

**[ DAR ADMINISTRATIVE ORDER NO. 13 S. 1991,  
November 21, 1991 ]**

**RULES AND PROCEDURES GOVERNING VOLUNTARY LAND  
TRANSFER OR A DIRECT PAYMENT SCHEME (VLT/DPS)  
PURSUANT TO SECTIONS 20 AND 21, R.A. 6657**

**A**

**Prefatory Statement**

Under Section 20 of RA 6657, landowners of agricultural lands subject to acquisition under CARP may enter into a voluntary arrangement for the direct transfer of their lands to qualified beneficiaries. Section 21 of the same Act provides that direct payment may be made in cash or in kind by the agrarian reform beneficiary (ARB) to the landowner under terms to be mutually agreed upon by both parties, which shall be binding upon registration with and approval by the DAR.

**B**

**Policy Statements**

1. The general policies for VLT/DPS are as follows:

- a. The beneficiaries are determined by DAR to be the same individuals who would be eligible to purchase the land in case the government, through compulsory acquisition (CA) or voluntary offer to sell (VOS), acquired the land for sale.
- b. The area of land to be transferred to the ARBs should not be less than the area which the government through CA would otherwise acquire for sale.
- c. The terms and conditions of VLT/DPS should include the immediate transfer of possession and ownership of the land in favor of the identified beneficiaries. In this regard, Certificates of Land Ownership Awards (CLOAs) shall be issued to the ARBs with proper annotations.
- d. The terms and conditions of the VLT/DPS shall not be less favorable to the ARB than those of the government's standing offer to purchase from the landowner and to sell to the beneficiary, if such offers have been made and are fully known to both parties. In any case, it is incumbent upon DAR to ensure that the ARBs are made fully aware of and understand the options available to them in land redistribution.
- e. Direct payment in cash or in kind may be made by the ARB to the landowner under terms to be mutually agreed upon by them, which shall be binding upon registration and approval by the DAR. Said approval shall be presumed, unless notice of disapproval is received by the ARB within thirty (30) days from the

date of registration.

- f. The VLT/DPS agreement shall include sanctions for non-compliance by either party and shall be duly recorded and its implementation monitored by the DAR.

2. A landowner whose land is subject to acquisition under RA 6657 may, with the concurrence of his qualified ARBs, voluntarily transfer his land directly to them. Negotiations for VLT/DPS between the landowner and his qualified beneficiaries must be completed and the agreement arrived at must be submitted within one (1) year from the date of receipt by the DAR of the Notice or Application for VLT/DPS. Otherwise, the land shall instead be acquired by the government and transferred to qualified ARBs pursuant to RA 6657.

All VLT/DPS agreements/negotiations already resolved but are pending at the DAR for completion of some requirements are considered enforceable and shall continue to be processed.

3. Should the beneficiary, for reasons other than those brought about by force majeure or fortuitous events, default in his obligations for three (3) consecutive installments to pay the land amortizations provided in the agreement, pursuant to RA 3844, as amended by RA 6389, of Paragraphs 7 and 8, he shall be replaced as beneficiary and be permanently disqualified from becoming a beneficiary under the CARP. The CLOA issued to him shall be cancelled accordingly and the land shall either be:

- a. Awarded to a qualified heir of the beneficiary who will assume the balance of the value of the land; or
- b. In the absence of a qualified heir, awarded to a new qualified beneficiary who, as a condition for such transfer or conveyance, is willing to abide by the terms of the existing VLT/DPS agreement and who will pay for the entire value of the land.

In the event of such substitution, the landowner shall refund the previous beneficiary in one lump sum or on installment basis for the amounts already paid and for the improvements made by the latter, less the computed lease rental for the duration of the previous beneficiary's use of the land and the other charges provided by law.

The grace period for each payment and the provisions on the declaration of default shall be included in the VLT/DPS agreement.

4. All payments made by a beneficiary pursuant to a VLT/DPS agreement must be covered by receipts to be issued by the landowner. Upon full payment of the land, a Certification to that effect shall be issued by the landowner to the beneficiary, copy furnished the MARO. The annotation on the CLOA shall be cancelled at the instance of the ARB.

5. Lands acquired under the VLT/DPS scheme may not be sold, transferred or conveyed except through hereditary succession or to the Government, or to other qualified beneficiaries for the period of ten (10) years, provided, however, that the children or the spouse of the transferor shall have a right to redeem the land from