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[REPUBLIC ACT No. 6657]

AN ACT INSTITUTING A COMPREHENSIVE AGRARIAN REFORM PROGRAM TO PROMOTE SOCIAL JUSTICE AND INDUSTRIALIZATION, PROVIDING THE MECHANISM FOR ITS IMPLEMENTATION, AND FOR OTHER PURPOSES

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

CHAPTER I

PRELIMINARY CHAPTER

SECTION 1. *Title.*—This Act shall be known as the Comprehensive Agrarian Reform Law of 1988.

SEC. 2. *Declaration of Principles and Policies.*—It is the policy of the State to pursue a Comprehensive Agrarian Reform Program (CARP). The welfare of the landless

farmers and farmworkers will receive the highest consideration to promote social justice and to move the nation toward sound rural development and industrialization, and the establishment of owner cultivatorship of economic-size farms as the basis of Philippine agriculture.

To this end, a more equitable distribution and ownership of land, with due regard to the rights of landowners to just compensation and to the ecological needs of the nation, shall be undertaken to provide farmers and farmworkers with the opportunity to enhance their dignity and improve the quality of their lives through greater productivity of agricultural lands.

The agrarian reform program is founded on the right of farmers and regular farmworkers, who are landless, to own directly or collectively the lands they till or, in the case of other farmworkers, to receive a just share of the fruits thereof. To this end, the State shall encourage and undertake the just distribution of all agricultural lands, subject to the priorities and retention limits set forth in this Act, taking into account ecological, developmental, and equity considerations, and subject to the payment of just compensation. The State shall respect the right of small landowners, and shall provide incentives for voluntary land-sharing.

The State shall recognize the right of farmers, farmworkers and landowners, as well as cooperatives and other independent farmers' organizations, to participate in the planning, organization, and management of the program, and shall provide support to agriculture through appropriate technology and research, and adequate financial, production, marketing and other support services.

The State shall apply the principles of agrarian reform, or stewardship, whenever applicable, in accordance with law, in the disposition or utilization of other natural resources, including lands of the public domain, under lease or concession, suitable to agriculture, subject to prior rights, homestead rights of small settlers and the rights of indigenous communities to their ancestral lands.

The State may resettle landless farmers and farmworkers in its own agricultural estates, which shall be distributed to them in the manner provided by law.

By means of appropriate incentives, the State shall encourage the formation and maintenance of economic-size family farms to be constituted by individual beneficiaries and small landowners.

The State shall protect the rights of subsistence fishermen, especially of local communities, to the preferential use of communal marine and fishing resources, both inland and offshore. It shall provide support to such fishermen through appropriate technology and research, adequate financial, production and marketing assistance and other services. The State shall also protect, develop and conserve such resources. The protection shall extend to offshore fishing grounds of subsistence fishermen against foreign intrusion. Fishworkers shall receive a just share from their labor in the utilization of marine and fishing resources.

The State shall be guided by the principles that land has a social function and land ownership has a social responsibility. Owners of agricultural land have the obligation to cultivate directly or through labor administration the lands they own and thereby make the land productive.

The State shall provide incentives to landowners to invest the proceeds of the agrarian reform program to promote industrialization, employment and privatization of public sector enterprises. Financial instruments used as payment for lands shall contain features that shall enhance negotiability and acceptability in the marketplace.

The State may lease undeveloped lands of the public domain to qualified entities for the development of capital-intensive farms, and traditional and pioneering crops especially those for exports subject to the prior rights of the beneficiaries under this Act.

SEC. 3. Definitions.—For the purpose of this Act, unless the context indicates otherwise:

(a) Agrarian Reform means redistribution of lands, regardless of crops or fruits produced, to farmers and regular farmworkers who are landless, irrespective of tenurial arrangement, to include the totality of factors and support services designed to lift the economic status of the beneficiaries and all other arrangements alternative to the physical redistribution of lands, such as production or profit-sharing, labor administration, and the distribution of shares of stock, which will allow beneficiaries to receive a just share of the fruits of the lands they work.

(b) Agriculture, Agricultural Enterprise or Agricultural Activity means the cultivation of the soil, planting of crops, growing of fruit trees, raising of livestock, poultry or fish, including the harvesting of such farm products, and other farm activities and practices performed by a farmer in conjunction with such farming operations done by persons whether natural or juridical.

(c) Agricultural Land refers to land devoted to agricultural activity as defined in this Act and not classified as mineral, forest, residential, commercial or industrial land.

(d) Agrarian Dispute refers to any controversy relating to tenurial arrangements, whether leasehold, tenancy, stewardship or otherwise, over lands devoted to agriculture, including disputes concerning farmworkers' associations or representation of persons in negotiating, fixing, maintaining, changing or seeking to arrange terms or conditions of such tenurial arrangements.

It includes any controversy relating to compensation of lands acquired under this Act and other terms and conditions of transfer of ownership from landowners to farmworkers, tenants and other agrarian reform beneficiaries, whether the disputants stand in the proximate relation of farm operator and beneficiary, landowner and tenant, or lessor and lessee.

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(e) Idle or Abandoned Land refers to any agricultural land not cultivated, tilled or developed to produce any crop nor devoted to any specific economic purpose continuously for a period of three (3) years immediately prior to the receipt of notice of acquisition by the government as provided under this Act, but does not include land that has become permanently or regularly devoted to non-agricultural purposes. It does not include land which has become unproductive by reason of force majeure or any other fortuitous event, provided that prior to such event, such land was previously used for agricultural or other economic purpose.

(f) Farmer refers to a natural person whose primary livelihood is cultivation of land or the production of agricultural crops, either by himself, or primarily with the assistance of his immediate farm household, whether the land is owned by him, or by another person under a leasehold or share tenancy agreement or arrangement with the owner thereof.

(g) Farmworker is a natural person who renders service for value as an employee or laborer in an agricultural enterprise or farm regardless of whether his compensation is paid on a daily, weekly, monthly or "pakyaw" basis. The term includes an individual whose work has ceased as a consequence of, or in connection with, a pending agrarian dispute and who has not obtained a substantially equivalent and regular farm employment.

(h) Regular Farmworker is a natural person who is employed on a permanent basis by an agricultural enterprise or farm.

(i) Seasonal Farmworker is a natural person who is employed on a recurrent, periodic or intermittent basis by an agricultural enterprise or farm, whether as a permanent or a non-permanent laborer, such as "dumaan", "sacada", and the like.

(j) Other Farmworker is a farmworker who does not fall under paragraphs (g), (h) and (i).

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(k) Cooperatives shall refer to organizations composed primarily of small agricultural producers, farmers, farmworkers, or other agrarian reform beneficiaries who voluntarily organize themselves for the purpose of pooling land, human, technological, financial or other economic resources, and operated on the principle of one member, one vote. A juridical person may be a member of a cooperative, with the same rights and duties as a natural person.

CHAPTER II COVERAGE

SEC. 4. *Scope.*—The Comprehensive Agrarian Reform Law of 1988 shall cover, regardless of tenurial arrangement and commodity produced, all public and private agricultural lands as provided in Proclamation No. 131 and Executive Order No. 229, including other lands of the public domain suitable for agriculture.

More specifically, the following lands are covered by the Comprehensive Agrarian Reform Program:

(a) All alienable and disposable lands of the public domain devoted to or suitable for agriculture. No reclassification of forest or mineral lands to agricultural lands shall be undertaken after the approval of this Act until Congress, taking into account ecological, developmental and equity considerations, shall have determined by law, the specific limits of the public domain.

(b) All lands of the public domain in excess of the specific limits as determined by Congress in the preceding paragraph;

(c) All other lands owned by the Government devoted to or suitable for agriculture; and

(d) All private lands devoted to or suitable for agriculture regardless of the agricultural products raised or that can be raised thereon.

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SEC. 5. *Schedule of Implementation.*—The distribution of all lands covered by this Act shall be implemented immediately and completed within ten (10) years from the effectivity thereof.

SEC. 6. *Retention Limits.*—Except as otherwise provided in this Act, no person may own or retain, directly or indirectly, any public or private agricultural land, the size of which shall vary according to factors governing a viable family-size farm, such as commodity produced, terrain, infrastructure, and soil fertility as determined by the Presidential Agrarian Reform Council (PARC) created hereunder, but in no case shall retention by the landowner exceed five (5) hectares. Three (3) hectares may be awarded to each child of the landowner, subject to the following qualifications: (1) that he is at least fifteen (15) years of age; and (2) that he is actually tilling the land or directly managing the farm: *Provided*, That landowners whose lands have been covered by Presidential Decree No. 27 shall be allowed to keep the area originally retained by them thereunder: *Provided, further*, That original homestead grantees or their direct compulsory heirs who still own the original homestead at the time of the approval of this Act shall retain the same areas as long as they continue to cultivate said homestead.

The right to choose the area to be retained, which shall be compact or contiguous, shall pertain to the landowner: *Provided, however*, That in case the area selected for retention by the landowner is tenanted, the tenant shall have the option to choose whether to remain therein or be a beneficiary in the same or another agricultural land with similar or comparable features. In case the tenant chooses to remain in the retained area, he shall be considered a leaseholder and shall lose his right to be a beneficiary under this Act. In case the tenant chooses to be a beneficiary in another agricultural land, he loses his right as a leaseholder to the land retained by the landowner. The tenant must exercise this option within a period of one (1) year from the time the landowner manifests his choice of the area for retention.

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In all cases, the security of tenure of the farmers or farmworkers on the land prior to the approval of this Act shall be respected.

Upon the effectivity of this Act, any sale, disposition, lease, management contract or transfer of possession of private lands executed by the original landowner in violation of this Act shall be null and void: *Provided, however,* That those executed prior to this Act shall be valid only when registered with the Register of Deeds within a period of three (3) months after the effectivity of this Act. Thereafter, all Registers of Deeds shall inform the Department of Agrarian Reform (DAR) within thirty (30) days of any transaction involving agricultural lands in excess of five (5) hectares.

SEC. 7. Priorities.—The Department of Agrarian Reform (DAR) in coordination with the Presidential Agrarian Reform Council (PARC) shall plan and program the acquisition and distribution of all agricultural lands through a period of ten (10) years from the effectivity of this Act. Lands shall be acquired and distributed as follows:

Phase One: Rice and corn lands under Presidential Decree No. 27; all idle or abandoned lands; all private lands voluntarily offered by the owners for agrarian reform; all lands foreclosed by government financial institutions; all lands acquired by the Presidential Commission on Good Government (PCGG); and all other lands owned by the government devoted to or suitable for agriculture, which shall be acquired and distributed immediately upon the effectivity of this Act, with the implementation to be completed within a period of not more than four (4) years;

Phase Two: All alienable and disposable public agricultural lands; all arable public agricultural lands under agro-forest, pasture and agricultural leases already cultivated and planted to crops in accordance with Section 6, Article XIII of the Constitution; all public agricultural lands which are to be opened for new development and resettlement; and all private agricultural lands in excess of fifty (50) hectares, insofar as the excess hectarage is

concerned, to implement principally the rights of farmers and regular farmworkers, who are landless, to own directly or collectively the lands they till, which shall be distributed immediately upon the effectivity of this Act, with the implementation to be completed within a period of not more than four (4) years.

Phase Three: All other private agricultural lands commencing with large landholdings and proceeding to medium and small landholdings under the following schedule:

(a) Landholdings above twenty-four (24) hectares up to fifty (50) hectares, to begin on the fourth (4th) year from the effectivity of this Act and to be completed within three (3) years; and

(b) Landholdings from the retention limit up to twenty-four (24) hectares, to begin on the sixth (6th) year from the effectivity of this Act and to be completed within four (4) years; to implement principally the right of farmers and regular farmworkers who are landless, to own directly or collectively the lands they till.

The schedule of acquisition and redistribution of all agricultural lands covered by this program shall be made in accordance with the above order of priority, which shall be provided in the implementing rules to be prepared by the Presidential Agrarian Reform Council (PARC), taking into consideration the following: the need to distribute lands to the tillers at the earliest practicable time; the need to enhance agricultural productivity; and the availability of funds and resources to implement and support the program.

In any case, the PARC, upon recommendation by the Provincial Agrarian Reform Coordinating Committee (PARCCOM), may declare certain provinces or regions as priority land reform areas, in which case the acquisition and distribution of private agricultural lands therein may be implemented ahead of the above schedules.

In effecting the transfer within these guidelines, priority must be given to lands that are tenanted.

The PARC shall establish guidelines to implement the above priorities and distribution scheme, including the determination of who are qualified beneficiaries: *Provided*, That an owner-tiller may be a beneficiary of the land he does not own but is actually cultivating to the extent of the difference between the area of the land he owns and the award ceiling of three (3) hectares.

SEC. 8. *Multinational Corporations*.—All lands of the public domain leased, held or possessed by multinational corporations or associations, and other lands owned by the government or by government-owned or controlled corporations, associations, institutions, or entities, devoted to existing and operational agri-business or agro-industrial enterprises, operated by multinational corporations and associations, shall be programmed for acquisition and distribution immediately upon the effectivity of this Act, with the implementation to be completed within three (3) years.

Lands covered by the paragraph immediately preceding, under lease, management, grower or service contracts, and the like, shall be disposed of as follows:

(a) Lease, management, grower or service contracts covering such lands covering an aggregate area in excess of 1,000 hectares, leased or held by foreign individuals in excess of 500 hectares are deemed amended to conform with the limits set forth in Section 3 of Article XII of the Constitution.

(b) Contracts covering areas not in excess of 1,000 hectares in the case of such corporations and associations, and 500 hectares, in the case of such individuals, shall be allowed to continue under their original terms and conditions but not beyond August 29, 1992, or their valid termination, whichever comes sooner, after which, such agreements shall continue only when confirmed by the appropriate government agency. Such contracts shall likewise continue even after the land has been transferred to beneficiaries or awardees thereof, which transfer shall

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be immediately commenced and implemented, and completed within the period of three (3) years mentioned in the first paragraph hereof.

(c) In no case will such leases and other agreements now being implemented extend beyond August 29, 1992, when all lands subject hereof shall have been distributed completely to qualified beneficiaries or awardees.

Such agreements can continue thereafter only under a new contract between the government or qualified beneficiaries or awardees, on the one hand, and said enterprises, on the other.

Lands leased, held or possessed by multinational corporations, owned by private individuals and private non-governmental corporations, associations, institutions and entities, citizens of the Philippines, shall be subject to immediate compulsory acquisition and distribution upon the expiration of the applicable lease, management, grower or service contract in effect as of August 29, 1987, or otherwise, upon its valid termination, whichever comes sooner, but not later than after ten (10) years following the effectivity of this Act. However, during the said period of effectivity, the government shall take steps to acquire these lands for immediate distribution thereafter.

In general, lands shall be distributed directly to the individual worker-beneficiaries. In case it is not economically feasible and sound to divide the land, then they shall form a workers' cooperative or association which will deal with the corporation or business association or any other proper party for the purpose of entering into a lease or growers agreement and for all other legitimate purposes. Until a new agreement is entered into by and between the workers' cooperative or association and the corporation or business association or any other proper party, any agreement existing at the time this Act takes effect between the former and the previous landowner shall be respected by both the workers' cooperative or association and the corporation, business

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association or such other proper party. In no case shall the implementation or application of this Act justify or result in the reduction of status or diminution of any benefits received or enjoyed by the worker-beneficiaries, or in which they may have a vested right, at the time this Act becomes effective.

The provisions of Section 32 of this Act, with regard to production- and income-sharing shall apply to farms operated by multinational corporations.

During the transition period, the new owners shall be assisted in their efforts to learn modern technology in production. Enterprises which show a willingness and commitment and good-faith efforts to impart voluntarily such advanced technology will be given preferential treatment where feasible.

In no case shall a foreign corporation, association, entity or individual enjoy any rights or privileges better than those enjoyed by a domestic corporation, association, entity or individual.

SEC. 9. *Ancestral Lands*.—For purposes of this Act, ancestral lands of each indigenous cultural community shall include, but not be limited to, lands in the actual, continuous and open possession and occupation of the community and its members: *Provided*, That the Torrens System shall be respected.

The right of these communities to their ancestral lands shall be protected to ensure their economic, social and cultural well-being. In line with the principles of self-determination and autonomy, the systems of land ownership, land use, and the modes of settling land disputes of all these communities must be recognized and respected.

Any provision of law to the contrary notwithstanding, the PARC may suspend the implementation of this Act with respect to ancestral lands for the purpose of identifying and delineating such lands: *Provided*, That in the autonomous regions, the respective legislatures may

enact their own laws on ancestral domain subject to the provisions of the Constitution and the principles enunciated in this Act and other national laws.

SEC. 10. *Exemptions and Exclusions*.—Lands actually, directly and exclusively used and found to be necessary for parks, wildlife, forest reserves, reforestation, fish sanctuaries and breeding grounds, watersheds and mangroves, national defense, school sites and campuses including experimental farm stations operated by public or private schools for educational purposes, seeds and seedlings research and pilot production centers, church sites and convents appurtenant thereto, mosque sites and Islamic centers appurtenant thereto, communal burial grounds and cemeteries, penal colonies and penal farms actually worked by the inmates, government and private research and quarantine centers and all lands with eighteen percent (18%) slope and over, except those already developed shall be exempt from the coverage of this Act.

SEC. 11. *Commercial Farming*.—Commercial farms, which are private agricultural lands devoted to commercial livestock, poultry and swine raising, and aquaculture including saltbeds, fishponds and prawn ponds, fruit farms, orchards, vegetable and cut-flower farms, and cacao, coffee and rubber plantations, shall be subject to immediate compulsory acquisition and distribution after ten (10) years from the effectivity of this Act. In the case of new farms, the ten-year period shall begin from the first year of commercial production and operation, as determined by the DAR. During the ten-year period, the government shall initiate the steps necessary to acquire these lands, upon payment of just compensation for the land and the improvements thereon, preferably in favor of organized cooperatives or associations, which shall thereafter manage the said lands for the worker-beneficiaries.

If the DAR determines that the purposes for which this deferment is granted no longer exist, such areas shall automatically be subject to redistribution.

The provisions of Section 32 of this Act, with regard to production- and income-sharing, shall apply to commercial farms.

CHAPTER III

IMPROVEMENT OF TENURIAL AND LABOR RELATIONS

SEC. 12. *Determination of Lease Rentals.*—In order to protect and improve the tenurial and economic status of the farmers in tenanted lands under the retention limit and lands not yet acquired under this Act, the DAR is mandated to determine and fix immediately the lease rentals thereof in accordance with Section 34 of Republic Act No. 3844, as amended: *Provided, That* the DAR shall immediately and periodically review and adjust the rental structure for different crops, including rice and corn, of different regions in order to improve progressively the conditions of the farmer, tenant or lessee.

SEC. 13. *Production-Sharing Plan.*—Any enterprise adopting the scheme provided for in Section 32 hereof or operating under a production venture, lease, management contract or other similar arrangement and any farm covered by Sections 8 and 11 hereof is hereby mandated to execute within ninety (90) days from the effectivity of this Act, a production-sharing plan, under guidelines prescribed by the appropriate government agency.

Nothing herein shall be construed to sanction the diminution of any benefits such as salaries, bonuses, leaves and working conditions granted to the employee-beneficiaries under existing laws, agreements, and voluntary practice by the enterprise, nor shall the enterprise and its employee-beneficiaries be prevented from entering into any agreement with terms more favorable to the latter.

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CHAPTER IV REGISTRATION

SEC. 14. *Registration of Landowners.*—Within one hundred eighty (180) days from the effectivity of this Act, all persons, natural or juridical, including government entities, that own or claim to own agricultural lands, whether in their names or in the name of others, except those who have already registered pursuant to Executive Order No. 229, who shall be entitled to such incentives as may be provided for by the PARC, shall file a sworn statement in the proper assessor's office in the form to be prescribed by the DAR, stating the following information:

- (a) the description and area of the property;
- (b) the average gross income from the property for at least three (3) years;
- (c) the names of all tenants and farmworkers therein;
- (d) the crops planted in the property and the area covered by each crop as of June 1, 1987;
- (e) the terms of mortgages, leases, and management contracts subsisting as of June 1, 1987; and
- (f) the latest declared market value of the land as determined by the city or provincial assessor.

SEC. 15. *Registration of Beneficiaries.*—The DAR in coordination with the Barangay Agrarian Reform Committee (BARC) as organized in this Act, shall register all agricultural lessees, tenants and farmworkers who are qualified to be beneficiaries of the CARP. These potential beneficiaries with the assistance of the BARC and the DAR shall provide the following data:

- (a) names and members of their immediate farm household;
- (b) owners or administrators of the lands they work on and the length of tenurial relationship;
- (c) location and area of the land they work;

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(d) crops planted; and

(e) their share in the harvest or amount of rental paid or wages received.

A copy of the registry or list of all potential CARP beneficiaries in the barangay shall be posted in the barangay hall, school or other public buildings in the barangay where it shall be open to inspection by the public at all reasonable hours.

CHAPTER V

LAND ACQUISITION

SEC. 16. Procedure for Acquisition of Private Lands.—For purposes of acquisition of private lands, the following procedures shall be followed:

(a) After having identified the land, the landowners and the beneficiaries, the DAR shall send its notice to acquire the land to the owners thereof, by personal delivery or registered mail, and post the same in a conspicuous place in the municipal building and barangay hall of the place where the property is located. Said notice shall contain the offer of the DAR to pay a corresponding value in accordance with the valuation set forth in Sections 17, and 18, and other pertinent provisions hereof.

(b) Within thirty (30) days from the date of receipt of written notice by personal delivery or registered mail, the landowner, his administrator or representative shall inform the DAR of his acceptance or rejection of the offer.

(c) If the landowner accepts the offer of the DAR, the Land Bank of the Philippines (LBP) shall pay the landowner the purchase price of the land within thirty (30) days after he executes and delivers a deed of transfer in favor of the government and surrenders the Certificate of Title and other muniments of title.

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(d) In case of rejection or failure to reply, the DAR shall conduct summary administrative proceedings to determine the compensation for the land by requiring the landowner, the LBP and other interested parties to submit evidence as to the just compensation for the land, within fifteen (15) days from the receipt of the notice. After the expiration of the above period, the matter is deemed submitted for decision. The DAR shall decide the case within thirty (30) days after it is submitted for decision.

(e) Upon receipt by the landowner of the corresponding payment or, in case of rejection or no response from the landowner, upon the deposit with an accessible bank designated by the DAR of the compensation in cash or in LBP bonds in accordance with this Act, the DAR shall take immediate possession of the land and shall request the proper Register of Deeds to issue a Transfer Certificate of Title (TCT) in the name of the Republic of the Philippines. The DAR shall thereafter proceed with the redistribution of the land to the qualified beneficiaries.

(f) Any party who disagrees with the decision may bring the matter to the court of proper jurisdiction for final determination of just compensation.

CHAPTER VI

COMPENSATION

SEC. 17. Determination of Just Compensation—In determining just compensation, the cost of acquisition of the land, the current value of like properties, its nature, actual use and income, the sworn valuation by the owner, the tax declarations, and the assessment made by government assessors shall be considered. The social and economic benefits contributed by the farmers and the farmworkers and by the Government to the property as well as the non-payment of taxes or loans secured from any government financing institution on the said land shall be considered as additional factors to determine its valuation.

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SEC. 18. *Valuation and Mode of Compensation.*—The LBP shall compensate the landowner in such amount as may be agreed upon by the landowner and the DAR and the LBP, in accordance with the criteria provided for in Sections 16, and 17, and other pertinent provisions hereof, or as may be finally determined by the court, as the just compensation for the land.

The compensation shall be paid in one of the following modes, at the option of the landowner:

(1) Cash payment, under the following terms and conditions:

(a) For lands above fifty (50) hectares, insofar as the excess hectarage concerned
—Twenty-five percent (25%) cash, the balance to be paid in government financial instruments negotiable at any time.

(b) For lands above twenty-four (24) hectares and up to fifty (50) hectares
—Thirty percent (30%) cash, the balance to be paid in government financial instruments negotiable at any time.

(c) For lands below forty (40) hectares and above twenty-four (24) hectares
—Thirty-five percent (35%) cash, the balance to be paid in government financial instruments negotiable at any time.

(2) Shares of stock in government-owned or controlled corporations; LBP preferred shares, physical assets or other qualified investments in accordance with guidelines set by the PARC;

(3) Tax credits which can be used against any tax liability;

(4) LBP bonds, which shall have the following features:

(a) Market interest rates aligned with 91-day treasury bill rates. Ten percent (10%) of the face value of the bonds shall mature every year from the date of issuance

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until the tenth (10th) year: *Provided*, That should the landowner choose to forego the cash portion, whether in full or in part, he shall be paid correspondingly in LBP bonds;

(b) Transferability and negotiability. Such LBP bonds may be used by the landowner, his successors in interest or his assigns, up to the amount of their face value, for any of the following:

(i) Acquisition of land or other real properties of the government, including assets under the Asset Privatization Program and other assets foreclosed by government financial institutions in the same province or region where the lands for which the bonds were paid are situated;

(ii) Acquisition of shares of stock of government-owned or controlled corporations or shares of stock owned by the government in private corporations;

(iii) Substitution for surety or bail bonds for the provisional release of accused persons, or for performance bonds;

(iv) Security for loans with any government financial institution, provided the proceeds of the loans shall be invested in an economic enterprise, preferably in a small- and medium-scale industry, in the same province or region as the land for which the bonds are paid;

(v) Payment for various taxes and fees to government: *Provided*, That the use of these bonds for these purposes will be limited to a certain percentage of the outstanding balance of the financial instruments: *Provided, further*, That the PARC shall determine the percentages mentioned above;

(vi) Payment for tuition fees of the immediate family of the original bondholder in government universities, colleges, trade schools, and other institutions;

(vii) Payment for fees of the immediate family of the original bondholder in government hospitals; and

(viii) Such other uses as the PARC may from time to time allow.

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In case of extraordinary inflation, the PARC shall take appropriate measures to protect the economy.

SEC. 19. *Incentives for Voluntary Offers for Sale.*—Landowners, other than banks and other financial institutions, who voluntarily offer their lands for sale shall be entitled to an additional five percent (5%) cash payment.

SEC. 20. *Voluntary Land Transfer.*—Landowners of agricultural lands subject to acquisition under this Act may enter into a voluntary arrangement for direct transfer of their lands to qualified beneficiaries subject to the following guidelines:

(a) All notices for voluntary land transfer must be submitted to the DAR within the first year of the implementation of the CARP. Negotiations between the landowners and qualified beneficiaries covering any voluntary land transfer which remain unresolved after one (1) year shall not be recognized and such land shall instead be acquired by the government and transferred pursuant to this Act.

(b) The terms and conditions of such transfer shall not be less favorable to the transferee than those of the government's standing offer to purchase from the landowner and to resell to the beneficiaries, if such offers have been made and are fully known to both parties.

(c) The voluntary agreement shall include sanctions for non-compliance by either party and shall be duly recorded and its implementation monitored by the DAR.

SEC. 21. *Payment of Compensation by Beneficiaries under Voluntary Land Transfer.*—Direct payment in cash or in kind may be made by the farmer-beneficiary to the landowner under terms to be mutually agreed upon by both parties, which shall be binding upon them, upon registration with and approval by the DAR. Said approval shall be considered given, unless notice of disapproval is received by the farmer-beneficiary within thirty (30) days from the date of registration.

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In the event they cannot agree on the price of land, the procedure for compulsory acquisition as provided in Section 16 shall apply. The LBP shall extend financing to the beneficiaries for purposes of acquiring the land.

CHAPTER VII

LAND REDISTRIBUTION

SEC. 22. *Qualified Beneficiaries.*—The lands covered by the CARP shall be distributed as much as possible to landless residents of the same barangay, or in the absence thereof, landless residents of the same municipality in the following order of priority:

- (a) agricultural lessees and share tenants;
- (b) regular farmworkers
- (c) seasonal farmworkers;
- (d) other farmworkers;
- (e) actual tillers or occupants of public lands;
- (f) collectives or cooperatives of the above beneficiaries; and
- (g) others directly working on the land.

Provided, however, That the children of landowners who are qualified under Section 6 of this Act shall be given preference in the distribution of the land of their parents: and *Provided, further,* That actual tenant-tillers in the landholding shall not be ejected or removed therefrom.

Beneficiaries under Presidential Decree No. 27 who have culpably sold, disposed of, or abandoned their land are disqualified to become beneficiaries under this Program.

A basic qualification of a beneficiary shall be his willingness, aptitude, and ability to cultivate and make the land as productive as possible. The DAR shall adopt a system of monitoring the record or performance of each beneficiary, so that any beneficiary guilty of negligence or misuse of the land or any support extended to him shall forfeit his right

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to continue as such beneficiary. The DAR shall submit periodic reports on the performance of the beneficiaries to the PARC.

If, due to the landowner's retention rights or to the number of tenants, lessees, or workers on the land, there is not enough land to accommodate any or some of them, they may be granted ownership of other lands available for distribution under this Act, at the option of the beneficiaries.

Farmers already in place and those not accommodated in the distribution of privately-owned lands will be given preferential rights in the distribution of lands from the public domain.

SEC. 23. *Distribution Limit.*—No qualified beneficiary may own more than three (3) hectares of agricultural land.

SEC. 24. *Award to Beneficiaries.*—The rights and responsibilities of the beneficiary shall commence from the time the DAR makes an award of the land to him, which award shall be completed within one hundred eighty (180) days from the time the DAR takes actual possession of the land. Ownership of the beneficiary shall be evidenced by a Certificate of Land Ownership Award, which shall contain the restrictions and conditions provided for in this Act, and shall be recorded in the Register of Deeds concerned and annotated on the Certificate of Title.

SEC. 25. *Award Ceilings for Beneficiaries.*—Beneficiaries shall be awarded an area not exceeding three (3) hectares, which may cover a contiguous tract of land or several parcels of land cumulated up to the prescribed award limits.

For purposes of this Act, a landless beneficiary is one who owns less than three (3) hectares of agricultural land.

The beneficiaries may opt for collective ownership, such as co-ownership or farmers cooperative or some other form of collective organization: *Provided*, That the total area that may be awarded shall not exceed the total number of

co-owners or members of the cooperative or collective organization multiplied by the award limit above prescribed, except in meritorious cases as determined by the PARC. Title to the property shall be issued in the name of the co-owners or the cooperative or collective organization as the case may be.

SEC. 26. *Payment by Beneficiaries.*—Lands awarded pursuant to this Act shall be paid for by the beneficiaries to the LBP in thirty (30) annual amortizations at six percent (6%) interest per annum. The payments for the first three (3) years after the award may be at reduced amounts as established by the PARC: *Provided*, That the first five (5) annual payments may not be more than five percent (5%) of the value of the annual gross production as established by the DAR. Should the scheduled annual payments after the fifth year exceed ten percent (10%) of the annual gross production and the failure to produce accordingly is not due to the beneficiary's fault, the LBP may reduce the interest rate or reduce the principal obligation to make the repayment affordable.

The LBP shall have a lien by way of mortgage on the land awarded to the beneficiary; and this mortgage may be foreclosed by the LBP for non-payment of an aggregate of three (3) annual amortizations. The LBP shall advise the DAR of such proceedings and the latter shall subsequently award the forfeited landholding to other qualified beneficiaries. A beneficiary whose land, as provided herein, has been foreclosed shall thereafter be permanently disqualified from becoming a beneficiary under this Act.

SEC. 27. *Transferability of Awarded Lands.*—Lands acquired by beneficiaries under this Act 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 a right to repurchase the land from the government or LBP within a period of two (2) years. Due notice of

the availability of the land shall be given by the LBP to the Barangay Agrarian Reform Committee (BARC) of the barangay where the land is situated. The Provincial Agrarian Reform Coordinating Committee (PARCCOM), as herein provided, shall, in turn, be given due notice thereof by the BARC.

If the land has not yet been fully paid by the beneficiary, the rights to the land may be transferred or conveyed, with prior approval of the DAR, to any heir of the beneficiary or to any other beneficiary who, as a condition for such transfer or conveyance, shall cultivate the land himself. Failing compliance herewith, the land shall be transferred to the LBP which shall give due notice of the availability of the land in the manner specified in the immediately preceding paragraph.

In the event of such transfer to the LBP, the latter shall compensate the beneficiary in one lump sum for the amounts the latter has already paid, together with the value of improvements he has made on the land.

SEC. 28. *Standing Crops at the Time of Acquisition.*—The landowner shall retain his share of any standing crops unharvested at the time the DAR shall take possession of the land under Section 16 of this Act, and shall be given a reasonable time to harvest the same.

CHAPTER VIII

CORPORATE FARMS

SEC. 29. *Farms Owned or Operated by Corporations or Other Business Associations.*—In the case of farms owned or operated by corporations or other business associations, the following rules shall be observed by the PARC:

In general, lands shall be distributed directly to the individual worker-beneficiaries.

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In case it is not economically feasible and sound to divide the land, then it shall be owned collectively by the worker-beneficiaries who shall form a workers' cooperative or association which will deal with the corporation or business association. Until a new agreement is entered into by and between the workers' cooperative or association and the corporation or business association, any agreement existing at the time this Act takes effect between the former and the previous landowner shall be respected by both the workers' cooperative or association and the corporation or business association.

SEC. 30. *Homelots and Farmlots for Members of Cooperatives.*—The individual members of the cooperatives or corporations mentioned in the preceding section shall be provided with homelots and small farmlots for their family use, to be taken from the land owned by the cooperative or corporation.

SEC. 31. *Corporate Landowners.*—Corporate landowners may voluntarily transfer ownership over their agricultural landholdings to the Republic of the Philippines pursuant to Section 20 hereof or to qualified beneficiaries, under such terms and conditions, consistent with this Act, as they may agree upon, subject to confirmation by the DAR.

Upon certification by the DAR, corporations owning agricultural lands may give their qualified beneficiaries the right to purchase such proportion of the capital stock of the corporation that the agricultural land, actually devoted to agricultural activities, bears in relation to the company's total assets, under such terms and conditions as may be agreed upon by them. In no case shall the compensation received by the workers at the time the shares of stocks are distributed be reduced. The same principle shall be applied to associations, with respect to their equity or participation.

Corporations or associations which voluntarily divest a proportion of their capital stock, equity or participation in favor of their workers or other qualified beneficiaries under this section shall be deemed to have complied

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with the provisions of this Act: Provided, That the following conditions are complied with:

a) In order to safeguard the right of beneficiaries who own shares of stocks to dividends and other financial benefits, the books of the corporation or association shall be subject to periodic audit by certified public accountants chosen by the beneficiaries;

b) Irrespective of the value of their equity in the corporation or association, the beneficiaries shall be assured of at least one (1) representative in the board of directors, or in a management or executive committee, if one exists, of the corporation or association; and

c) Any shares acquired by such workers and beneficiaries shall have the same rights and features as all other shares.

d) Any transfer of shares of stock by the original beneficiaries shall be void *ab initio* unless said transaction is in favor of a qualified and registered beneficiary within the same corporation.

If within two (2) years from the approval of this Act, the land or stock transfer envisioned above is not made or realized or the plan for such stock distribution approved by the PARC within the same period, the agricultural land of the corporate owners or corporation shall be subject to the compulsory coverage of this Act.

SEC. 32. *Production-Sharing*.—Pending final land transfer, individuals or entities owning, or operating under lease or management contract, agricultural lands are hereby mandated to execute a production-sharing plan with their farmworkers or farmworkers' organization, if any, whereby three percent (3%) of the gross sales from the production of such lands are distributed within sixty (60) days of the end of the fiscal year as compensation to regular and other farmworkers in such lands over and above the compensation they currently receive: *Provided*, That these individuals or entities realize gross sales in excess of five million pesos per annum unless the DAR, upon proper application, determines a lower ceiling.

In the event that the individual or entity realizes a profit, an additional ten percent (10%) of the net profit after tax shall be distributed to said regular and other farmworkers within ninety (90) days of the end of the fiscal year.

To forestall any disruption in the normal operation of lands to be turned over to the farmworker-beneficiaries mentioned above, a transitory period, the length of which shall be determined by the DAR, shall be established.

During this transitory period, at least one percent (1%) of the gross sales of the entity shall be distributed to the managerial, supervisory and technical group in place at the time of the effectivity of this Act, as compensation for such transitory managerial and technical functions as it will perform, pursuant to an agreement that the farmworker-beneficiaries and the managerial, supervisory and technical group may conclude, subject to the approval of the DAR.

SEC. 33. *Payment of Shares of Cooperative or Association*.—Shares of a cooperative or association acquired by farmers-beneficiaries or workers-beneficiaries shall be fully paid for in an amount corresponding to the valuation as determined in the immediately succeeding section. The landowner and the LBP shall assist the farmers-beneficiaries and workers-beneficiaries in the payment for said shares by providing credit financing.

SEC. 34. *Valuation of Lands*.—A valuation scheme for the land shall be formulated by the PARC, taking into account the factors enumerated in Section 17, in addition to the need to stimulate the growth of cooperatives and the objective of fostering responsible participation of the workers-beneficiaries in the creation of wealth.

In the determination of a price that is just not only to the individual but to society as well, the PARC shall consult closely with the landowner and the workers-beneficiaries.

In case of disagreement, the price as determined by the PARC, if accepted by the workers-beneficiaries, shall be followed, without prejudice to the landowner's right to petition the Special Agrarian Court to resolve the issue of valuation.

CHAPTER IX SUPPORT SERVICES

SEC. 35. *Creation of Support Services Office.*—There is hereby created the Office of Support Services under the DAR to be headed by an Undersecretary.

The Office shall provide general support and coordinative services in the implementation of the program, particularly in carrying out the provisions of the following services to farmer-beneficiaries and affected landowners:

- 1) Irrigation facilities, especially second crop or dry season irrigation facilities;
- 2) Infrastructure development and public works projects in areas and settlements that come under agrarian reform, and for this purpose, the preparation of the physical development plan of such settlements providing suitable barangay sites, potable water and power resources, irrigation systems and other facilities for a sound agricultural development plan;
- 3) Government subsidies for the use of irrigation facilities;
- 4) Price support and guarantee for all agricultural produce;
- 5) Extending to small landowners, farmers and farmers' organizations the necessary credit, like concessional and collateral-free loans, for agro-industrialization based on social collaterals like the guarantees of farmers' organizations:

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6) Promoting, developing and extending financial assistance to small- and medium-scale industries in agrarian reform areas;

7) Assigning sufficient numbers of agricultural extension workers to farmers' organizations;

8) Undertake research, development and dissemination of information on agrarian reform and low-cost and ecologically sound farm inputs and technologies to minimize reliance on expensive and imported agricultural inputs;

9) Development of cooperative management skills through intensive training;

10) Assistance in the identification of ready markets for agricultural produce and training in other various aspects of marketing; and

11) Administration, operation, management and funding of support services programs and projects including pilot projects and models related to agrarian reform as developed by the DAR.

SEC. 36. *Funding for Support Services.*—In order to cover the expenses and cost of support services, at least twenty-five percent (25%) of all appropriations for agrarian reform shall be immediately set aside and made available for this purpose. In addition, the DAR shall be authorized to package proposals and receive grants, aid and other forms of financial assistance from any source.

SEC. 37. *Support Services to the Beneficiaries.*—The PARC shall ensure that support services to farmer-beneficiaries are provided, such as:

- (a) Land surveys and titling;
- (b) Liberalized terms on credit facilities and production loans;
- (c) Extension services by way of planting, cropping, production and post-harvest technology transfer, as well as marketing and management assistance and support to cooperatives and farmers' organizations;

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(d) Infrastructure such as access trails, mini-dams, public utilities, marketing and storage facilities; and

(e) Research, production and use of organic fertilizers and other local substances necessary in farming and cultivation.

The PARC shall formulate policies to ensure that support services to farmer-beneficiaries shall be provided at all stages of land reform.

The *Bagong Kilusang Kabuhayan sa Kaunlaran* (BKKK) Secretariat shall be transferred and attached to the LBP, for its supervision including all its applicable and existing funds, personnel, properties, equipment and records.

Misuse or diversion of the financial and support services herein provided shall result in sanctions against the beneficiary guilty thereof, including the forfeiture of the land transferred to him or lesser sanctions as may be provided by the PARC, without prejudice to criminal prosecution.

SEC. 38. *Support Services to Landowners.*—The PARC with the assistance of such other government agencies and instrumentalities as it may direct, shall provide landowners affected by the CARP and prior agrarian reform programs with the following services:

(a) Investment information, financial and counselling assistance;

(b) Facilities, programs and schemes for the conversion or exchange of bonds issued for payment of the lands acquired with stocks and bonds issued by the National Government, the Central Bank and other government institutions and instrumentalities;

(c) Marketing of LBP bonds, as well as promoting the marketability of said bonds in traditional and non-traditional financial markets and stock exchanges; and

(d) Other services designed to utilize productively the proceeds of the sale of such lands for rural industrialization.

A landowner who invests in rural-based industries shall be entitled to the incentives granted to a registered enterprise engaged in a pioneer or preferred area of investment as provided for in the Omnibus Investment Code of 1987, or to such other incentives as the PARC, the LBP, or other government financial institutions may provide.

The LBP shall redeem a landowner's LBP bonds at face value, provided that the proceeds thereof shall be invested in a BCI-registered company or in any agri-business or agro-industrial enterprise in the region where the landowner has previously made investments, to the extent of thirty percent (30%) of the face value of said LBP bonds, subject to guidelines that shall be issued by the LBP.

SEC. 39. *Land Consolidation.*—The DAR shall carry out land consolidation projects to promote equal distribution of landholdings, to provide the needed infrastructures in agriculture, and to conserve soil fertility and prevent erosion.

CHAPTER X

SPECIAL AREAS OF CONCERN

SEC. 40. *Special Areas of Concern.*—As an integral part of the Comprehensive Agrarian Reform Program, the following principles in these special areas of concern shall be observed:

(1) *Subsistence Fishing*—Small fisherfolk, including seaweed farmers, shall be assured of greater access to the utilization of water resources.

(2) *Logging and Mining Concessions*—Subject to the requirement of a balanced ecology and conservation of water resources, suitable areas, as determined by the Department of Environment and Natural Resources (DENR), in logging, mining and pasture areas, shall be

opened up for agrarian settlements whose beneficiaries shall be required to undertake reforestation and conservation production methods. Subject to existing laws, rules and regulations, settlers and members of tribal communities shall be allowed to enjoy and exploit the products of the forest other than timber within the logging concessions.

(3) *Sparsely Occupied Public Agricultural Lands*—Sparsely occupied agricultural lands of the public domain shall be surveyed, proclaimed and developed as farm settlements for qualified landless people based on an organized program to ensure their orderly and early development.

Agricultural land allocations shall be made for ideal family-size farms as determined by the PARC. Pioneers and other settlers shall be treated equally in every respect.

Subject to the prior rights of qualified beneficiaries, uncultivated lands of the public domain shall be made available on a lease basis to interested and qualified parties. Parties who will engage in the development of capital-intensive, traditional or pioneering crops shall be given priority.

The lease period, which shall not be more than a total of fifty (50) years, shall be proportionate to the amount of investment and production goals of the lessee. A system of evaluation and audit shall be instituted.

(4) *Idle, Abandoned, Foreclosed and Sequestered Lands*—Idle, abandoned, foreclosed and sequestered lands shall be planned for distribution as home lots and family-size farmplots to actual occupants. If land area permits, other landless families shall be accommodated in these lands.

(5) *Rural Women*—All qualified women members of the agricultural labor force must be guaranteed and assured equal rights to ownership of the land, equal shares of the farm's produce, and representation in advisory or appropriate decision-making bodies.

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(6) *Veterans and Retirees*—In accordance with Section 7 of Article XVI of the Constitution, landless war veterans and veterans of military campaigns, their surviving spouses and orphans, retirees of the Armed Forces of the Philippines (AFP) and the Integrated National Police (INP), returnees, surrenderees, and similar beneficiaries shall be given due consideration in the disposition of agricultural lands of the public domain.

(7) *Agriculture Graduates*—Graduates of agricultural schools who are landless shall be assisted by the government, through the DAR, in their desire to own and till agricultural lands.

CHAPTER XI

PROGRAM IMPLEMENTATION

SEC. 41. *The Presidential Agrarian Reform Council*.—The Presidential Agrarian Reform Council (PARC) shall be composed of the President of the Philippines as Chairman, the Secretary of Agrarian Reform as Vice-Chairman and the following as members: Secretaries of the Departments of Agriculture; Environment and Natural Resources; Budget and Management; Local Government; Public Works and Highways; Trade and Industry; Finance; Labor and Employment; Director-General of the National Economic and Development Authority; President, Land Bank of the Philippines; Administrator, National Irrigation Administration; and three (3) representatives of affected landowners to represent Luzon, Visayas and Mindanao; six (6) representatives of agrarian reform beneficiaries, two (2) each from Luzon, Visayas and Mindanao, provided that one of them shall be from the cultural communities.

SEC. 42. *Executive Committee*.—There shall be an Executive Committee (EXCOM) of the PARC composed of the Secretary of the DAR as Chairman, and such other members as the President may designate, taking into account Article XIII, Section 5 of the Constitution. Unless otherwise directed by the PARC, the EXCOM may meet and

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decide on any and all matters in between meetings of the PARC: *Provided, however,* That its decisions must be reported to the PARC immediately and not later than the next meeting.

SEC. 43. *Secretariat.*—A PARC Secretariat is hereby established to provide general support and coordinative services such as inter-agency linkages; program and project appraisal and evaluation and general operations monitoring for the PARC.

The Secretariat shall be headed by the Secretary of Agrarian Reform who shall be assisted by an Under-secretary and supported by a staff whose composition shall be determined by the PARC Executive Committee and whose compensation shall be chargeable against the Agrarian Reform Fund. All officers and employees of the Secretariat shall be appointed by the Secretary of Agrarian Reform.

SEC. 44. *Provincial Agrarian Reform Coordinating Committee (PARCCOM).*—A Provincial Agrarian Reform Coordinating Committee (PARCCOM) is hereby created in each province, composed of a Chairman, who shall be appointed by the President upon the recommendation of the EXCOM, the Provincial Agrarian Reform Officer as Executive Officer, and one representative each from the Departments of Agriculture, and of Environment and Natural Resources and from the LBP; one representative each from existing farmers' organizations, agricultural cooperatives and non-governmental organizations in the province; two representatives from landowners, at least one of whom shall be a producer representing the principal crop of the province, and two representatives from farmer and farmworker beneficiaries, at least one of whom shall be a farmer or farmworker representing the principal crop of the province, as members: *Provided,* That in areas where there are cultural communities, the latter shall likewise have one representative.

The PARCCOM shall coordinate and monitor the implementation of the CARP in the province. It shall provide

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information on the provisions of the CARP, guidelines issued by the PARC and on the progress of the CARP in the province.

SEC. 45. *Province-by-Province Implementation.* — The PARC shall provide the guidelines for a province-by-province implementation of the CARP. The ten-year program of distribution of public and private lands in each province shall be adjusted from year to year by the province's PARCCOM in accordance with the level of operations previously established by the PARC, in every case ensuring that support services are available or have been programmed before actual distribution is effected.

SEC. 46. *Barangay Agrarian Reform Committee (BARC).*—Unless otherwise provided in this Act, the provisions of Executive Order No. 229 regarding the organization of the Barangay Agrarian Reform Committee (BARC) shall be in effect.

SEC. 47. *Functions of the BARC.*—In addition to those provided in Executive Order No. 229, the BARC shall have the following functions:

- (a) Mediate and conciliate between parties involved in an agrarian dispute including matters related to tenurial and financial arrangements;
- (b) Assist in the identification of qualified beneficiaries and landowners within the barangay;
- (c) Attest to the accuracy of the initial parcellary mapping of the beneficiary's tillage;
- (d) Assist qualified beneficiaries in obtaining credit from lending institutions;
- (e) Assist in the initial determination of the value of the land;
- (f) Assist the DAR representative in the preparation of periodic reports on the CARP implementation for submission to the DAR;
- (g) Coordinate the delivery of support services to beneficiaries; and

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(h) Perform such other functions as may be assigned by the DAR.

(2) The BARC shall endeavor to mediate, conciliate and settle agrarian disputes lodged before it within thirty (30) days from its taking cognizance thereof. If after the lapse of the thirty day period, it is unable to settle the dispute, it shall issue a certification of its proceedings and shall furnish a copy thereof upon the parties within seven (7) days after the expiration of the thirty day period.

SEC. 48. *Legal Assistance.*—The BARC or any member thereof may, whenever necessary in the exercise of any of its functions hereunder, seek the legal assistance of the DAR and the provincial, city, or municipal government.

SEC. 49. *Rules and Regulations.*—The PARC and the DAR shall have the power to issue rules and regulations, whether substantive or procedural, to carry out the objects and purposes of this Act. Said rules shall take effect ten (10) days after publication in two (2) national newspapers of general circulation.

CHAPTER XII

ADMINISTRATIVE ADJUDICATION

SEC. 50. *Quasi-Judicial Powers of the DAR.*—The DAR is hereby vested with primary jurisdiction to determine and adjudicate agrarian reform matters and shall have exclusive original jurisdiction over all matters involving the implementation of agrarian reform, except those falling under the exclusive jurisdiction of the Department of Agriculture (DA) and the Department of Environment and Natural Resources (DENR).

It shall not be bound by technical rules of procedure and evidence but shall proceed to hear and decide all cases, disputes or controversies in a most expeditious manner, employing all reasonable means to ascertain the facts of

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every case in accordance with justice and equity and the merits of the case. Toward this end, it shall adopt a uniform rule of procedure to achieve a just, expeditious and inexpensive determination of every action or proceeding before it.

It shall have the power to summon witnesses, administer oaths, take testimony, require submission of reports, compel the production of books and documents and answers to interrogatories and issue *subpoena*, and *subpoena duces tecum* and to enforce its writs through sheriffs or other duly deputized officers. It shall likewise have the power to punish direct and indirect contempts in the same manner and subject to the same penalties as provided in the Rules of Court.

Responsible farmer leaders shall be allowed to represent themselves, their fellow farmers, or their organizations in any proceedings before the DAR: *Provided, however*, That when there are two or more representatives for any individual or group, the representatives should choose only one among themselves to represent such party or group before any DAR proceedings.

Notwithstanding an appeal to the Court of Appeals, the decision of the DAR shall be immediately executory.

SEC. 51. *Finality of Determination.*—Any case or controversy before it shall be decided within thirty (30) days after it is submitted for resolution. Only one (1) motion for reconsideration shall be allowed. Any order, ruling or decision shall be final after the lapse of fifteen (15) days from receipt of a copy thereof.

SEC. 52. *Frivolous Appeals.*—To discourage frivolous or dilatory appeals from the decisions or orders on the local or provincial levels, the DAR may impose reasonable penalties, including but not limited to fines or censures upon erring parties.

SEC. 53. *Certification of the BARC.*—The DAR shall not take cognizance of any agrarian dispute or controversy unless a certification from the BARC that the dispute has

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been submitted to it for mediation and conciliation without any success of settlement is presented: *Provided, however,* That if no certification is issued by the BARC within thirty (30) days after a matter or issue is submitted to it for mediation or conciliation the case or dispute may be brought before the PARC.

CHAPTER XIII

JUDICIAL REVIEW

SEC. 54. *Certiorari*.—Any decision, order, award or ruling of the DAR on any agrarian dispute or on any matter pertaining to the application, implementation, enforcement, or interpretation of this Act and other pertinent laws on agrarian reform may be brought to the Court of Appeals by certiorari except as otherwise provided in this Act within fifteen (15) days from receipt of a copy thereof.

The findings of fact of the DAR shall be final and conclusive if based on substantial evidence.

SEC. 55. *No Restraining Order Or Preliminary Injunction*.—No court in the Philippines shall have jurisdiction to issue any restraining order or writ of preliminary injunction against the PARC or any of its duly authorized or designated agencies in any case, dispute or controversy arising from, necessary to, or in connection with the application, implementation, enforcement, or interpretation of this Act and other pertinent laws on agrarian reform.

SEC. 56. *Special Agrarian Court*.—The Supreme Court shall designate at least one (1) branch of the Regional Trial Court (RTC) within each province to act as a Special Agrarian Court.

The Supreme Court may designate more branches to constitute such additional Special Agrarian Courts as may be necessary to cope with the number of agrarian cases in each province. In the designation, the Supreme Court shall give preference to the Regional Trial Courts which have been assigned to handle agrarian cases or whose presiding judges

were former judges of the defunct Court of Agrarian Relations.

The Regional Trial Court (RTC) judges assigned to said courts shall exercise said special jurisdiction in addition to the regular jurisdiction of their respective courts.

The Special Agrarian Courts shall have the powers and prerogatives inherent in or belonging to the Regional Trial Courts.

SEC. 57. *Special Jurisdiction*.—The Special Agrarian Courts shall have original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners, and the prosecution of all criminal offenses under this Act. The Rules of Court shall apply to all proceedings before the Special Agrarian Courts, unless modified by this Act.

The Special Agrarian Courts shall decide all appropriate cases under their special jurisdiction within thirty (30) days from submission of the case for decision.

SEC. 58. *Appointment of Commissioners*.—The Special Agrarian Courts, upon their own initiative or at the instance of any of the parties, may appoint one or more commissioners to examine, investigate and ascertain facts relevant to the dispute, including the valuation of properties, and to file a written report thereof with the court.

SEC. 59. *Orders of the Special Agrarian Courts*.—No order of the Special Agrarian Courts on any issue, question, matter or incident raised before them shall be elevated to the appellate courts until the hearing shall have been terminated and the case decided on the merits.

SEC. 60. *Appeals*.—An appeal may be taken from the decision of the Special Agrarian Courts by filing a petition for review with the Court of Appeals within fifteen (15) days from receipt of notice of the decision; otherwise, the decision shall become final.

An appeal from the decision of the Court of Appeals, or from any order, ruling or decision of the DAR, as the case

may be, shall be by a petition for review with the Supreme Court within a non-extendible period of fifteen (15) days from receipt of a copy of said decision.

SEC. 61. *Procedure on Review.*—Review by the Court of Appeals or the Supreme Court, as the case may be, shall be governed by the Rules of Court. The Court of Appeals, however, may require the parties to file simultaneous memoranda within a period of fifteen (15) days from notice, after which the case is deemed submitted for decision.

SEC. 62. *Preferential Attention in Courts.*—All courts in the Philippines, both trial and appellate, shall give preferential attention to all cases arising from or in connection with the implementation of the provisions of this Act.

All cases pending in court arising from or in connection with the implementation of this Act shall continue to be heard, tried and decided into their finality, notwithstanding the expiration of the ten-year period mentioned in Section 5 hereof.

CHAPTER XIV

FINANCING

SEC. 63. *Funding Source.*—The initial amount needed to implement this Act for the period of ten (10) years upon approval hereof shall be funded from the Agrarian Reform Fund created under Sections 20 and 21 of Executive Order No. 229.

Additional amounts are hereby authorized to be appropriated as and when needed to augment the Agrarian Reform Fund in order to fully implement the provisions of this Act.

Sources of funding or appropriations shall include the following:

a) Proceeds of the sales of the Assets Privatization Trust;

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b) All receipts from assets recovered and from sales of ill-gotten wealth recovered through the Presidential Commission on Good Government;

c) Proceeds of the disposition of the properties of the Government in foreign countries;

d) Portion of amounts accruing to the Philippines from all sources of official foreign aid grants and concessional financing from all countries, to be used for the specific purposes of financing production credits, infrastructures, and other support services required by this Act;

e) Other government funds not otherwise appropriated.

All funds appropriated to implement the provisions of this Act shall be considered continuing appropriations during the period of its implementation.

SEC. 64. *Financial Intermediary for the CARP.*—The Land Bank of the Philippines shall be the financial intermediary for the CARP, and shall insure that the social justice objectives of the CARP shall enjoy a preference among its priorities.

CHAPTER XV

GENERAL PROVISIONS

SEC. 65. *Conversion of Lands.*—After the lapse of five (5) years from its award, when the land ceases to be economically feasible and sound for agricultural purposes, or the locality has become urbanized and the land will have a greater economic value for residential, commercial or industrial purposes, the DAR, upon application of the beneficiary or the landowner, with due notice to the affected parties, and subject to existing laws, may authorize the reclassification or conversion of the land and its disposition: *Provided*, That the beneficiary shall have fully paid his obligation.

SEC. 66. *Exemptions from Taxes and Fees of Land Transfers.*—Transactions under this Act involving a transfer of ownership, whether from natural or juridical persons,

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shall be exempted from taxes arising from capital gains. These transactions shall also be exempted from the payment of registration fees, and all other taxes and fees for the conveyance or transfer thereof: *Provided*, That all arrearages in real property taxes, without penalty or interest, shall be deductible from the compensation to which the owner may be entitled.

SEC. 67. *Free Registration of Patents and Titles.*—All Registers of Deeds are hereby directed to register, free from payment of all fees and other charges, patents, titles and documents required for the implementation of the CARP.

SEC. 68. *Immunity of Government Agencies from Undue Interference.*—No injunction, restraining order, prohibition or mandamus shall be issued by the lower courts against the Department of Agrarian Reform (DAR), the Department of Agriculture (DA), the Department of Environment and Natural Resources (DENR), and the Department of Justice (DOJ) in their implementation of the program.

SEC. 69. *Assistance of Other Government Entities.*—The PARC, in the exercise of its functions, is hereby authorized to call upon the assistance and support of other government agencies, bureaus and offices, including government-owned or controlled corporations.

SEC. 70. *Disposition of Private Agricultural Lands.*—The sale or disposition of agricultural lands retained by a landowner as a consequence of Section 6 hereof shall be valid as long as the total landholdings that shall be owned by the transferee thereof inclusive of the land to be acquired shall not exceed the landholding ceilings provided for in this Act.

Any sale or disposition of agricultural lands after the effectivity of this Act found to be contrary to the provisions hereof shall be null and void.

Transferees of agricultural lands shall furnish the appropriate Register of Deeds and the BARC an affidavit attesting that his total landholdings as a result of the

said acquisition do not exceed the landholding ceiling. The Register of Deeds shall not register the transfer of any agricultural land without the submission of this sworn statement together with proof of service of a copy thereof to the BARC.

SEC. 71. *Bank Mortgages.*—Banks and other financial institutions allowed by law to hold mortgage rights or security interests in agricultural lands to secure loans and other obligations of borrowers, may acquire title to these mortgaged properties, regardless of area, subject to existing laws on compulsory transfer of foreclosed assets and acquisition as prescribed under Section 16 of this Act.

SEC. 72. *Lease, Management, Grower or Service Contracts, Mortgages and Other Claims.*—Lands covered by this Act under lease, management, grower or service contracts, and the like shall be disposed of as follows:

(a) Lease, management, grower or service contracts covering private lands may continue under their original terms and conditions until the expiration of the same even if such land has, in the meantime, been transferred to qualified beneficiaries.

(b) Mortgages and other claims registered with the Register of Deeds shall be assumed by the government up to an amount equivalent to the landowner's compensation value as provided in this Act.

SEC. 73. *Prohibited Acts and Omissions.*—The following are prohibited:

(a) The ownership or possession, for the purpose of circumventing the provisions of this Act, of agricultural lands in excess of the total retention limits or award ceilings by any person, natural or juridical, except those under collective ownership by farmer-beneficiaries.

(b) The forcible entry or illegal detainer by persons who are not qualified beneficiaries under this Act to avail themselves of the rights and benefits of the Agrarian Reform Program.

(c) The conversion by any landowner of his agricultural land into any non-agricultural use with intent to avoid the application of this Act to his landholdings and to dispossess his tenant farmers of the land tilled by them.

(d) The willful prevention or obstruction by any person, association or entity of the implementation of the CARP.

(e) The sale, transfer, conveyance or change of the nature of lands outside of urban centers and city limits either in whole or in part after the effectivity of this Act. The date of the registration of the deed of conveyance in the Register of Deeds with respect to titled lands and the date of the issuance of the tax declaration to the transferee of the property with respect to unregistered lands, as the case may be, shall be conclusive for the purpose of this Act.

(f) The sale, transfer or conveyance by a beneficiary of the right to use or any other usufructuary right over the land he acquired by virtue of being a beneficiary, in order to circumvent the provisions of this Act.

SEC. 74. *Penalties.*—Any person who knowingly or willfully violates the provisions of this Act shall be punished by imprisonment of not less than one (1) month to not more than three (3) years or a fine of not less than one thousand pesos (P1,000.00) and not more than fifteen thousand pesos (P15,000.00), or both, at the discretion of the court.

If the offender is a corporation or association, the officer responsible therefor shall be criminally liable.

SEC. 75. *Suppletory Application of Existing Legislation.*—The provisions of Republic Act No. 3844 as amended, Presidential Decree Nos. 27 and 266 as amended, Executive Order Nos. 228 and 229, both Series of 1987; and other laws not inconsistent with this Act shall have suppletory effect.

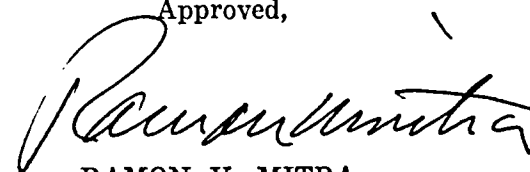
SEC. 76. *Repealing Clause.*—Section 35 of Republic Act No. 3844, Presidential Decree No. 316, the last two paragraphs of Section 12 of Presidential Decree No. 946, Presidential Decree No. 1038, and all other laws, decrees,

executive orders, rules and regulations, issuances or parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

SEC. 77. *Separability Clause.*—If, for any reason, any section or provision of this Act is declared null and void, no other section, provision, or part thereof shall be affected and the same shall remain in full force and effect.

SEC. 78. *Effectivity Clause.*—This Act shall take effect immediately after publication in at least two (2) national newspapers of general circulation.

Approved,

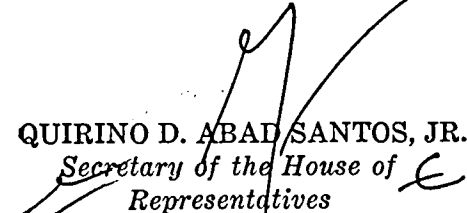


RAMON V. MITRA
Speaker of the House of
Representatives

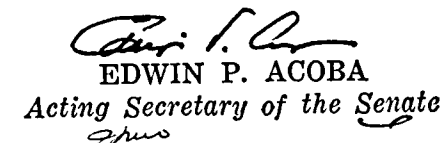


JOVITO R. SALONGA
President of the Senate

This Act which is a consolidation of Senate Bill No. 249 and House Bill No. 400 was finally passed by both the Senate and the House of Representatives on June 7, 1988.

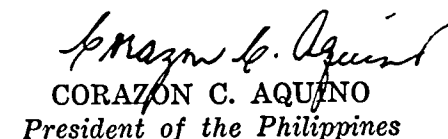


QUIRINO D. ABAD SANTOS, JR.
Secretary of the House of
Representatives



EDWIN P. ACOBA
Acting Secretary of the Senate

Approved: June 10, 1988



CORAZON C. AQUINO
President of the Philippines