



Republic of the Philippines

House of Representatives

Quezon City

FIFTEENTH CONGRESS

Third Regular Session

HOUSE BILL NO. 5783

**Introduced by Honorable Cresente C. Paez and
Honorable Jose R. Ping-ay**

EXPLANATORY NOTE

Countryside rural development is predominant and more pronounced by the programs of the Department of Agriculture and the Department of Agrarian Reform. These programs include the Credit Assistance Program – Program Beneficiaries Development Program and Credit Program Scheme of the Department of Agrarian Reform; and the Agricultural credit secured through Microfinance Program of the People's Credit and Finance Corporation.

A grand total of roughly P 3.7 billion inclusive of interest was released by all of these government agencies. Collections as of December 2011 amounted to P 1.3 billion which is 35 % of the total amount of the loan. It is for this reason that we take measures in order to apply leniency to this unpopular agrarian reform beneficiaries by condoning all interests, surcharges and other penalties from the commencement of the loan.

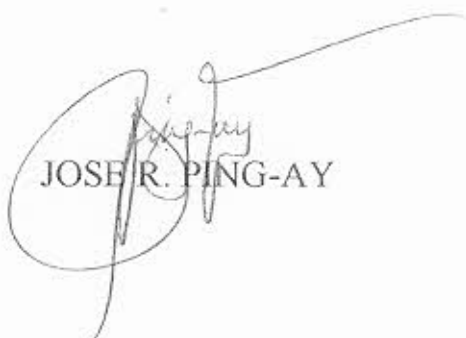
Needless to say, all the payments made subsequent to the credit application shall be applied retroactively to the principal amount only.

It is to be noted that farmers and agrarian reform beneficiaries are not only entrepreneurs in bucolic areas but are also partners in the evolution of a better and brighter country. It is therefore imperative upon us to take an overwhelming care and attention by condoning these interests that burdened the debt.

It is for this reason that the approval of this bill be given an immediate positive response.



CRESENTE C. PAEZ



JOSE R. PING-AY

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HOUSE BILL NO. 5783

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**AN ACT PROVIDING FOR THE CONDONATION OF
PENALTIES AND INTEREST ON LOANS SECURED BY
THE AGRARIAN REFORM BENEFICIARIES, FARMERS
AND THEIR COOPERATIVES FROM THE DEPARTMENT
OF AGRARIAN REFORM, THE DEPARTMENT OF
AGRICULTURE AND PEOPLE'S CREDIT AND FINANCE
CORPORATION**

SEC. 1. *Title* – This law shall be known as the “Agrarian and Agricultural
Credit Condonation Act of 2012”

SEC. 2 *Declaration of Policy* – The State shall promote a comprehensive
rural development and agrarian reform through a provision of measures that
will release the farmers and agrarian reform beneficiaries from the additional
burden of debt

SEC. 3 *Definition of Terms*

- a. *"Agrarian Reform Beneficiaries"* – refers to farmers who were granted lands under PD. No. 27, the Comprehensive Agrarian Reform Law and RA 9700 or the Comprehensive Agrarian Reform Law Extension with Reforms and regular farm workers, irrespective of tenurial arrangement, who benefitted from the redistribution of lands, regardless of crops and fruits produced, to include the totality of fruits, and support services designed to lift the economic status of the beneficiaries and all other alternative arrangements to the physical distribution of lands, such as production or profit sharing, labor administration and the distribution of stocks which will allow beneficiaries to receive a just share of fruits of the lands they work.
- b. *"Agricultural and Agrarian Reform Credit"* – shall refer to loan activities and purposes including but not limited to, agricultural production; promotion of agribusiness and exports; acquisition of work animals, farm, equipment and machinery, seeds, fertilizers, poultry, livestock, feeds and other similar items; construction, acquisition and repair of facilities for production, processing, storage and marketing and such other facilities in support of agriculture and for the efficient and effective merchandising of agricultural and farm commodities
- c. *"Condonation"* – refers to the relief granted by law in the payment of penalties, surcharges and accrued interest
- d. *"Delinquent Borrower"* – refers to the borrower with at least three (3) months of unpaid monthly amortization as of the effectivity of this Act
- e. *"Farmer"* – shall refer to any natural person whose primary livelihood is cultivation of land or the production of agricultural

crops, livestock and agricultural products, in small or commercial scale, either by himself or primarily with the assistance of his immediate farm household or workers, whether the land is owned by him or by another person, under a leasehold tenancy agreement or arrangement

f. *“Cooperative”* – refers to organizations composed mostly of small agricultural producers, farmers, farm workers or other agrarian reform beneficiaries who voluntarily organized themselves for the purpose of pooling land, manpower, technological, financial or other economic resources, and operate on the principle of one member one vote. It must be registered with the Cooperative Development Agency

g. *“Loan Restructuring”* – refers to a process where the principal terms and conditions of the original loan are modified in accordance with an agreement setting forth a new plan of or schedule of payment

SEC. 4 *Condonation* - All interest, penalties and surcharges of agricultural and agrarian reform credit secured by agrarian reform beneficiaries, farmers and their cooperatives from the Department of Agrarian Reform, Department of Agriculture and the People’s Credit and Finance Corporation prior to the effectivity of this Act are hereby condoned upon approval of the borrowers application for condonation.

SEC. 5 *Covered Account* – The following accounts are covered by this condonation program

a. Agricultural and Agrarian Reform credit secured through the Credit Assistance Program – Program Beneficiaries Development Program of the Department of Agrarian Reform;

- b. Agricultural and Agrarian Reform credit secured through the Credit Program Scheme of the Department of Agrarian Reform;
- c. Agricultural credit secured through the High Yield Crop Loan Assistance Program of the Department of Agriculture and;
- d. Agricultural credit secured through Microfinance Program for Small Farmers and Fisherfolks and their Household of the People's Credit and Finance Corporation

SEC. 6 *Excluded Account* – Any account without a single payment made from the time of its take out is excluded from the coverage of this program

SEC. 7 *Who May Apply* – Any farmer, agrarian reform beneficiary, fisherfolk, their legal heirs as well as their cooperatives who secured agricultural and agrarian reform credit under any of the covered accounts enumerated in Sec. 5 of this Act may apply for condonation of penalties and interest with the government agency or corporation upon payment of at least ten percent (10%) of the outstanding loan balance

SEC. 8 *Approval* – The government agency or corporation managing the covered accounts shall review and approve the application for condonation and loan restructuring. The period for payment of the restructured loan shall not exceed eighteen (18) months after the approval of the application

SEC. 9 *Implementing Rules and Regulations* – The Department of Agrarian Reform, Department of Agriculture, People's Credit and Finance, Agricultural Credit and Policy Council and the Bangko Sentral ng Pilipinas are hereby directed to issue the Implementing Rules and Regulations of this program within sixty (60) days after the effectivity of this Act.

SEC. 10 *Separability* – If for any reason, any section or provision of this Act shall be held unconstitutional or invalid by a competent authority, no other section, provision or part thereof shall be affected and the same shall remain in full force and effect.

SEC. 11 *Repeal* – All other laws, executive orders, issuances or parts thereof inconsistent with the provisions of this Act are hereby amended, repealed and modified accordingly

SEC. 12 *Effectivity* – This Act shall take effect immediately after its publication in the Official Gazette or in two (2) newspaper of general circulation.

Approved,