

Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

SIXTEENTH CONGRESS
First Regular Session

House Bill No. **3743**



Introduced by Hon. Agapito H. Guanlao

EXPLANATORY NOTE

Farmers' ownership of the land they till has been the object of their struggles for a long time. In spite of the various challenges that arose from the government's Comprehensive Agrarian Reform Program (CARP), until the introduction of changes made possible by the Comprehensive Agrarian Reform (CARL), certificates of land ownership award (CLOAs) were distributed to farmers.

However, due to the unending spiral of abject poverty that beset farmers, they cannot sustain the productivity of their farm lands due to lack of funds. This situation is reinforced by the lack of assets that the farmers can use as collateral if they intend to secure loans from banks. Their only piece of property is their farmland, that which was acquired through the CARP.

Currently, there are legislative measures filed in Congress that seeks to lift the ban on agrarian reform beneficiaries to sell and mortgage their lands acquired through Certificates of Land Ownership Awards or CLOAs. While this author has also filed a House Bill No. 474 in this 16th Congress, he is also submitting this piece of legislation that allow farmer-beneficiaries of the CARP to mortgage their lands BUT ONLY for the purpose of improving the productivity of their land.

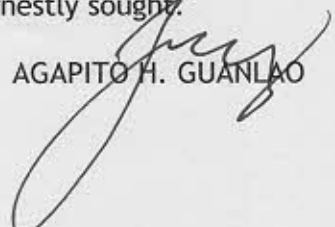
This bill further prohibits the re-classification of farm lands acquired by farmers through CLOAs and mortgaged by farmers, into other purposes. Such an initiative is consistent with the conclusions provided for in the Committee Report of the House Committees on Agrarian Reform and Agriculture and Food that conducted an inquiry on illegal land conversions that were allegedly consummated during the periods 2008-2010. Such an inquiry was conducted after This Representation filed House Resolution 1252. To wit:

"the Committees have arrived at the conclusion that indeed, there are indications of illegal land conversions in various parts of the country, and that there is an urgent and pressing need to resolve the issues relating to the change of use of the land from agricultural to non-agricultural use. Nevertheless, such issue can be remedied by proper policies that have to be initiated primarily by the Office of the President, the CARP implementing agencies led by the DAR and the legislature." (Quoted from Committee Report No. 1125 of the House Committees on Agraria Reform and Agriculture and Food)

In a related development, President Benigno S. Aquino III has issued Administrative Order No. 34 series of 2012 creating an Inter-Agency Committee on Institutional Arrangements for Land Management and Agricultural Support Services Delivery Across Rural Development Agencies. As provided for in the said Order, this Inter-Agency Committee "shall facilitate the implementation of reforms in the international arrangements for land distribution, management and delivery of support services to farmers and fisherfolk as a means of enhancing the development efforts of governments for the rural sector." (Quoted from AO 34)

Due to the foregoing arguments, passage of this bill is being earnestly sought.

AGAPITO H. GUANLAO



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SIXTEENTH CONGRESS
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House Bill No. **3748**

Introduced by Hon. Agapito H. Guanlao

AN ACT AMENDING SECTION 71 OF REPUBLIC ACT NO. 6657
OTHERWISE KNOWN AS THE COMPREHENSIVE REFORM LAW OF 1988
THEREBY PROHIBITING THE RE-CLASSIFICATION AND CONVERSION OF MORTGAGED
LANDS COVERED BY CERTIFICATES OF LAND OWNERSHIP AWARDS (CLOAs) TO OTHER
USES AND PURPOSES

*Be it enacted by the Senate and the House of Representatives of the Philippines in
Congress assembled:*

SECTION 1. Section 71 of Republic Act No. 6657, otherwise known as the
Comprehensive Agrarian Reform Law of 1988 is hereby amended to read as follows:

Section 71. *Bank Mortgages.* — Banks and other financial institutions allowed by
law to hold mortgage rights or security interests in agricultural lands to secure
loans and other obligations of borrowers, may acquire title to these mortgaged
properties, regardless of area, subject to existing laws on compulsory transfer of
foreclosed assets and acquisition as prescribed under Section 13 of this Act
PROVIDED THAT, MORTGAGED PROPERTIES, PARTICULARLY
AGRICULTURAL LANDS COVERED BY A CERTIFICATE OF LAND
OWNERSHIP AWARD (CLOA) SHALL NOT BE CONVERTED AND/OR RE-
CLASSIFIED TO OTHER USES AND PURPOSES.

SECTION 2. The Department of Agrarian Reform, the Department of
Agriculture, the National Economic Development Authority, and the Congressional
Oversight Committee on Agrarian Reform shall draft and issue the necessary
implementing rules and regulations to implement the provisions of this Act within one
hundred twenty (120) days from its enactment.

SECTION 3. Any portion or provision of this Act that may be declared
unconstitutional or invalid shall not have the effect of nullifying other portions and
provisions hereof as long as such remaining portion or provision can still subsist and be
given effect in their entirety.

SECTION 4. All laws, decrees, executive orders, proclamations and
administrative regulations or parts thereof inconsistent herewith are hereby declared
repealed or modified accordingly.

SECTION 5. This Act shall take effect fifteen (15) days after its publication in at
least two (2) national papers of general circulation.

Approved,