

Your land reform primer

What is "Operation Land Transfer?"

Operation Land Transfer (OLT) is the orderly and systematic transfer of tenanted rice and corn lands to the tenant-tillers in pursuance of PD No. 27.

What are the criteria required before a land is covered by Operation Land Transfer?

There are four criteria required before a land is covered by OLT. The absence of one of the criteria exempts the land from coverage. The criteria are:

- The land is private agricultural land;
- The land is tenanted;
- The land is primarily devoted to rice and/or corn; and
- The area of the tenanted land is more than seven hectares.

What are the steps taken to transfer the land to tenant-tillers?

- The first step is the identification of the tenants, landowners and the land covered by OLT.
- The second step is to sketch the actual cultivation of the tenants by title.
- The third step is the issuance of the certificate of land transfer (CLT).
- The fourth step is the land valuation of the land covered.
- The final step is the issuance of the Emancipation Patent to the tenant upon compliance with government requirements.

What is the maximum area that can be transferred to the tenants?

The maximum area that a tenant may get under PD 27 is 3 hectares for irrigated rice/corn land and 5 hectares for unirrigated rice/corn land.

Under OLT, what is the actual area transferred to the tenants?

In order not to cause any social dislocation and promote conflicts in the rural areas, only the actual cultivation of the tenant is transferred to him provided his total landholding does not exceed 3 hectares for irrigated and 5 hectares for unirrigated lands, the maximum area provided by PD 27.

In the determination of the area of tenanted rice and/or corn area covered by OLT owned by a landowner, do we cover by parcel or by the aggregate of all parcels?

OLT covers the aggregate area of all tenanted parcels owned by a single landowner, not parcel by parcel. For example, a landowner owns three parcels with three separate titles in his name with areas of 5 hectares, 6 hectares and 3 hectares. Inasmuch as the total area of all parcels is 14 hectares, all the parcels are covered by Operation Land Transfer even if each parcel is less than 7 hectares.

Can tenanted rice and corn lands inherited before Oct. 21, 1972 be subdivided among the heirs?

If a landowner dies before Oct. 21, 1972, all the heirs are supposed to have succeeded in his place and hence they can subdivide the property among them. However, they cannot select their tenants.

Suppose a landowner wants to subdivide his tenanted rice and corn lands after Oct. 21, 1972, can he do it?

PD No. 27 states that "the tenants are deemed owners of the land they till" as of Oct. 21, 1972, the date the PD was issued.

Suppose a landowner dies after Oct. 21, 1972, can the heirs subdivide the landholding among themselves?

No. After Oct. 21, 1972, the tenants are deemed owners of the land they till hence the heirs of the landowner cannot subdivide the land. They can, however, divide the proceeds of sale of the land.

What is the relation between the tenants and the landowner in the retained area?

The relation between the tenants and the landowner in the retained area is leasehold. The landowner cannot eject the tenants in order that he can till the retained area himself.

When is a tenant issued a Certificate of Land Transfer (CLT)?

When the tenant has been listed and identified as the actual tiller and his cultivation is sketched by the Bureau of Lands, then the CLT is generated by the National Computer Center (NCC) from the data submitted by the Department of Agrarian Reform (DAR). The CLT generated is registered by the LRC and issued to the tenant-tiller if he is a member of a Samahang Nayon, otherwise the CLT is held by DAR until the tenant-tiller becomes a member of an SN.

What is a Certificate of Land Transfer (CLT)?

A Certificate of Land Transfer is an evidence that the tenant whose name appears in the CLT has been listed and identified by the DAR and his cultivation has been sketched by the Bureau of Lands. Upon compliance with government requirements he may be issued an emancipation patent. A CLT is not a title but can be used as a collateral in getting production loan.

Can a farmer who acquired his landholding under PD 27 sell his land to anybody?

No. Pursuant to PD 27, lands acquired under PD 27 cannot be sold to anybody, except by hereditary succession or to the government. The farmer can hand it down to his heirs or if there is no heir he can sell it back to the government.

How long will the tenants have to pay for the land transferred to them?

The tenants are supposed to pay for the land transferred to them in fifteen (15) equal annual amortization at 6% interest per annum.

How about the landowners, how much are they paid?

The tenants are supposed to pay the landowners in fifteen (15) equal annual amortization at 6%. However, due to the clamor of landowners, new modes of payment through the Land Bank have been provided.

What are these modes of payment?

The modes of payment are provided by the Land Bank. The Land Bank pays the landowner and the tenants pay the Land Bank. The modes of payment are:

- Ten percent cash and 90% bonds for 25 years at 6% per annum, tax-free, payable semi-annually.
- Thirty percent in preferred shares of stock and the balance in 25 years, tax-free 6% per annum Land Bank bonds.
- Land Bank guarantees payment of the 15 equal annual amortization to be paid by the tenant-farmers.
- The small landowner is assured of yearly annuities of pension and insurance.
- Land value could be exchanged for stock in government-owned or controlled corporation or private corporation where the government has holdings.

What are the incentives given to small landowners—those owning less than 24 hectares when their lands are covered by OLT?

Small landowners, those owning less than 24 hectares, who are covered by the OLT or who would voluntarily sell their lands are given certain special

incentives. Landowners who started to negotiate with their tenants but failed to complete the requirements on March 31, 1975 were allowed to continue the negotiation. In the event that there is no prospect of agreement, the land valuation is done under a new system.

What is the new system of land valuation?

The new system of land valuation is to have the same price for each land class within a barangay. This means that within the barangay, lands belonging to the same class will have the same price because it is assumed that they have the same production.

Do tenants have to continue to pay their lease rentals even after October 21, 1972?

Yes, tenants are to continue paying their lease rentals. However, whatever they pay after Oct. 21, 1972 is considered as amortization and hence deducted from the computed value of the land.

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What are the incentives. These are:

- Small landowners are paid 20% cash and 80% Land Bank bonds, 25 years tax-free at 6% interest per annum. Interest is payable semi-annually.
- Reduction of the present interest rate from 12% to 10% on loans if he borrows or obtains loans from the Land Bank.
- An additional cash payment of 10% for the education of his children.
- An additional cash payment of not more than 10% for the security of the future of the children such as insurance.
- An additional cash payment of not more than 10% for housing purposes for the family. In all cases the total cash payment to the small landowner cannot be more than 30%.
- Payments are exempt from capital gains tax and income tax.

What are the uses of the Land Bank bonds?

Land Bank bonds may be used for the following:

- Payment for government agricultural lands;
- Payment for government real properties;
- Payment for shares of stock or assets in government-owned or controlled corporations;
- Surety, bail bonds for the provisional release of accused persons;
- Performance bonds where the government may require or accept real property as bonds;
- Security for loans with PNB, DBP, GSI, SSS and other government financial institutions; and
- Payment for reparation goods.

What is the retention of the landowner?

The area a landowner may retain under certain conditions is about 7 hectares.

What are the conditions required before a landowner may retain about 7 hectares?

If the landowner owns in addition to his less than 24 and more than 7 hectares of tenanted rice and corn land, other lands planted to other crops with an area of less than 7 hectares or properties with value less than P100,000 where he derives income then he may retain about 7 hectares of tenanted rice and corn land.

However, if the landowner owns other lands planted to other crops with an area of more than 7 hectares or properties worth P100,000 or more where he derives income, then he cannot retain a portion of the tenanted rice and corn land.

Landowners owning 24 hectares or more of tenanted rice and/or corn lands are not entitled to retention.

Seven (7) hectares or less of tenanted rice and corn lands are not covered by OLT.

What is the relation between the landowner and the tenants in the retained area?

The relation between the landowners and the tenants in the retained area is leasehold and the leasehold contract must be written.

Can the landowner eject the tenants in the retained area so he can cultivate it himself?

No.

When can the landowner eject the tenants?

The landowner can eject the tenants only upon court order if they deliberately fail to pay lease rentals for two consecutive crop years.

Who selects the area to be retained in case the landowner has the option to retain?

The landowner has the option to choose the area to be retained provided the area must be contiguous parcels cultivated by tenants of about 7 hectares and parcels cultivated by tenants must not be broken up to complete the 7 hectares.



From a tenant into an entrepreneur