

## RULES AND PROCEDURES ON LEASEHOLD OPERATIONS IN TENANTED COCONUT LANDS

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/6f099bce213b/>

---

### I

#### Preliminary Statement

Under Section 12 of R.A. 6657, the DAR is mandated to determine and fix immediately the lease rentals in tenanted lands under the retention limit and lands not yet acquired under R.A. 6657. Pursuant to said provision, DAR Administrative Order No. 4, series of 1989 was issued providing the guidelines for the establishment of leasehold and the determination of lease rentals for tenanted lands.

However, experience has shown that tenurial and working relationships in coconut lands have peculiar characteristics. Thus, the following guidelines are hereby promulgated as a supplement to Administrative Order No. 4 series of 1989 insofar as leasehold in coconut lands are concerned.

### II

#### Coverage

These rules shall apply to all tenanted coconut lands including, but not limited to, the areas retained by the landowner and those not yet acquired for distribution pursuant to RA 6657.

### III

#### Governing Principles

A. A tenancy relationship is essential in the establishment of agricultural leasehold. Such relationship exists when the following requisites are present:

- The parties are the landowner and the tenant;
- There is consent by the landowner for the tenant to work on the land — either orally or in writing, expressly or impliedly;
- The subject land is agricultural in nature;
- The purpose is agricultural production;
- There is personal cultivation on the part of the tenant; and
- There is sharing of harvests or there is a consideration for the lease of the land in an amount certain in money or in produce, or both.

B. Cultivation is not limited to the plowing and harrowing of the land, but also the husbanding of the ground to forward the products of the earth by general industry; the taking care of the land and fruits growing thereon; fencing of certain areas; and the clearing thereof by gathering dried leaves and cutting of grasses. In coconut lands, cultivation shall include the periodic cleaning of the coconut plantation to improve its production.

C. The change of crop or the shift to other agricultural purposes and/or the indiscriminate cutting of coconut trees

shall not affect the security of tenure of the tenant-lessee.

D. The lease rental of the land shall be paid in an amount certain in money or in produce, or both, as may be agreed upon by the parties. Before the parties agree on the mode of lease rental, the DAR may encourage payment in kind to cushion the effect of fluctuating prices, especially in coconuts and/or copra.

E. In general, the average normal harvest during the three agricultural years immediately before the date leasehold relationship was established, or 15 June 1988 shall be used in computing for the lease rental. However, the contracting parties may opt and agree to compute the average normal harvest of one whole year immediately before the date the leasehold relationship was established, or 15 June 1988. (Refer to Annex 1[\*] for the sample computation.)

An agricultural year shall be understood to mean the period of time from the preparation of the land to the first harvest and thereafter, from harvest to harvest.

F. If at the time of the fixing of lease rentals the coconut land is still suffering from crop failure due to the effects of fortuitous events or force majeure to the extent of 75% as certified by the Department of Agriculture, said lease rental shall not be more than the equivalent of 25% of the average gross harvest, computed on a yearly basis, after deducting the allowable deductible items. This yearly computation shall be used until such time that the trees have recovered and the average normal harvest can be established, in which case a readjustment of the rental shall be made on the basis of such coverage.

G. The tenancy relationship in coconut lands, as in other agricultural lands, shall include the whole farm being worked by the tenant. As such, the lessor and the lessee may agree to maximize utilization of the areas or spaces between the coconut trees by planting intercrops therein. The lease rental for the intercrops shall be computed pursuant to Administrative Order No. 4, series of 1989 and shall either form part of the existing leasehold agreement or embodied under a separate leasehold contract.

H. The application of the allowable deductible items in coconut shall depend on the final product. If the final product is copra, the deductible items are:

- The cost of harvesting, which shall include picking and piling;
- The cost of loading and hauling; and
- The cost of processing, which shall include husking, splitting, scooping, and drying.

If the final product is green nuts, the deductible items above shall be used except for the cost of processing. If the final product is husked nuts, the costs in items H.1 and H.2 and the cost of husking shall be used.

I. In case there is large-scale replanting in the coconut area which may affect the normal coconut production in particular and the leasehold arrangement in general, the existing leasehold contract shall be suspended upon the request of the leaseholder. A new lease rental may be computed proportionate to the decrease in production or to the extent of the effect of the replanting.

#### IV

##### Procedures

The procedures provided for in Administrative Order No. 4-89 which are not inconsistent herewith shall apply to tenanted coconut lands.

#### V

##### Effectivity

This Administrative Order shall take effect ten (10) days after its publication in two (2) national newspapers of general circulation.

This Order supplements Administrative Order No. 4, Series of 1989.

Adopted: 2 Sept. 1991

(SGD.) BENJAMIN T. LEONG

Secretary

---

[\*] Text available upon request at the Office of the National Administrative Register (ONAR), U.P. Law Center, Diliman, Quezon City.

**ABOUT BATAS.ORG**

# Study smarter at BATAS.org

*The Philippine bar review and law-school companion built around how your brain actually remembers.*

**The complete Philippine law library - free for everyone.**

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

**Audio case-brief lectures.**

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

**Bar review built on the science of memory.**

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

**The full law-school curriculum.**

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

**Mock exams that tell you where you stand.**

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

**A study planner that keeps you on pace.**

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

**Start free at <https://batas.org>**

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.