

Republic of the Philippines
HOUSE OF REPRESENTATIVES
CONGRESS OF THE PHILIPPINES
Quezon City, Metro Manila

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **5838**



Introduced by Honorable REYNALDO V. UMALI

EXPLANATORY NOTE

Majority of the poor in rural areas depend on agriculture as their primary livelihood and source of income. This entails that part of the solution to poverty reduction is through reforms in the Agriculture sector.

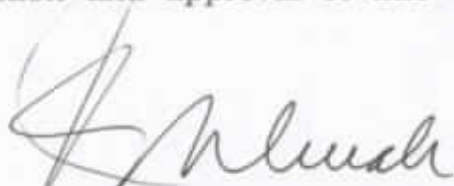
Commonwealth Act No. 141, as amended, or the Public Land Act served as an important measure for supporting our hard working farmers by providing the Agricultural Free Patents as a mechanism for land ownership. However, there are restrictions under said law on translating agricultural land title become to become tradable and bankable hindering the farmer entrepreneur to improve their agricultural productivity.

First among these restrictions is the five-year prohibition for the holder of the agricultural free patent to sell and mortgage their land from the issuance of the patent. Another restriction is on the right to repurchase, wherein upon conveyance, the original owner, his widow and legal heirs has the right of repurchase within five years from the date of sale.

Due to these restrictions, there is uncertainty on the part of the buyers to make additional investments and lending institutions, such as bank, to lend money to the patentee which uses their land as collateral. Therefore, these restrictions prevent the holder of the agricultural free patent from the much-needed access to credit for getting capital to create investments, jobs, increase in productivity and reduce poverty in rural areas.

This bill seeks to remove the current restrictions on agricultural free patents under the Public Land Act to make these agricultural land titles immediately tradeable and bankable.

In view of thereof, early consideration and approval of this bill is earnestly sought.

A handwritten signature in black ink, appearing to read 'R. Umali', is written over the printed name.

HON. REYNALDO V. UMALI

Representative

2nd District, Oriental Mindoro

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AN ACT

REMOVING THE RESTRICTIONS IN THE REGISTRATION OF LAND TITLES UNDER SECTIONS 118, 119, AND OTHER RESTRICTIONS AGAINST ENCUMBRANCE OR ALIENATION ON FREE PATENTS ISSUED UNDER SECTION 44 OF COMMONWEALTH ACT NO. 141 OR THE PUBLIC LAND ACT, AS AMENDED

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

SECTION. 1. Short Title. - This Act shall be known as the "**Agricultural Free Patent Reform Act of 2017**".

Sec. 2. Declaration of Policy. - It is the policy of the State to remove the restrictions on free patents to allow the efficient and effective utilization of these lands to contribute to wealth creation, entrepreneurship, and economic development.

Sec. 3. Removal of Restrictions. - Agricultural public lands alienated or disposed in favor of qualified public land applicants under Section 44 of Commonwealth Act No. 141, as amended, shall not be subject to restrictions regarding encumbrances, conveyances, transfers, or dispositions imposed under Sections 118 and 119 thereof. Agricultural free patent shall now be considered as title in fee simple and shall not be subject to any restriction against encumbrance or alienation.

Sec. 4. Retroactive Effect. - This Act shall have retroactive effect and any restriction regarding encumbrances, conveyances, transfers, or dispositions

imposed on agricultural free patents issued under Section 44 of Commonwealth Act No. 141, as amended, before the effectivity of this Act shall be removed and are hereby immediately lifted.

Sec. 5. Repealing Clause. - All laws, decrees, orders, rules and regulations, or other issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Sec. 6. Separability Clause. - If any portion or provision of this Act is declared unconstitutional, the remainder of this Act or any provision not affected thereby shall remain in force and effect.

Sec. 7. Effectivity Clause. - This Act shall take effect after fifteen (15) days following the completion of its publication either in the Official Gazette or in a newspaper of general circulation in the Philippines.

Approved,