

LETTER OF INSTRUCTIONS NO. 273, May 07, 1975

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TO :

Secretary Conrado T. Estrella
Department of Agrarian Reform
Secretary Cesar Virata
Department of Finance
Secretary Jose A. Roño
Department of Local Government and
Community Development
Mr. Basilio Estanislao
President, Land Bank of the Philippines

WHEREAS, on November 16, 1974, I ordered the Department of Agrarian Reform to extend its operations implementing Presidential Decree No. 27 down to landholdings of over seven (7) hectares from the previous limit of 24 hectares;

WHEREAS, it is the policy of the Government to extend all possible assistance to landowners who may be dispossessed of their landholdings as a consequence of the land reform program of the Government in order to help them make adjustments in their own economic planning, and to prevent possible economic difficulties or dislocation;

WHEREAS, a Committee formed to consider measures geared towards these ends has recommended, among others, that the Government provide bigger cash payments for the landholdings of small landowners;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, do hereby order the following:

- Landowners, whose total tenanted rice and/or corn landholdings exceed seven (7) hectares but are less than 24 hectares, shall be paid by the Land Bank of the Philippines in cash equivalent to twenty percent (20%) of the cost of the land and the balance in 25-year-tax-free Land Bank bonds.

In addition, the landowners shall be entitled to any one of the following:

- Reduction of the present interest rate of twelve percent (12%) to ten percent (10%) on loans, if he borrows or obtain loans from the Land Bank for investment purposes, using his bonds as collateral for the loans;

- A larger cash payment for any of the following purposes:

1) If the landowner desires a larger cash payment for the education of his children, he shall be entitled to an additional cash payment of not more than ten percent (10%) but in no case shall the total cash payment be more than thirty percent (30%) of the total cost of his land, and this additional cash payment shall be deposited in a bank to be withdrawn only upon presentation of the necessary statements and documents attesting to the

enrolment of his children in a duly recognized school here or abroad;

2) If the landowner desires a larger cash payment for the security of the future of his children, not education, such as insurance, he shall be entitled to an additional cash payment of not more than ten percent (10%) but in no case shall the total cash payment be more than thirty percent (30%) of the total cost of his land; but in such a case, the insurance payments shall be made directly by the Land Bank to the insurer, preferably an insurance company which is a member of the Cooperative Insurance System of the Philippines created under Presidential Decree No. 317. It is hereby understood that the maximum payment of the insurance shall not exceed ten percent (10%) of the value of the land.

3) If the landowner desires larger cash payment for housing purposes for his family, he shall likewise be entitled to an additional cash payment of not more than ten percent (10%), but in no case shall the total cash payments exceed thirty percent (30%) of the total cost of his land, and in such a case, the Land Bank shall work out a plan for the construction of the house for his family. The additional ten percent (10%) of the cash payment due to the landowner shall be placed in the Land Bank for the account of the landowner and may, in the meantime, be used by the Bank or be invested by the Bank in a viable investment project of the landowner.

- Payments to landowners covered by this Letter of Instructions shall be exempt from the capital gains tax and the interest that shall accrue therefrom shall be exempt from income tax.

- No fee, premium or tax of any kind shall be charged or imposed in connection with the issuance and registration of instruments or documents under this Letter of Instructions, nor shall postage dues and mailing charges be required on all matters connected herewith.

DONE in the City of Manila, this 7th day of May, in the year of Our Lord, Nineteen Hundred and Seventy-Five.

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