

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 6293



Introduced by **HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.**

EXPLANATORY NOTE

Many Filipino farmers were awarded land grants through the Agricultural Free Patents (AFPs) with the passage of the Commonwealth Act No. 141, or the Public Land Act. The passage of the Public Land Act as a landmark measure for a mechanism for land ownership supported the productivity of the agricultural sector. However, despite the awarding of AFPs to deserving farm entrepreneurs, the sector continues to face a lack of access to credit due to the non-tradeable and non-bankable nature of the agricultural land titles the law has promised.

Currently, those who hold AFPs are hindered by a five-year prohibition to encumbrance and alienation. This restriction, under the Public Land Act, bar farm owners from selling or loaning against it. These agricultural land titles in turn become non-tradeable and non-bankable. These restrictions have caused uncertainty to possible buyers resulting to a reluctance in improvements and additional investment to these lands. Consequently, transactions for lands in the formal market are hindered by these restrictions leaving the patentees vulnerable to lower prices and unregulated informal credit suppliers.

This bill proposes to amend Section 44 of the Public Land Act and remove these restrictions to make agricultural land titles immediately tradeable and bankable, among other benefits. This bill would allow AFP grantees to legally capitalize on their awarded land in the market. This would also allow them to acquire much needed capital in order to enhance agricultural productivity and spur development of the sector.

The approval of this bill is earnestly sought.


LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

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HOUSE BILL NO. **6293**

Introduced by HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

**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 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.

SECTION 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.

SECTION 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.

SECTION 4. *Retroactive Effect.* – This Act shall have retroactive effect and any restriction regarding encumbrances, conveyances, or transfers, or dispositions imposed on agricultural free patents issued under Section 44 of Commonwealth Act

No. 141, as amended, before the effectivity of the Act shall be removed and are hereby immediately lifted.

SECTION 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.

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

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

Approved,