

- 1) *Receive payment for the obligation of the mortgagor from the land transfer proceeds up to an amount equivalent to the landowner's compensation value."*

DAR Opinion No. 13, S. 2005
March 22, 2005

ACQUISITION; FORECLOSED AGRICULTURAL LAND

- Pertinent to foreclosed agricultural land are the following provisions of law, guidelines and DAR Opinion:

- **SECTION 71, R.A. No. 6657 (Comprehensive Agrarian Reform Law)**

"Section 71. Bank Mortgages. - Banks and other financial institutions allowed by law to hold mortgage rights or security interests in agricultural lands to secure loans and other obligations of borrowers, may acquire title to these mortgaged properties, regardless of area, subject to existing laws on compulsory transfer of foreclosed assets and acquisition as prescribed under Section 16 of this Act." (underscoring and emphasis supplied)

- **SECTION 1, DAR Administrative Order No. 1, Series of 2000 (Revised Rules and Regulations of Agricultural Lands Subject of Mortgage or Foreclosure)**

"Section 1. Rationale. - Section 25 of Republic Act No. 337, otherwise known as "The General Banking Act", provides that acquired assets and mortgaged properties foreclosed by banks shall be disposed of within a period of five (5) years after foreclosure." (emphasis supplied)

- **Penultimate Paragraph of DAR Memorandum Circular No 05, Series of 1996 (Guidelines Clarifying Sections 3 and 6 of R.A. No. 7881 Relative to Applications for Commercial Farms Deferment and the Turn-over to DAR of Foreclosed Assets of Government Financial Institutions, Respectively)**

"As regards private banks, Section 71 of R.A. No. 6657 provides that said foreclosed assets are subject to existing laws on their compulsory transfer (that is, under the General Banking Act) and acquisition under Section 16 of said Act. . . ." (emphasis supplied)

- **4th Paragraph of DAR Opinion No. 95, Series of 1996**

". . . . Banks cannot exercise the right of retention over their foreclosed agricultural properties. Section 71 of R.A. No. 6657 mandates that foreclosed assets of private banks are subject to existing laws on compulsory transfer (that is under the General Banking Act) and acquisition under Section 16 of said Act (see attached M.C. No. 5, Series of 1995)." (emphasis supplied)

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