

**[ DAR ADMINISTRATIVE ORDER NO. 3 S. 1992,  
March 11, 1992 ]**

**IMPLEMENTING GUIDELINES AND PROCEDURES GOVERNING  
PAYMENT OF LAND AMORTIZATION BY FARMER BENEFICIARIES  
PURSUANT TO SECTION 26 OF R.A. 6657**

**I**

**Prefatory Statement**

A. The following Implementing Guidelines and Procedures are hereby promulgated in order to operationalize the payment of farmer-beneficiaries as provided for in Section 26 of R.A. 6657.

**II**

**Coverage**

A. These guidelines and procedures shall cover payments to be made by farmer-beneficiaries of lands awarded pursuant to Section 26 of R.A. 6657.

**III**

**Definition of Terms**

A. **Cost of the Land (CL)** — refers to the amount paid to the landowner for the specific parcel of land and its improvements and permanent crops to be amortized by the farmer-beneficiaries.

B. **Annual Gross Production (AGP)** — means peso (P) value of the annual yield/produce per hectare of the land awarded to farmer-beneficiaries (as established jointly by the Department of Agrarian Reform (DAR) and the Land Bank of the Philippines (LBP) and defined under DAR A.O. No. 17) which is reflected in the valuation portion of the Claims Valuation and Processing Form.

C. **Assistance to Farmers** — refers to (a) the difference between the regular annual amortization (based on the amount paid to the landowner) and the affordable amount during the first five (5) years after the award of the land; and (b) the difference between regular amortization and 10% of the AGP in the event of calamity during the 6th to the 30th year.

D. **Regular Amortization** — refers to the annuity based on the cost of the land and improvement at 6% interest rate per annum payable in 30 years.

**IV**

**General Guidelines**

A. On the basis of the land value established pursuant to Executive Order No. 405