehold system to replace all existing share tenancy systems in agriculture;

- (2)A declaration of rights for agriculturallabor;
- (3)An authority for the acquisition and equitable distribution of agricultural land;
- (4)An institution to finance the acquisition and distribution of agricultural land;
- (5)A machinery to extend credit and similar assistance to agriculture;
- (6)A machinery to provide marketing, management, and other technical services to agriculture;
- (7)A unified administration for formulating and implementing projects of land reform;
- (8)An expanded program of land capability survey,classification, and registration; and
- (9)A judicial system to decide issues arising under this Code and other related laws and regulations.

## CHAPTER I.—AGRICULTURAL LEASEHOLD SYSTEM

SEC. 4. *Abolition of Agricultural Share Tenancy.*—Agricultural share tenancy, as herein defined, is hereby declared to be contrary to public policy and shall be abolished: *Provided*, That existing share tenancy contracts may continue in force and effect in any region or locality, to be governed in the by meantime the pertinent provisions of Republic Act Numbered.Eleven hundred and ninety-nine, as amended, until the end of the agricultural year when the National Land Reform Council proclaims that all the government machineries and agencies in that region or locality relating to leasehold envisioned in this Code are operating, unless such contracts provide for a shorter period or the tenant sooner exercises his option to elect the leasehold system: *Provided, further*, That in order not to jeopardize international commitments, lands devoted to crops covered by marketing allotments shall be made the subject of a separate proclamation that adequate provisions, such as the organization of cooperatives, marketing agreements, or other similar workable arrangements, have been made to insure efficient management on all matters requiring synchronization of the agricultural with the processing phases of such crops: *Provided, furthermore*, That where the agricultural share tenancy contract has ceased to be operative by virtue of this Code, or where such a tenancy contract has been entered into in violation of the provisions of this Code and is, therefore, null and void, and the tenant continues in possession of the land for cultivation, there shall be presumed to exist a leasehold relationship under the provisions of this Code, without prejudice to the right of the landowner and the former tenant to enter into any other lawful contract in relation to the land formerly under tenancy contract, as long as in the interim the security of tenure of the former tenant under Republic Act Numbered Eleven hundred and ninety-nine, as amended, and as provided in this Code, is not impaired: *Provided, finally*, That if a lawful leasehold tenancy contract was entered into prior to the effectivity of this Code, the rights and obligations arising therefrom shall continue to subsist until modified by the parties in accordance with the provisions of this Code.

SEC. 5. *Establishment of Agricultural Leasehold Relation.*—The agricultural leasehold relation shall be established by operation of law in accordance with Section four of this Code and, in other cases, either orally or in writing, expressly or impliedly.

SEC. 6. *Parties to Agricultural Leasehold Relation.*—The agricultural leasehold relation shall be limited to the person who furnishes the landholding, either as owner, civil law lessee, usufructuary, or legal possessor, and the person who

personally cultivates the same.

SEC. 7. *Tenure of Agricultural Leasehold Relation.*—The agricultural leasehold relation once established shall confer upon the agricultural lessee the right to continue working on the landholding until such leasehold relation is extinguished. The agricultural lessee shall be entitled to security of tenure on his landholding and cannot be ejected therefrom unless authorized by the Court for causes herein provided.

SEC. 8. *Extinguishment of Agricultural Leasehold Relation.*—The agricultural leasehold relation established under this Code shall be extinguished by:

- (1) Abandonment of the landholding without the knowledge of the agricultural lessor;
- (2) Voluntary surrender of the landholding by the agricultural lessee, written notice of which shall be served three months in advance; or
- (3) Absence of the persons under Section nine to succeed to the lessee, in the event of death or permanent incapacity of the lessee.

SEC. 9. *Agricultural Leasehold Relation Not Extinguished by Death or Incapacity of the Parties.*—In case of death or permanent incapacity of the agricultural lessee to work his landholding, the leasehold shall continue between the agricultural lessor and the person who can cultivate the landholding personally, chosen by the agricultural lessor within one month from such death or permanent incapacity, from among the following: (a) the surviving spouse; (b) the eldest direct descendant by consanguinity; or (c) the next eldest descendant or descendants in order of their age: *Provided*, That in case the death or permanent incapacity of the agricultural lessee occurs during the agricultural year, such choice shall be exercised at the end of that agricultural year: *Provided, further*, That in the event the agricultural lessor fails to exercise his choice within the periods herein provided, the priority shall be in accordance with the order herein established.

In case of death or permanent incapacity of the agricultural lessor, the leasehold shall bind his legal heirs.

SEC. 10. *Agricultural Leasehold Relation Not Extinguished by Expiration of Period, etc.*—The agricultural leasehold relation under this Code shall not be extinguished by mere expiration of the term or period in a leasehold contract nor by the sale, alienation or transfer of the legal possession of the landholding. In case the agricultural lessor sells, alienates or transfers the legal possession of the landholding, the purchaser or transferee thereof shall be subrogated to the rights and substituted to the obligations of the agricultural lessor.

SEC. 11. *Lessee's Right of Pre-emption.*—In case the agricultural lessor decides to sell the landholding, the agricultural lessee shall have the preferential right to buy the same under reasonable terms and conditions: *Provided*, That the entire landholding offered for sale must be preempted by the Land Authority if the landowner so desires, unless the majority of the lessees object to such acquisition: *Provided, further*, That where there are two or more agricultural lessees, each shall be entitled to said preferential right only to the extent of the area actually cultivated by him. The right of pre-emption under this Section may be exercised within ninety days from notice in writing, which shall be served by the owner on all lessees affected.

SEC. 12. *Lessee's Right of Redemption.*—In case the landholding is sold to a third person without the knowledge of the agricultural lessee, the latter shall have the right to redeem the same at a reasonable price and consideration: *Provided,* That the entire landholding sold must be redeemed: *Provided, further,* That where there are two or more agricultural lessees, each shall be entitled to said right of redemption only to the extent of the area actually cultivated by him. The right of redemption under this Section may be exercised within two years from the registration of the sale, and shall have priority over any other right of legal redemption.

SEC. 13. *Affidavit Required in Sale of Land Subject to Right of Pre-emption.*—No deed of sale of agricultural land under cultivation by an agricultural lessee or lessees shall be recorded in the Registry of Property unless accompanied by an affidavit of the vendor that he has given the written notice required in Section eleven of this Chapter or that the land is not worked by an agricultural lessee.

SEC. 14. *Right of Pre-emption and Redemption Not Applicable to Land to be Converted into Residential, Industrial and Similar Purposes.*—The right of pre-emption and redemption granted under Sections eleven and twelve of this Chapter cannot be exercised over landholdings suitably located which the owner bought or holds for conversion into residential, commercial, industrial or other similar non-agricultural purposes: *Provided, however,* That the conversion be in good faith and is substantially carried out within one year from the date of sale. Should the owner fail to comply with the above condition, the agricultural lessee shall have the right to repurchase under reasonable terms and conditions said landholding from said owner within one year after the aforementioned period for conversion has expired: *Provided, however,* That the tenure of one year shall cease to run from the time the agricultural lessee petitions the Land Authority to acquire the land under the provisions of paragraph 11 of Section fifty-one.

SEC. 15. *Agricultural Leasehold Contract in General.*—The agricultural lessor and the agricultural lessee shall be free to enter into any kind of terms, conditions or stipulations in a leasehold contract, as long as they are not contrary to law, morals or public policy. A term, condition or stipulation in an agricultural leasehold contract is considered contrary to law, morals or public policy:

- (1) If the agricultural lessee is required to pay a rental in excess of that which is hereinafter provided for in this Chapter;
- (2) If the agricultural lessee is required to pay a consideration in excess of the fair rental value as defined here in, for the use of work animals and/or farm implements belonging to the agricultural lessor or to any other person; or
- (3) If it is imposed as a condition in the agricultural leasehold contract: (a) that the agricultural lessee is required to rent work, animals or to hire farm implements from the agricultural lessor or a third person, or to make use of any store or services operated by the agricultural lessor or a third person; or (b) that the agricultural lessee is required to perform any work or render any service other than his duties and obligations provided in this Chapter with or without compensation; or (c) that the agricultural lessee is required to answer for any fine, deductions and/or assessments.

Any contract by which the agricultural lessee is required to accept a loan or to make payment therefor in kind shall also be contrary to law, morals or public policy.

SEC. 16. *Nature and Continuity of Conditions of Leasehold Contract.*—In the absence of any agreement as to the period, the terms and conditions of a leasehold contract shall continue until modified by the parties: *Provided*, That in no case shall any modification of its terms and conditions prejudice the right of the agricultural lessee to the security of his tenure on the landholding: *Provided, further*, That in case of a contract with a period an agricultural lessor may not, upon the expiration of the period, increase the rental except in accordance with the provisions of Section thirty-four.

SEC. 17. *Form and Registration of Contract.*—Should the parties decide to reduce their agreement into writing, the agricultural leasehold contract shall be drawn in quadruplicate in a language or dialect known to the agricultural lessee and signed or thumb-marked both by the agricultural lessee personally and by the agricultural lessor or his authorized representative, before two witnesses, to be chosen by each party. If the agricultural lessee does not know how to read, the contents of the document shall be read and explained to him by his witness. The contracting parties shall acknowledge the execution of the contract before the justice of the peace of the municipality where the land is situated. No fees or stamps of any kind shall be required in the preparation and acknowledgment of the instrument. Each of the contracting parties shall retain a copy of the contract. The justice of the peace shall cause the third copy to be delivered to the municipal treasurer of the municipality where the land is located and the fourth copy to the Office of the Agrarian Counsel.

Except in case of mistake, violence, intimidation, undue influence, or fraud, an agricultural contract reduced in writing and registered as hereinafter provided, shall be conclusive between the contracting parties, if not denounced or impugned within thirty days after its registration.

SEC. 18. *Registration of Leasehold Contract.*—The municipal treasurer shall, upon receipt of his copy of the contract, require the agricultural lessee and agricultural lessor to present their respective copies of the contract, and shall cause to be annotated thereon the date, time and place of registration as well as its entry or registration number.

SEC. 19. *Registry of Agricultural Leasehold Contracts.*—The municipal treasurer of the municipality wherein the land is situated shall keep a record of all such contracts drawn and executed within his jurisdiction, to be known as "Registry of Agricultural Leasehold Contracts". He shall keep this registry together with a copy of each contract entered therein, and make annotations on said registry of all subsequent acts relative to each contract, such as its renewal, novation, cancellation, etc. No registration fees or documentary stamps shall be required in the registration of said contracts or of any subsequent acts relative thereto.

SEC. 20. *Memorandum of Loans.*—No obligation to pay money on account of loans including interest thereon obtained by the agricultural lessee from the agricultural lessor or his representative shall be enforceable unless the same or a memorandum thereof be in writing in a language or dialect known to the agricultural lessee, and signed or thumb-marked by him, or by his agent.