

[DAR ADMINISTRATIVE ORDER NO. 4, March 02, 1989]

**RULES AND PROCEDURES GOVERNING AGRICULTURAL
LEASEHOLD AND THE DETERMINATION OF LEASE RENTAL FOR
TENANTED LANDS**

I

Prefatory Statement

In order to protect and improve the tenurial and economic status of tenant-tillers in agricultural lands within the retained areas and areas not yet acquired pursuant to R.A. 6657, the DAR shall determine and fix immediately the lease rentals thereof in accordance with Section 34 of R.A. 3844, as amended.

The DAR shall likewise immediately and periodically review and adjust the rentals for all crops for all regions to progressively improve the condition of the farmer-lessees.

II

Policy

Pursuant to Section 12 of R.A. 6657, the following are the policies on agricultural lease hold and lease rental determination:

A. By operation of law, all share-crop tenants of agricultural lands covered by this Order are automatically converted into agricultural lessees as of June 15, 1988;

B. The lease rental to be paid by all agricultural lessees shall not be more than the equivalent of twenty-five percent (25%) of the average normal harvest during the three (3) agricultural years immediately preceding June 15, 1988, after deducting the amount used for seeds and the cost of harvesting, threshing, loading, hauling and processing, or whichever is applicable.

C. If the land has been cultivated for a period of less than three (3) agricultural years prior to June 15, 1988, the initial rental shall be based on the average normal harvest during the preceding agricultural years when the land was actually cultivated, or on the harvest of the first agricultural year in the case of newly cultivated lands, if that harvest is normal.

After the lapse of the first three (3) normal or usual harvests, the final rental shall be based on the average normal harvest during these three (3) preceding agricultural years.

If there has been no normal harvest, the estimated normal harvest during the three (3) agricultural years immediately preceding shall be considered as the normal or usual harvest.

D. The Municipal Agrarian Reform Officer (MARO) shall determine and fix the rental pursuant to Section 12 of R.A. 6657, based on production records available in the locality.

E. If capital improvements are introduced on the farm by the lessor with the consent of the lessee and subsequently result in increase productivity, the rental shall be increased proportionately.

Capital improvement is understood to mean any permanent and tangible improvement on the land that will result in increased productivity.

F. All leasehold agreements shall be in writing using the prescribed leasehold contract form duly notarized and registered with the Municipal Treasurer's Office.

G. Existing leasehold contracts shall be respected provided that the agreed lease rentals do not exceed the maximum provided by law.

III Coverage

These Rules shall apply to all tenanted agricultural lands including but not limited to the following:

- A. Retained areas under R.A. 6657 and P.D. 27;
- B. Tenanted agricultural lands not yet acquired for distribution under CARP pursuant to R.A. 6657;
- C. All tenanted areas under Section 10 of R.A. 6657 which may be covered by this Order.

IV Effectivity of Leasehold

A. Leasehold arrangements covered by this Order shall take effect on the first agricultural year immediately following the leasehold relationship, as follows:

- 1. Tenanted rice and corn lands and lands planted to other perennial crops as of November 10, 1971;
- 2. Tenanted sugarlands, as of July 4, 1974, upon the termination of the Philippine International Commitment as embodied in the Laurel-Langley Agreement;
- 3. Tenanted coconut and other lands planted to permanent crops, as of June 15, 1988, when R.A. 6657 took effect;