

DENR Administrative Order

No. 98 - 20

May 20, 1998

SUBJECT : Revised Rules and Regulations on the Conduct of Appraisal of Public Lands and Other Patrimonial Properties of the Government.

In accordance with Sections 5, 24, 37 and 64(a) of Commonwealth Act No. 141, as amended, Section 2 of Act No. 3038, Section 5, paragraph 2 of Republic Act No. 477, as amended, Section 2 of Batas Pambansa Blg. 233, Section 12 of Act 1120, and Section 2 Republic Act. No. 1361, and in order to secure for the government, reasonable returns from the sale, lease, occupation and utilization of its land resources by private individuals and entities, the following rules and regulations are hereby promulgated for the strict compliance of all concerned.

Section 1. Definition of Terms. For purposes of this Order, the following terms:

- a. Appraisal** - means an art of estimating the value of an adequately described property. It is not an exact science, but the opinion of value expressed must be educated, which means that the estimate should be supported by pertinent data as basis.
- b. Assessed Value** - means the fair market value of the real property as determined by the provincial, city or municipal assessors, as the case maybe, and adopted through an ordinance of the saggunian concerned, multiplied by the assessment level. It is synonymous to taxable value.
- c. Fair Market Value** - means the highest price in terms of money which a property will bring if exposed for sale in the

open market, allowing a reasonable time to find a purchaser who buys with knowledge of all the uses to which it is adopted and for which it is capable of being used. It is the amount of cash for which, in all probability, the property would be sold by an owner willing, but not obliged to sell to a purchaser who desires, but it is not obliged to buy.

- d. Friar Lands** - refer to various estates and other parcels of lands acquired by the Philippine government in 1903 during the American regime from religious orders and private corporations.
- e. Lands of the Private Domain** - refers to a land belonging to and owned by the state as a private individual, without being devoted for public use, public service or the development of national wealth. It is similar to patrimonial properties of the state.
- f. Public Lands** - refers to alienable and disposable lands of the public domain classified as agricultural, residential, commercial, industrial, reclaimed, foreshore, marshy lands and townsite reservations.
- g. Vested Rights** - means a right over a property which is absolute, complete, and unconditional, to the exercise of which no obstacle exists, and which is immediate and perfect in itself and not dependent upon a contingency. To be vested in its accurate legal sense, a right must be complete and consummated, and one of which the person to whom it belongs cannot be divested without his consent. It is some right or interest in property that has become fixed and established; and is no longer open to doubt or controversy.

Sec. 2 Coverage. - These rules and regulations shall apply to the following properties under the jurisdiction of the DENR and to the improvements existing therein, if any, to wit:

- a. Alienable and disposable lands of the public domain subject to disposition under Chapters 5, 6 and 9 of Commonwealth Act No. 141, as amended, and Republic Act No. 730;
- b. Lands of the private domain contemplated under Act No. 3038, as amended;
- c. Properties covered by Republic Act No. 477, as amended, and other real properties placed under the jurisdiction of the DENR by virtue of executive Order No. 285, series of 1987;
- d. Properties within the purview of Republic Act No. 1361, as amended by Republic Act No. 5941; and
- e. Friar lands disposed of under Act No. 1120 and Commonwealth Act No. 32;

Sec. 3 Manner of Conducting the Appraisal. - In conducting the appraisal or re-appraisal, the fair market value of the property shall, as much as possible, be ascertained by considering the following factors, to wit:

- a. Extent, classification, location, actual use and development trends of the area;
- b. Assessed value and BIR zonal valuation;
- c. Sales and holding prices of lands of similar character located in the area;
- d. Highest and best use or potential of the property;
- e. The purpose for which the property is to be disposed of; and,
- f. Other relevant factors or circumstances.

Subject to the limitations that may be imposed under the pertinent laws, proclamations or any other presidential issuance's, in no case shall the appraised or re-appraised value of the property classified as residential or agricultural or primarily used for institutional or recreational purposes, be less than the current assessed value thereof. If the property is classified as commercial or industrial, the appraised or re-appraised value shall be not less than the average of the assessed and zonal values thereof.

If the property has not yet been declared for taxation purposes or its assessed value is not available, the assessed value of another property located in the area which is of similar character with that of the property being appraised shall be used. If the zonal value is not available, the fair market value or the current selling price of properties of similar character in the area as determined by the Assessor's Office concerned, shall be utilized.

The foregoing, notwithstanding, part or parts not exceeding thirty percent (30%) of its total area, of industrial or commercial land covered by lease application or contract, which are devoted to and actually utilized for growing of trees, shall be appraised or re-appraised at zero value.

Sec. 4 Appraisal Committee - Creation and Composition. - Within thirty (30) days from the effectivity of this Order, an Appraisal Committee charged to appraise/re-appraise lands of the public domain and patrimonial properties covered by Act 3038 which are by sales, lease or temporary permit application shall be created by the Regional Executive Director, and shall be composed of the following:

4.A Public Lands and Patrimonial Properties Covered by Act No. 3038. - The Appraisal Committee charged to appraise/re-appraise lands of the public domain and patrimonial properties covered by Act 3038 which are by sales, lease or temporary permit application shall be created by the Regional Executive Director, and shall be composed of the following:

1. The CENR Officer, as Chairperson;
2. One (1) Land Investigator in the CENRO; and
3. One (1) Land Management Officer in the CENRO, as members;

4.B Residential, Agricultural, Urban, Commercial and Industrial Lands Covered by Republic Act No. 477, and Batas Pambansa Blg. 233, and all Other Properties Turned Over to the DENR by Virtue of Executive Order No. 285, s. of 1987. - The Appraisal Committee charged to reappraise the properties under this section which are to be disposed of by sale, shall be constituted by the LMB Director, to be composed of the following:

1. A representative of the Director, Lands Management Bureau, who will act as Chairperson;
2. The Regional Technical Director of the Lands Management Sector concerned or his duly authorized representative; and
3. The City or Municipal Assessor of the City or Municipality where the land and/or improvements to be appraised are situated, as members.

If the property shall be disposed of through lease, the Committee on Appraisal consisting of one (1) Chairperson and two (2) members, shall be created by the LMB Director to be composed of the proper personnel of the LMB and/or the DENR field offices in the region where the property sought to be appraised is situated.

4.C Friar Lands - The Appraisal Committee shall be created by the LMB Director consisting of one (1) Chairperson and two (2) members to be composed of the following:

1. The Chief, Land Administration and Utilization Division, LMB, as Chairperson;
2. The Community Environment and Natural Resources Officer concerned or his duly authorized representative; and,

3. The Chief, Legal Division, LMB or his duly authorized representative, as members.

4.D National Government Properties Situated in Baguio City Within the Purview of R.A. 1361, as amended by R.A. 5941, to be Disposed of by Sale. - The Committee shall be created by the LMB Director, consisting of one (1) Chairperson and two (2) members, to be composed of the following:

- a. The Regional Technical Director, Land Management Sector of DENR-Cordillera Administrative Region, as Chairperson;
- b. The District Engineer, Baguio City; and
- c. The City Assessor, Baguio City, as members

4.E Appraisal Committee Secretariat. - The Special Order creating the Appraisal Committee shall include the creation of the Appraisal Committee Secretariat to be composed, as the case may be, of responsible LMB employees unit, or LMS personnel, unit or section in the CENRO concerned, as the demand of expeditious conduct and accomplishment of the appraisal may warrant.

The Appraisal Committee Secretariat shall assist the Committee in data gathering, coordination and investigation work. It shall, further provide technical and administrative support to the Committee.

Sec. 5 Appraisal Report. - After conducting the appraisal or re-appraisal, the Committee shall prepare and submit an Appraisal Report containing its findings and recommendations and the reasons and/or justification in support thereof.

The appraisal report shall, likewise, include the identity area, location, classification, the actual and potential uses of the

property, the improvements therein, if any, a brief description of the existing vicinity such as presence of roads, ports and other infrastructures, as well as the existing social and economic activities therein. A location map of the property and a sketch plan of the existing improvements therein, if any, must be attached to the appraisal report.

Information and/or certification regarding latest assessment, zonal valuation and data on recent sales of properties located in the area where the property being appraised is located and other relevant information, must be secured, if available, from the Bureau of Internal Revenue, Assessor's Office, Register of Deeds, and any other established offices of private entities concerned, and shall form part of the Appraisal Report.

Sec. 6 Mass Appraisal. - When conducting the appraisal or re-appraisal, the Committee, whenever feasible, shall adopt the carpet approach or simultaneous appraisal of lots comprising a residential subdivision, or of adjacent lots or lots located in the same municipality or city, which are proposed to be sold or leased to qualified applicants.

Sec. 7 Approval of the Appraisal Report. - The Appraisal Report to be submitted by the Committee on Appraisal involving properties falling under Section 2(a) and 2(b) of this Order, shall be approved by the authorized DENR Official as provided for under Administrative Order No. 38, dated April 19, 1990. For properties falling under Section 2(c), and 2(d), by the DENR Secretary, upon the recommendation of the LMB Director. Appraisal report involving properties under Section 2(e) shall be approved by the LMB Director.

Sec. 8 Appraisal - Up to when Effective. - The price or rental of the lands and improvements existing therein, if any, which are subject of temporary permit, sale or lease application or

those covered by an existing lease contract or temporary permit which are sought to be renewed or extended shall be based on the result of appraisal or re-appraisal which has been approved within one (1) year prior to the date of the issuance of the award, temporary permit, or in case of properties mentioned in paragraph 2(c) of this Administrative Order, from the prior approval of the proposed sale or lease or of the renewal or extension of an existing lease contract. In case of Friar Lands, the date shall be reckoned from the issuance of the sales certificate.

Sec. 9 Repealing Clause. - Lands General Circular Nos. 52, dated December 19, 1978, and 52-1 dated August 15, 1986, and all other existing rules and regulations, orders and circulars which are contrary to or inconsistent herewith are hereby repealed or modified accordingly.

Sec. 10 Effectivity. - This Administrative Order shall take effect fifteen (15) days after its publication in a newspaper of general circulation and upon filing of three (3) certified true copies thereof with the University of the Philippine Law Center.

(Sgd.) VICTOR O. RAMOS
Secretary

Published at:

TODAY - July 16, 1998 - page 15