

EXECUTIVE ORDER NO. 26

PROVIDING OPPORTUNITIES FOR THE DEVELOPMENT OF BENEFICIARIES UNDER THE COMPREHENSIVE LAND REFORM PROGRAM TO BECOME PRODUCTIVE ENTREPRENEURS, PROVIDING THE MECHANISM THEREFOR AND FOR OTHER PURPOSES

WHEREAS, the State has launched numerous indispensable programs, projects, incentives and facilities for the realization of the desired agrarian reform;

WHEREAS, the State, thru these undertakings, has envisioned that Comprehensive Agrarian Reform Program beneficiaries shall become independent entrepreneurs of the lands conveyed to them and ultimately serve as the basis of Philippine agriculture;

WHEREAS, it has been observed that despite all these efforts and lapse of time, holders of Certificate of Land Ownership Awards have not freed themselves totally from the bondage of poverty and dependence from government subsidies;

WHEREAS, the State has now pinpointed that the monstrous impediment to the attainment of the desired objectives is the non-acceptability by financial institutions of the lands covered by Certificate of Land Ownership Award as collateral to secure agricultural loans applied for by their registered owners;

WHEREAS, allowing them to use their Certificate of Land Ownership Awards as collateral with the lending institutions will make them invulnerable from "loan sharks" and thereby transforming them into productive partners of the government;

NOW, THEREFORE, I, JOSEPH EJERCITO ESTRADA, President of the Philippines, by virtue of the powers vested in me by law, do hereby order :

SECTION 1. Acceptability as Loan Collateral. Lands covered by Certificate of Land Ownership Award shall now be accepted as



collateral to secure loans by their registered owners, with the consent of the farmers cooperative to which he is a member, with the government financial institutions, as well as, with the private financial institutions: *Provided*, That the loan proceeds shall be used exclusively in the furtherance of the agricultural productivity of the land and related activities: *Provided, further*, That the foreclosure of the lands provided herein shall, upon failure of the mortgagor to redeem the same within the period allowed by law, be redeemed by the farmers cooperative to which the mortgagor is a member: *Provided, furthermore*, That in case of default of said cooperative, the same may be redeemed by any neighboring cooperatives or qualified beneficiaries under the Comprehensive Agrarian Reform Program: *Provided, finally*, That when the foreclosure of the mortgaged property took place after the lapse of the prohibitory period provided for under Section 27 of the Republic Act No. 6657, the same may be sold to auction to any qualified person, natural or juridical, to own a land.

SEC. 2. **Loan Value.** Holders of Certificate of Land Ownership Award availing of the benefits provided for under this Executive Order shall be allowed the maximum loan value provided for under Republic Act No. 337, as amended.

SEC. 3. **Monitoring of Loan Proceeds.** The concerned financial institution, for monitoring purposes, shall notify the Department of Agrarian Reform to ensure that the loan proceeds obtained herein shall be used solely for the productivity of the land and related activities.

SEC. 4. **Penalty for Violations.** The deviation by the mortgagor in the use of the loan proceeds obtained herein shall give rise for the aforesaid farmers cooperative to take over the cultivation and management of the land subject of mortgage until the said cooperative has recovered the amount of loan, necessary expenses relative thereto, and a management fee of five (5%) percent of the produced of the land.

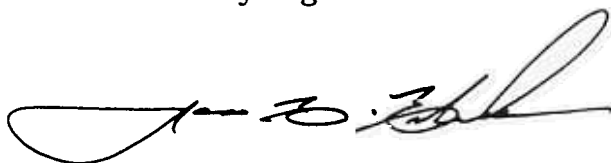
SEC. 5. **Call on the Monetary Board.** In order to realize the desired objectives of this Executive Order, the Monetary Board is hereby called upon to exempt the lands covered by the Certificate of Land Ownership Award from its authority in reducing the maximum loan ratios of the lands used as collateral to secure a loan.



SEC. 6. **Repealing Clause.** All Executive Order, issuances, rules and regulations, or parts thereof, inconsistent with the provisions of this Executive Order are hereby repealed or modified accordingly.

SEC. 7. **Effectivity.** This Executive Order shall take effect immediately.

DONE in the City of Manila, this *23rd* day of September, in the year of Our Lord, Nineteen Hundred and Ninety-Eight.



By the President :



RONALDO B. ZAMORA
Executive Secretary



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