

**[DAR ADMINISTRATIVE ORDER NO. 02, S. 2014,
February 26, 2014]**

**RULES AND REGULATIONS ON LEASEHOLD OPERATIONS IN
TENANTED COCONUT LANDS AFFECTED BY FORTUITOUS
EVENTS, NATURAL DISASTERS OR CALAMITIES**

In order to address and mitigate the effect of fortuitous events or natural disasters/ calamities on landholdings devoted to coconut production, and to attend to and improve the economic condition of the agricultural lessees-tenants on coconut lands devastated by such fortuitous events or natural disasters/ calamities, the following guidelines concerning the review and adjustment of lease rentals in tenanted coconut lands affected thereby are hereby prescribed:

I. COVERAGE

These rules and regulations shall apply to all tenanted coconut landholdings, with or without a leasehold agreement, which have been affected by fortuitous events or natural disasters / calamities as defined in paragraph II hereof.

II. DEFINITION OF TERMS

Fortuitous Event - refers not only to events that are unforeseeable, but also those which are foreseeable but inevitable. It may either be an "act of God", or natural occurrences such as floods or typhoons, or an "act of man", such as riots, strikes, or wars.

Natural Disaster/Calamity - is a major adverse event resulting from natural processes of the earth. These include typhoons, floods, storm surges, earthquakes, volcanic eruptions, landslides, droughts, and the like, which result in loss of life and damage to property, and typically leave economic damage to the affected population.

Heavy-Damaged Coconut Trees - are those with broken branches and twisted/ broken fronds, at least fifty percent (50%) of the immature nuts of which have fallen. Such trees may take about two (2) to three (3) years to recover production.

Totally-Damaged Coconut Trees - are those trees which are crownless or have fallen down, or where the fronds are heavily shaken and/ or cracked. These are trees having no chance of survival in which 100% of the nut production will be permanently lost.

Principal Crop - is any product/crop raised from the dominant cultivation or use of the land, and harvested on a regular basis.

Other Crops - refers to any product/crop raised other than the crop to which the cultivation of the land is principally devoted in each agricultural year, and which shall

serve as a temporary crop while the principal or replanted coconut trees are under a gestation period.

III. POLICY STATEMENTS

- A. No tenant-lessee shall be ejected or dispossessed or removed from his/her farmholding due to the non-payment of lease rentals as a result of a fortuitous event or natural calamity/disaster, except when his /her dispossession has been authorized by an appropriate body or court in a judgment that is final and executory.
- B. **Said tenant-lessee shall renegotiate a new leasehold agreement with the landowner specifying the new terms and conditions of their tenancy relation or agreements**, particularly with respect to the payment of the lease rental, planting of crops, and change of crop, if necessary and upon agreement. This does not imply that the tenancy relationship has been extinguished by the fortuitous event.
- C. The consideration for the lease shall not be more than the equivalent of twenty five per cent (25%) of the average normal harvest during the three (3) agricultural years immediately preceding the date the leasehold was established after deducting the amount used for seeds and the cost of harvesting, threshing, loading, hauling and processing, whichever are applicable. If the land was cultivated for less than three (3) years, the initial consideration shall be based on the average normal harvest of the preceding year/s when the land was actually cultivated, or on the harvest of the first year in the case of newly cultivated lands, if that harvest is normal (Section 34, 1st proviso, R.A. No. 3844).

Where the coconut trees on the subject landholding are **heavily** or **totally**-damaged due to a fortuitous event or natural calamity/disaster resulting in a crop failure, the tenant-lessee's security of tenure shall be maintained despite the failure to pay lease rentals. During the period when the landholding is being rehabilitated, through the re-planting of the principal crop (coconut trees) and while the said principal crop is still in the gestation stage or where production has not yet attained its average normal harvest, the tenant-lessee shall be allowed to plant other crops subject to the preceding paragraph. The other crops planted shall serve as the temporary crop.

- D. Subject to Memorandum Circular No. 05, Series of 2013 issued by the Philippine Coconut Authority (PCA), the affected tenant-lessee shall be allowed to cut and transport coconut trees, provided that the necessary permit shall be secured from the PCA, pursuant to R.A. No. 10593 and its pertinent existing policies, rules, and regulations.
- E. The net proceeds of the cut coconut trees, after deducting the cost of cutting and hauling, which shall be reimbursed to the party who shoulders the said expenses, shall likewise be divided between the tenant-lessee and landowner-lessor in a manner agreed by them, provided that in no case may the share of the tenant-lessee be less than seventy five per cent (75%) of the net proceeds. In case of