

**[DBM-JOINT DOF MEMORANDUM CIRCULAR NO.
2-99, S. 1998, July 20, 1999]**

**GUIDELINES AND PROCEDURES FOR THE IMPLEMENTATION OF
A CREDIT MEMO ADVICE (CMA) SYSTEM ON THE TRANSFER,
VALUATION AND DISTRIBUTION OF APT LANDS PURSUANT TO
EXECUTIVE ORDER (E.O.) NO. 407**

I. Prefatory Statement

Executive Order No. 407 mandates that: "All government instrumentalities, including but not limited to government agencies, government-owned and controlled corporations or financial institutions, such as the Development Bank of the Philippines, Philippine National Bank, Republic Planters Bank, Asset Privatization Trust, Presidential Commission on Good Government, Department of Agriculture, State Colleges and Universities, Department of National Defense, shall immediately execute Deeds of Transfer in favor of the Republic of the Philippines, as represented by the Department of Agrarian Reform, and surrender to the latter department all landholdings suitable for agriculture including all pertinent ownership documents in their custody, such as the owner's duplicate copy of the certificates of title, tax declarations and other documents necessary to effect the transfer of ownership." ...

Section 1 further provides that: "In the case of the lands under the Asset Privatization Trust, Presidential Commission on Good Government and other government instrumentalities which may opt for an alternative payment scheme, the Department of Agrarian Reform shall cause the issuance of the Credit Memo Advice from the Bureau of Treasury for such sale."

Moreover, it was specifically provided that: "Thirty (30) days after effectivity of this Executive Order, the Department of Finance and the Department of Budget and Management, in consultation with the Department of Agrarian Reform, shall establish the guidelines for the issuance of the Credit Memo Advice System. This system shall be applicable as a payment scheme to government instrumentalities which are mandated to turn over the proceeds from sale of their agricultural lands to the Agrarian Reform Fund pursuant to Section 63 of Republic Act No. 6657."

In order to implement the provisions of E.O. No. 407, this Circular is hereby promulgated for the guidance of all concerned.

II. Objectives

1. To specify the roles of all concerned agencies on how the transfer of lands from APT to DAR will be recorded and reported in the Books of the National Government; and
2. To install the use of the journal voucher to implement the CMA System as

payment scheme in the recording of agricultural lands disposed of by the APT under the Comprehensive Agrarian Reform Program (CARP), pursuant to E.O. No. 407, and based on the existing land transfer, valuation, and distribution procedures under the CARP.

III. Coverage

This Circular shall apply to all lands, suitable for agriculture, turned over or transferred by APT to the DAR, pursuant to E.O. No. 407.

IV. Definition of Terms

Credit Memo Advice (CMA) — The payment scheme prescribed under E.O. 407 which is applicable to agricultural lands transferred/to be transferred by APT to the DAR for its subsequent transfer to the qualified beneficiaries.

Journal Voucher (JV) — A source document used to record, in the books of accounts, the transfer of APT agricultural lands to DAR, and recognizing APT's performance under CARP and/or contribution to the ARF.

Transfer Price (TP) — The amount at which the Acquired Asset is recorded in the Books of the Bureau of the Treasury (BTr).

Acquired Assets (AA) — The Non-Performing Assets acquired by the National Government (NG) from the Philippine National Bank (PNB) and/or the Development Bank of the Philippines (DBP), and other financial institutions, pursuant to Proclamation No. 50, and transferred to the APT for privatization.

V. Land Transfer Procedure

1. Based on the Joint DAR-APT inventory, the DAR and LBP conduct a preliminary ocular inspection to initially determine, whether or not the property may be covered under the CARP. If the property is coverable under CARP, the DAR requests the APT to execute a Deed of Transfer (DOT) for areas found to be suitable for agricultural purposes and for distribution under the CARP.
2. The APT submits to the DAR the said DOT, including all pertinent ownership documents, such as: the transfer price of the subject properties, the ownership duplicate copies of titles or tax declaration and/or other pertinent documents necessary to effect transfer of ownership. The APT also furnishes the BTr a copy of the DOT.
3. The DAR completes the DOT, causes the registration of the same with the Register of Deeds (ROD) concerned, and furnishes the APT and BTr a copy each of the same. The DAR also causes the issuance of a title in the name of the Republic of the Philippines (RP).
4. Pending valuation of the property, the DAR shall immediately commence the necessary activities leading to the distribution of the agricultural areas to qualified farmer beneficiaries.