

**[DAR ADMINISTRATIVE ORDER NO. 08, S. 2003,
December 23, 2003]**

**2003 GUIDELINES ON THE ACQUISITION AND DISTRIBUTION
OF COMPENSABLE AGRICULTURAL LANDS UNDER VOLUNTARY
LAND TRANSFER/DIRECT PAYMENT SCHEME (VLT/DPS)**

Pursuant to Section 20 of Republic Act (R.A.) No. 6657, otherwise known as the "Comprehensive Agrarian Reform Law of 1988" landowners, (LOs) of agricultural lands subject of acquisition under the Comprehensive Agrarian Reform Program (CARP) may enter into a voluntary arrangement for the direct transfer of their lands to agrarian reform beneficiaries (ARBs). Section 21 of the same Act provides that direct payment may be made in cash or in kind by the ARB to the LO under the terms to be mutually agreed upon by both parties and which will be binding upon registration with and approval by the Department of Agrarian Reform (DAR).

Section 44 of R.A. No. 6657, as amended by R.A. No. 7905, otherwise known as "An Act to Strengthen the Implementation of the Comprehensive Agrarian Reform Program and for Other Purposes", provides that the Provincial Agrarian Reform Coordinating Council (PARC) the adoption of a direct payment scheme between the landowner and the farmer or farmworker.

In the meeting of the PARC Executive Committee on 19 April 1995, the following resolution was passed:

"Resolved, that the revised rules and procedures governing the acquisition of private agricultural lands subject of voluntary land transfer or direct payment scheme (VLT/DPS) pursuant to R.A. No. 6657 be approved."

These rules and regulations are hereby issued pursuant to the mandate of R.A. No. 6657, as amended by R.A. No. 7905, and the PARC Executive Committee Resolution No. 95-57-2, dated 19 April 1995, in order to provide effective means of implementing and monitoring the VLT/DPS mode of acquisition and distribution. The PARC Secretariat, through the PARCCOM shall monitor the implementation of these guidelines.

**ARTICLE I
PRELIMINARY PROVISIONS**

SECTION 1. Coverage - These guidelines shall cover private agricultural lands

subject to acquisition through VLT/DPS.

SECTION 2. Statement of Policies - The implementation and monitoring of the VLT/DPS shall be governed by the following policies:

a. The ARBs under the VLT/DPS are determined by the DAR to be the same individuals who would be eligible to purchase the lands in case the government, through Compulsory Acquisition (CA) or Voluntary Offer to Sell (VOS), acquired the land for distribution under the agrarian reform program.

A child of the LO may only enter into a VLT/DPS agreement with his/her parent-landowner provided he/she is a tenant in his/her own right prior to 15 June 1988. On the other hand, the child of the LO who qualifies as a beneficiary of the CARP pursuant to Section 6 of R.A. No. 6657 shall be awarded the land of his/her parents in accordance with Memorandum Circular (M.C.) No. 04, Series of 1994 titled, "Clarificatory Guidelines Concerning the Award to Children under Section 6 and 22 of R.A. No. 6657".

b. The ARB who opts for VLT/DPS shall be afforded priority in the processing of documents for the immediate issuance of Certificate of Land Ownership Award (CLOA). In the event that the ARBs of the same landholding do not wish to enter into a VLT/DPS, the landholding shall be processed under standard procedures pursuant to Administrative Order (A.O.) No. 02, Series of 1996 titled, "Revised Rules and Procedures Governing the Acquisition of Agricultural Lands Subject of Voluntary Offer to Sell and Compulsory Acquisition Pursuant to Republic Act No. 6657", as amended by A.O. No. 01, Series of 1998, A.O. No. 04, Series of 2000 and A.O. No. 01, series of 2003.

c. In general, lands shall be distributed directly to individual ARBs. In case it is not economically feasible and sound to divide the land, then it shall be owned collectively by the ARBs who shall form a cooperative or association. The distribution of lands under collective ownership shall be in accordance with the guidelines on the identification, screening and selection of, and distribution to ARBs of private agricultural lands under R.A No. 6657.

d. The terms and conditions of the VLT/DPS shall not be less favorable to the ARB than those of the government's standing offer to purchase from the LO and to sell to the beneficiary, if such offers have been made and are fully known to both parties, including the interest to be paid thereon, if any. The interest should not be more than six percent (6%) per annum pursuant to Section 26 of R.A. No. 6657. It is incumbent upon the DAR to ensure that the ARBs understand and are made fully aware of the options available to them in land distribution.

If the subject land has not yet been valued, the determination of the acceptability of the valuation of subject land under VLT/DPS shall be based on the initial valuation of previously valued claims by the Land

Bank of the Philippines (LBP) of similar/comparable lands in the area pursuant to A.O. No. 05, Series of 1998 titled, "Revised Rules and Regulations Governing the Valuation of Land Voluntarily Offered or Compulsorily Acquired Pursuant to Republic Act No. 6657".

e. Direct payment in cash or in kind may be made by the ARB to the LO under the terms mutually agreed upon by them and which shall be binding upon registration with and approval by the DAR, provided the terms of payment shall not be less favorable to the ARBs. DAR's approval shall be presumed unless a notice of disapproval is received by the ARB and/or the LO within thirty (30) days from the date of receipt of VLT/DPS documentation folder by the DAR Regional Office (DARRO).

In the event that they cannot agree on the price of land, the procedure for compulsory acquisition as provided in Section 16 of R.A. No. 6657 shall apply, whenever applicable.

f. The terms and conditions of VLT/DPS shall include the immediate transfer of possession and ownership of the land in favor of the identified beneficiaries, provided that the LO shall be given reasonable time to harvest the standing crops unharvested pursuant to Section 28 of R.A. No. 6657. CLOAs shall be issued to the ARBs with the proper annotations (e.g. annotation of lien in favor of the LO and that the said landholding is covered by a Deed of Voluntary Land Transfer). However, tax delinquencies incurred by the LO (natural or juridical) prior to VLT/DPS arrangement shall be paid before the registration of the Deed of Voluntary Land Transfer/Direct Payment Scheme (DVLTDPS).

In case of financial incapacity of the LO to pay his realty taxes, he/she may enter into an arrangement with the ARB, with the conformity of the Municipal Treasurer, for the remittance of the ARB amortization to the Municipal Treasurer until the unpaid realty taxes of the landowner plus interest in arrearages accrued prior to 15 June 1988 pursuant to Department of Finance (DOF) Local Finance Circular Nos. 2-94 dated 7 March 1994 and 2-02 dated 30 July 2002, if any, have been fully paid. Thereafter, the ARB amortization shall be remitted to the LO. This arrangement shall be included in the VLT/DPS agreement.

On the basis of this arrangement, the Municipal Treasurer concerned shall issue a realty tax clearance for the registration of the CLOAs.

Realty tax payments shall be the responsibility of the concerned ARBs from the time the DAR makes an award of the land to them, pursuant to Section 24 of RA No. 6657. The payment shall be made on the basis of the assessment of the Municipal Assessor's Office.

g. In case the beneficiary defaults an aggregate of three (3) annual land amortizations due to force majeure or fortuitous events, he/she shall be given a grace period of not less than one year to pay the obligation on deferred payment. This obligation shall be embodied in the VLT/DPS agreement. Otherwise, he/she shall be penalized under Article V, Section 7 of this A.O. In such case, the land shall be distributed in the following

order:

1. To a qualified heir of the beneficiary who is willing to abide by the terms of the existing VLT/DPS agreement and pay for the remaining balance of the value of the land; or
2. In the absence of a qualified heir, to a new qualified beneficiary who, as a condition for such transfer or conveyance, is willing to abide by the terms of the existing VLT/DPS agreement and pay for the entire value of the land.

In the case of substitution of the beneficiary with a qualified heir, the amount amortized by the beneficiary and the improvements the latter may have introduced on the land will be credited in favor of his/her heir.

However, in case the transferee is other than an heir of the original beneficiary, the amount amortized by the original beneficiary and the cost of improvements he/she has introduced on the land may either be reimbursed to him/her in one lump sum or on installment basis.

h. All payments made by an ARB under the VLT/DPS agreement must be covered by receipts that will be issued by the LO. Upon submission by the ARB of receipts showing full payment, the Provincial Agrarian Reform Officer (PARO) concerned shall issue a Certificate of Full Payment and request the Register of Deeds (ROD) concerned for the cancellation of the encumbrance annotated at the back of the CLOA. The Municipal Agrarian Reform Officer (MARO) shall render assistance in this regard when necessary.

Refusal of the landowner to issue a receipt for every payment shall constitute a valid ground for the ARB to suspend payment to landowner and deposit the same with the LBP in the account of the landowner.

i. Lands acquired under the VLT/DPS may not be sold, transferred or conveyed except through hereditary succession, or to the government, or to the LBP, or to other qualified beneficiaries for a period of ten (10) years, provided, however, that the children or the spouse of the transferor shall have the right to repurchase the land from the government or LBP within a period of two (2) years from the date of transfer, pursuant to section 27 of R.A. No. 6657.

j. The agreement on VLT/DPS shall be adequately explained by the MARO to the parties in the local dialect prior to its signing.

k. Land mortgaged with banking and/or financial institutions or private individuals shall not be subject to VLT/DPS.

l. In case of disagreement during negotiations between the landowner and qualified beneficiary over the value of the land and/or the terms and conditions of the proposed VLT/DPS agreement, the parties may subject

themselves to mediation by the PARO upon the request of the MARO. Should the disagreement remain unresolved after six (6) months from the date of the first conference called by the MARO, the negotiations shall be terminated and subject land shall instead be acquired by the government and transferred pursuant to compulsory acquisition under Section 16 of R.A. No. 6657.

m. Landholdings within the LO's retention limit shall not be the subject of VLT/DPS. However, VLT/DPS may be allowed if the LO waives his/her rights of retention as provided under Section 6 of A.O. No. 02, series of 2003 and instead offers the subject area for CARP coverage in addition to his/her landholdings in excess of the retention limits provided under Section 6 of R.A. No. 6657.

n. Landholdings subject of VLT/DPS may be covered under CA or VOS if the concerned parties have not yet signed the Deed of Voluntary Land Transfer (DVLT).

Landholdings covered under CA or VOS may be allowed to be shifted to VLT/DPS mode of acquisition provided that the LBP has not yet issued a memorandum of valuation (MOV) on the subject landholding.

ARTICLE II DOCUMENTARY REQUIREMENTS

SECTION 3. Documentary Requirements - The following basic documents shall be required under the VLT/DPS Agreement (VLT/DPS Form No. 2).

a. For Titled Properties and Lands Acquired Through Prescription

1. Certified true copy of the original copy of title on file with the ROD;
2. Certified true copy of the latest Tax Declaration;
3. Certified true copy of the approved segregation or subdivision plan with corresponding approved technical description;
4. Certified true copy of the Real Estate Tax Clearance or Statement of Tax Delinquency;
5. Certification from the ROD concerned that the property is free from liens and/or encumbrances; and
6. Certification from the LBP that the subject land has not yet been issued with MOV pursuant to Section 2 (n) of this A.O.