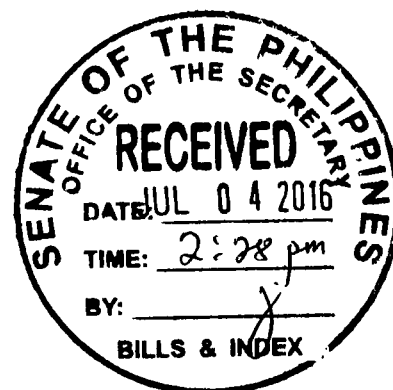


SEVENTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



SENATE
S.B. No. 354

Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

AN ACT
STRENGTHENING THE SECURED TRANSACTIONS LEGAL FRAMEWORK IN THE
PHILIPPINES, WHICH SHALL PROVIDE FOR THE CREATION, PERFECTION,
DETERMINATION OF PRIORITY, ESTABLISHMENT OF A NOTICE REGISTRY, AND
ENFORCEMENT OF SECURITY INTERESTS IN PERSONAL PROPERTY, AND FOR OTHER
PURPOSES

EXPLANATORY NOTE

Micro, small, and medium enterprises (MSMEs) are critical in the country's drive to maintain strong economic growth and uplift millions who live in poverty considering that in 2014 they comprised 99.6% of all Philippine businesses, generated 62.8% of all jobs in the Philippines,¹ and contributed to around 35% to Philippine GDP.²

The challenge is to ensure that microenterprises grow into small business; and small businesses develop into medium-sized enterprises. We must provide these businesses with an enabling environment so they survive, grow, and expand to create better lives for their families and increase job opportunities for other Filipinos. Crucial to their growth is access to financing at reasonable rates.

While there is notable growth in the microfinance sector, there is still a major gap relative to financing small enterprises, whose loan requirements are beyond the scope of microfinance institutions. Despite being a growth area for banks, SME financing is still considered unattractive given the perceived risks, without traditional collateral such as land and other real property. However, MSMEs' assets are mostly

¹ <http://www.dti.gov.ph/dti/index.php/resources/sme-resources/sme-statistics>.

² <http://www.philstar.com/business/2015/11/24/1525141/smes-eyed-hike-gdp-contribution>.

personal in nature (equipment, inventory, motor vehicle, accounts receivable, etc.), making it difficult for MSMEs to meet bank requirements to get loan approvals.

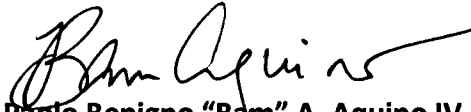
As early as 1906, the Philippines has in place a secured transactions legal environment, the Chattel Mortgage Law, and a document-based movable collateral registry operated by the Register of Deeds. The current regime recognizes a diverse set of movable assets acceptable as collateral for loan purposes (e.g., motor vehicles, standing crops, like rice, sugarcane, and other agri-aqua commodities, equipment, etc.); however, these assets are not being fully utilized nor preferred by banks as loan collateral, except motor vehicles, which leaves the law ineffective to increase trade or facilitate access to finance for MSMEs, and underscores the need to modernize these laws governing movable asset lending in the Philippines.

The Secured Transactions bill seeks to enable financial institutions to rethink how they view collateral and reduce the perceived risks, by providing protection for both lender and borrower. This measure seeks to establish a comprehensive legal framework to govern lending transactions that involve the use of personal property as collateral, as well as the design, establishment, and operation of a unified, centralized, online notice-based national collateral registry to assure banks that the collateral being submitted has not already been utilized for another loan. These reforms have the potential to increase credit access for women and small businesses, reduce the risks of non-satisfaction of debt and thereby lower the cost of borrowing, and reduce the rate of non-performing loans of financial institutions.

Jurisdictions like Mexico, Vietnam, and China have undertaken similar reforms and have seen their positive impacts. For example, in Mexico, similar reforms led to the creation of a national Accounts Receivable Finance Platform by the government's development bank, which has supported at least 130,000 SMEs through accounts receivable financing. In Vietnam, the number of collateral registrations (each representing a loan) surpassed 600,000 cumulatively over a period of four years. In China, loans with movable asset security are now disbursed at about USD 3.0 trillion per year.

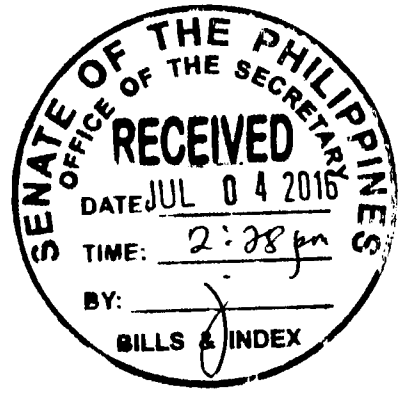
This bill can bring growth to both MSMEs and to our financial institutions, and enjoin our banks to take part in MSME development with less risk. This measure provides us an opportunity to create a win-win, balanced environment for financial institutions and small businesses, which will generate more employment and sustainable livelihood for Filipinos across the country.

In view of the foregoing, immediate passage of this bill is earnestly sought.

A handwritten signature in black ink, appearing to read "Bam Aquino", with a long horizontal flourish extending to the right.

Senator Paolo Benigno "Bam" A. Aquino IV

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*Be it enacted by the Senate and House of Representatives of the Philippines in
Congress assembled:*

- 1 **SECTION 1. Title.** – This Act shall be known as the "Secured Transactions Act".
- 2 **SEC. 2. Declaration of Policy.** – It is the policy of the State to promote
3 economic activity by increasing access to least cost credit, particularly for micro-,
4 small, and medium enterprises (MSMEs) by establishing a unified and modern legal
5 framework for securing obligations with personal property as collateral.
- 6 **SEC. 3. Definition of Terms.** - As used in this Act, the following terms shall
7 mean:
- 8 (a) *Accession* - goods that are physically united with other goods in a manner
9 such that the identity of the goods is not lost.
- 10 (b) *Account receivable* - a right to payment of monetary obligation for goods sold
11 or otherwise disposed of, or for services rendered, excluding a right to
12 payment evidenced by a negotiable instrument, a right to payment of funds
13 credited to a bank account, and a right to payment under non-intermediated
14 security.

- 1 (c) *Account debtor* - the person who is obligated on an account receivable,
2 secured sales contract or payment intangible.
- 3 (d) *Attachment* - completion of all conditions necessary to make a security
4 interest enforceable against the grantor with respect to the collateral.
- 5 (e) *Collateral* - any present or future personal property subject to a security
6 interest or lien, including accounts receivable that is the subject of an
7 outright transfer, and other kinds of intangible personal property, such as
8 intellectual property, or specific or general categories of personal property.
- 9 (f) *Commingled goods* - fungible goods that are physically united with other
10 fungible goods in a way that their identity is lost in a product or mass.
11
- 12 (g) *Consumer goods* - goods primarily used or intended to be used by the grantor
13 for personal, family, or household purposes, but not licensed motor vehicles.
- 14 (h) *Debtor* - a person who owes payment or other performance of a secured
15 obligation, whether or not that person owns or has rights in the collateral, or
16 whether or not that person is the grantor of the security right securing
17 payment or other performance of that obligation.
- 18 (i) *Default* - the failure of the debtor to pay or otherwise perform the secured
19 obligation, and any other event constituting a default of the debtor to
20 perform under a security agreement.
21
- 22 (j) *Deposit account* - a demand, time, savings, passbook, or any similar account
23 maintained by a bank to which funds may be credited or debited. The term
24 does not include investment property or accounts evidenced by an
25 instrument.
- 26 (k) *Document* - a document of title, or a receipt such as a bill of lading, or
27 warehouse receipt, issued by a person in the business of transporting or
28 storing goods.
- 29 (l) *Equipment* - goods that are not crops, livestock, inventory, or consumer
30 goods that is primarily used or intended to be used by the grantor in the
31 operation of its business.
- 32 (m) *Fixture* - goods that are fixed or are intended to become fixed to real
33 property in a manner that causes a property right in the goods to arise in
34 favor of a person who has a right in the real property. Building materials,

- 1 readily removable factory machines, office machines, and domestic
2 appliances are not fixtures.
- 3 (n) *Goods* - tangible personal property, including fixtures, crops, and livestock.
4 The term does not include accounts receivable or secured sales contracts,
5 money, documents, or instruments.
- 6 (o) *Grantor* - (i) the person who grants a security interest in collateral to secure
7 its own obligation or that of another person; (ii) a buyer or other transferee,
8 lessee, or licensee of a collateral that acquires its right subject to a security
9 interest; and (iii) a transferor in an outright transfer of an accounts
10 receivable, or secured sales contracts, a lessee of goods, and a secondary
11 obligor such as a guarantor of a secured obligation.
- 12 (p) *Instrument* - a writing that evidences a right to payment of money, that is not
13 a security agreement or lease, and that in the ordinary course of business
14 may be transferred by delivery with endorsement or assignment.
- 15 (q) *Inventory* - goods held for sale or lease [in the ordinary course of business], or
16 goods that are raw materials, work-in-process (semi-processed), or materials
17 used or consumed in a business.
- 18 (r) *Investment property* - a security, whether or not evidenced by certificates,
19 securities account, commodity contract, or commodity account.
- 20 (s) *Lien* - a right in property which is created by operation of law, by an order of
21 a court or other legal authority, or by the authority of an administrator in an
22 insolvency proceeding; as used in this Act, lien does not include a right of
23 retention.
- 24 (t) *Notice* - a statement of information about a security interest or lien that is
25 registered in the registry. The term includes an initial notice, amended notice,
26 continuation notice, termination notice and notice of objection.
27
- 28 (u) *Ordinary course of business* - a transfer of personal property by a person who
29 deals in the kind of property transferred.
- 30 (v) *Payment intangible* - a right to receive payment of a monetary obligation,
31 other than an account or a secured sales contract.
- 32 (w) *Perfection or Perfected security interest* - a security interest that has been
33 created and attached, and becomes effective against third parties such as

- 1 buyers, other secured parties, lien holders and an insolvency administrator,
2 by control, possession, registration.
- 3 (x) *Person* – includes a natural person or a juridical person, including a
4 governmental entity.
- 5 (y) *Personal property*- personal things of any nature, intangibles of any nature,
6 and fixtures.
- 7 (z) “Proceeds” amount received upon sale, lease or other disposition of
8 collateral, or whatever is collected on or distributed with respect to
9 collateral. Proceeds include money, property exchanged for the original
10 collateral, property purchased with money proceeds, a deposit account into
11 which money proceeds are deposited, and a right to insurance payment or
12 other compensation for loss or damage of the collateral.
- 13 (aa) *Purchase money security interest* - a security interest in goods purchased by
14 the grantor, taken by the seller to secure their price or by a person who gives
15 value to enable the grantor to acquire the goods.
- 16 (bb) *Registry* - the electronic general security rights registry established in the
17 Land Registratin Authority where notice of a security interest or other
18 interest in personal property is registered.
- 19 (cc) *Right of retention* - the right of a person who provides services or materials
20 to maintain or enhance the value of goods or who ships goods for delivery
21 to retain possession of the goods until paid for the services or materials or
22 the shipping fees.
- 23 (dd) *Secured Creditor* - a person in whose favor a security interest is created
24 under a security agreement. For the purposes of priority determination and
25 registration only, it includes a buyer of accounts receivable or secured sales
26 contracts and a lessor of goods for not less than two (2) years.
- 27 (ee) *Secured sales contract* - a contract for the sale of goods on credit that
28 includes a security agreement creating a security interest in the sold goods.
- 29 (ff) *Security agreement* - an agreement between the grantor and the Secured
30 creditor for the creation of the security interest.

1 (gg) *Security interest* - a property right in collateral that secures performance of
2 an obligation; for the purposes of perfection and priority, it includes the
3 interests of a buyer of accounts receivable or secured sales contracts and a
4 lessor of goods for not less than two (2) years.

5 **SEC. 4. *Scope of the Act.* –**

6 (a) This Act applies to:

- 7 1) transactions that secure an obligation with collateral, regardless of
8 form or terminology used, and whether the collateral is owned by the
9 secured creditor or the grantor.
10 2) for purposes of registering a notice and determining priority,
11 a. liens in personal property; and
12 b. the sale of accounts receivable and secured sales contracts and to
13 the lease of goods for not less than two (2) years.

14 (b) This Act does not apply to a sale of accounts receivable or secured sales
15 contracts as part of the sale of a business out of which they arose,
16 assignment for collection action only, or the transfer of a claim for
17 compensation of an employee.

18 **CHAPTER 2 – CREATION OF SECURITY INTEREST**

19 **SEC. 5. *Creation of a security interest.* –**

- 20 (a) A security interest is created by a security agreement.
21 (b) A security agreement may provide for the creation of a security interest
22 in a future property, but the security interest in that property is created
23 only when the grantor acquires rights in it or the power to encumber it.

24 **SEC. 6. *Security Agreement.* –** A security agreement must be in writing signed
25 by the grantor, or in an electronic form that may be printed, and it may consist of
26 one or more writings or electronic records that, taken together, establish the intent
27 of the parties, and:

- 28 (a) identifies the secured creditor and grantor, and if different, the debtor;
29 (b) describes the secured obligation;
30 (c) describes the collateral, as provided in Sec. 12.

31 **SEC. 7. *Obligations that may be secured.* –** A security interest may secure
32 one or more obligations, which may be of any type, pre-existing, present or future,
33 described specifically or generally, conditional or unconditional, monetary or non-
34 monetary, fixed or fluctuating.

1 **SEC. 8. *Property that may be encumbered.*** – A security interest may
2 encumber:

- 3 (a) Any type of personal property, including future property;
- 4 (b) Parts of property and undivided rights in personal property;
- 5 (c) Generic categories of personal property; and
- 6 (d) All of a grantor's personal property.

7 **SEC. 9. *Description of collateral.*** –

- 8 (a) A description of collateral is sufficient, whether it is specific or general, if
9 it reasonably identifies what is described. A description such as “all
10 personal assets”, “all equipment”, “all inventory”, or “all personal assets
11 within a generic category” of the grantor is sufficient.
- 12 (b) Reasonable description of consumer goods requires a specific
13 description.

14 **SEC. 10. *Attachment of security interest.*** – A security interest attaches to
15 collateral and becomes enforceable against the grantor, if the grantor has signed a
16 security agreement, if consideration has been given by the secured creditor, and if
17 the grantor has rights in the collateral or the power to transfer rights in the collateral
18 to the secured creditor.

19 **SEC. 11. *Right to proceeds and commingled funds.*** –

- 20 (a) A security interest in personal property attaches to its identifiable
21 proceeds.
- 22 (b) Where proceeds in the form of funds credited to a bank account or
23 money are commingled with other funds of the same kind:
 - 24 1) The security interest extends to the commingled funds, notwithstanding
25 that the proceeds have ceased to be identifiable;
 - 26 2) The security interest in the commingled funds is limited to the value of
27 the proceeds immediately before they were commingled; and
 - 28 3) If at any time after the commingling, the value of the balance credited
29 to the bank account or of the commingled money is less than the value
30 of the proceeds immediately before they were commingled, the
31 obligation is enforceable against the commingled funds only to the
32 extent of the lowest value of the commingled funds between the time
33 when the proceeds were commingled and the time the security interest
34 in the proceeds is enforced.

35 **SEC. 12. *Notice to account debtors not required.*** – Notwithstanding the
36 provisions of Articles 1291 – 1304 of Republic Act No. 386 otherwise known as the
37 Civil Code of the Philippines, when collateral consists of present or future accounts
38 receivable, secured sales contracts or payment intangibles, notice to the account

1 debtors is not required as a condition of attachment or perfection of the security
2 interest.

3 **SEC. 13. Tangible property covered by negotiable documents.** – A security
4 interest in a negotiable document extends to the tangible property covered by the
5 document, provided that the issuer of the document is in possession of the property
6 at the time the security interest in the document is created.

7 **SEC. 14. Tangible property with respect to which intellectual property is**
8 **used.** – A security interest in a tangible property with respect to which intellectual
9 property is used does not extend to the intellectual property and a security interest
10 in the intellectual property does not extend to the tangible property.

11 **SEC. 15. Continuity of security interest.** – A security interest continues in
12 collateral notwithstanding sale, lease, license, exchange, or other disposition of the
13 collateral, except as otherwise provided in this Act or agreed upon by the parties.

14 **SEC. 16. Extinguishment of a security interest.** – Extinguishment of all
15 present and future secured obligations, including conditional obligations, by
16 payment or otherwise extinguishes a security interest.

17 **CHAPTER 3 – PERFECTION OF SECURITY INTEREST**

18 **SEC. 17. Perfection of security interest.** – A security interest is perfected and
19 becomes enforceable against third parties, when it has attached to the collateral and
20 a means of perfection is completed in accordance to Sec. 18.

21 **SEC. 18. Means of Perfection.** – The means of perfection are:

- 22 (a) registration of a notice with the Registry;
- 23 (b) possession of the collateral by the secured creditor;
- 24 (c) control of the collateral; and
- 25 (d) automatic perfection as provided in Sec. 19.

26 **SEC. 19. Perfection in special cases.** – A notice must be registered in the
27 Registry to perfect a security interest, with the following exceptions:

- 28 (a) Perfection occurs automatically upon attachment of the security interest in
29 case of a purchase money security interest in consumer goods of the
30 grantor.
- 31 (b) A security interest in goods may be perfected by the secured creditor's
32 taking possession.
- 33 (c) A security interest in money may be perfected only by the secured
34 creditor's taking possession of the money, except for cash proceeds.

- 1 (d) A security interest in a deposit account may be perfected only by the
2 secured creditor's control of the deposit account.
- 3 (e) Upon disposition of collateral, a security interest attaches to proceeds of
4 the collateral without further act and is continuously perfected if the
5 security interest in the collateral was perfected, if the proceeds are in the
6 form of money, receivables, negotiables instruments or rights to payment
7 of funds credited to a bank account. However, if the proceeds are in a
8 form different from those referred to in the previous sentence, the security
9 interest in such proceeds becomes unperfected fifteen (15) days after the
10 grantor receives such proceeds, unless the means of perfection applicable
11 to relevant type of collateral is completed in accordance with this section.
- 12 (f) A lessor, a buyer of accounts receivable or secured sales contracts, or a lien
13 holder may perfect its interest in the same manner as for a security
14 interest or by means of registration of a notice with the Registry.
- 15 (g) A security interest in a motor vehicle may be perfected by registering a
16 notice that describes the motor vehicle generally or by serial number. As
17 against a buyer or lessee, however, priority requires description by serial
18 number.

19 **SEC. 20. *Perfection by different means.*** – A security interest is perfected
20 continuously if it is first perfected in one manner and later perfected in another
21 manner, without a period when the security interest is not perfected.

22 **SEC. 21. *Assignment of security interest.*** – If a secured creditor assigns a
23 perfected security interest, a notice need not be registered under this Act to
24 continue perfection of the security interest.

25 **SEC. 22. *Lapse of perfection.*** – When a registration period lapses as a result
26 of a failure to register a continuation notice by the lapse date, perfection of the
27 security interest also lapses, unless perfection is achieved by another means prior to
28 the lapse.

29 **CHAPTER 4 – PRIORITY OF SECURITY INTEREST**

30 **Sec. 23. *Priority rules.*** –

- 31 (a) Security interests and interests of lien holders in the same collateral have
32 priority according to time of registration of a notice, or perfection by
33 other means, except as otherwise provided in this Act.
- 34 (b) Priority is measured from the earlier to occur of registration of a notice
35 or perfection by other means, provided that there is no time thereafter
36 when a registered notice is not effective or perfection does not exist.

1 (c) The first security interest to attach to collateral has priority among
2 security interests for which there is no effective registered notice or
3 other form of perfection.

4 **SEC. 24. *Priority of judgment lien.*** – The right of a judgment creditor in the
5 property of the judgment debtor has priority over a security interest in some or all of
6 the same property if, before the security interest is perfected, (a) the court has
7 registered notice of the execution order, or (b) the judgment creditor has taken
8 possession of the property or taken control of the property by locking and posting
9 the premises in which the property is located.

10 **SEC. 25. *Priority continues in proceeds.*** – The priority of a security interest in
11 proceeds is the same as the priority of the security interest in the original collateral,
12 subject to the provisions of Sec. 19 par (e).

13 **SEC. 26. *Purchase of secured sales contracts or instruments.*** – A purchaser
14 of secured sales contracts or instruments has priority over a secured creditor's
15 security interest in the secured sales contracts or instruments if, in the ordinary
16 course of the purchaser's business, the purchaser gives new value and takes
17 possession of the secured sales contracts or instruments.

18 **SEC. 27. *Transferee exceptions.*** –

19 (a) A transferee takes collateral free of a security interest if the transferee
20 gives value and takes delivery of the collateral without knowledge of the
21 security interest and before a notice is registered or the security interest is
22 otherwise perfected.

23 (b) A person who buys or leases goods, including motor vehicles, in the
24 ordinary course of business of the seller or lessor takes free of a security
25 interest, even if the security interest is perfected and the person knows of
26 its existence.

27 (c) A buyer or lessee of a motor vehicle takes it free of a security interest if
28 the buyer or lessee does not know of the security interest and if the serial
29 number is not included on a registered notice of security interest.

30 (d) A buyer takes free of a perfected security interest in goods if the secured
31 creditor consents to the sale by the grantor.

32 (e) A person who receives cash for value takes free of a perfected security
33 interest in the cash.

34 (f) A lien holder who takes control of collateral or causes collateral to be
35 seized before a security interest is perfected takes free of the security
36 interest.

1 (g) A court or a liquidator of an insolvent company that takes physical custody
2 or control of assets before a security interest is perfected in them takes
3 free of the security interest.

4 **SEC. 28. *Effect of the grantor's insolvency on the priority of a security***
5 ***interest.*** – A security interest that is perfected at the time of the commencement of
6 insolvency proceedings in respect of the grantor remains effective against third
7 parties and retains the priority it had before the commencement of the insolvency
8 proceedings.

9 **SEC. 29. *Purchase money security interest.*** –

10 (a) A perfected purchase money security interest in equipment or its proceeds
11 has priority over a conflicting security interest, if the purchase money
12 security interest is perfected when the debtor receives possession of the
13 equipment, or within ten (10) days thereafter.

14 (b) A purchase money security interest in goods or their proceeds that is
15 perfected by registration of notice not later than ten (10) days from the
16 date the debtor obtains possession of the goods has priority over the
17 rights in the goods of a buyer, lessee, or lien holder which arise between
18 the time the security interest attaches and the time the notice is
19 registered.

20 (c) A perfected purchase money security interest in inventory, intellectual
21 property or livestock has priority over a conflicting perfected security
22 interest in the same inventory, intellectual property or livestock if:

23 1) the purchase money security interest is perfected when the debtor
24 receives possession of the inventory, intellectual property or livestock,
25 and

26 2) if, not later than ten (10) days after the debtor receives possession, the
27 purchase money secured creditor gives written notice to the holder of
28 the conflicting perfected security interest in the same types of
29 inventory, intellectual property or livestock. The notice sent to the
30 holder of the conflicting security interest may cover multiple
31 transactions between the purchase money secured creditor and the
32 grantor without the need to identify each transaction.

33 **SEC. 30. *Livestock.*** – A perfected security interest in livestock given for value
34 to enable the grantor to obtain food or medicine for the livestock has priority over
35 any other security interest in the livestock or their proceeds granted by the grantor,
36 except for a perfected purchase money security interest in the livestock.

1 **SEC. 31. Fixtures. –**

- 2 (a) A security interest may continue in goods that become fixtures.
3 (b) A security interest in a fixture is subordinate to rights in the real property
4 to which it is affixed unless a notice of the security interest in the fixture
5 has been registered in the registry established by this Act and, if the right
6 in the real property arose after the fixture became fixed, registration of
7 notice of the security interest in the fixture preceded registration of the
8 rights in or seizure of the real property.

9 **SEC. 32. Crops. –**

- 10 (a) A perfected security interest in crops growing or to be grown has priority
11 over a conflicting interest of the owner or mortgagee of the land if the
12 grantor is in possession of the land or has an interest in the land that is
13 registered in accordance with the land law.
14 (b) A perfected security interest in crops or their proceeds, given for value to
15 enable the grantor to produce or harvest the crops and given while the
16 crops are growing crops or during the 6month period before the crops
17 were planted has priority over any other security interest in the same
18 collateral given by the same grantor.
19 (c) An unperfected security interest in crops is subordinate to the rights of a
20 judgment creditor who causes the land to be seized in order to enforce a
21 judgment.

22 **SEC. 33 Right of retention. –** A right of retention has priority over a
23 perfected security interest in goods if it arises in the ordinary course of business of
24 the person in possession of the goods.

25 **SEC.. 34. Accessions. –** A security interest continues in collateral that
26 becomes an accession. If a security interest is perfected when the collateral
27 becomes an accession, the security interest remains perfected in the accession.

28 **SEC. 35. Commingled goods. –**

- 29 (a) A security interest may not be created in commingled goods. However, if
30 collateral to which a security interest has attached becomes commingled,
31 the security interest attaches to the product or mass.
32 (b) If a security interest is perfected before the collateral becomes
33 commingled, the security interest continues to be perfected in the product
34 or mass. The priority of the security interest in the product or mass is
35 measured from the time of perfection of the security interest in the
36 collateral that became commingled, except as limited by paragraph (c)(3),
37 below.

- 1 (c) If more than one security interest attaches to the product or mass, the
2 following rules determine priority:
3 1) A security interest that is perfected has priority over a security interest
4 that is unperfected at the time the collateral becomes commingled
5 goods;
6 2) The first security interest to attach to the product or mass has priority
7 among unperfected security interests; and
8 3) If more than one security interest is perfected, the perfected security
9 interests rank equally in proportion to the value of the collateral at the
10 time it became commingled.

11 **SEC. 36. Subordination.** – A secured creditor may, in a security agreement or
12 otherwise, subordinate its security interest to any other interest. A subordination of
13 security interest does not need to be registered. A subordination is effective only to
14 the extent that it does not adversely affect the rights of other secured creditors.

15 **CHAPTER 5 – REGISTRATION**
16 **REGISTRY OPERATION**

17 **SEC. 37. Establishment of electronic registry.** –
18 (a) The registry will be established in the Land Registration Authority.
19 (b) The registry shall provide electronic means for registration of notices of
20 security interest and liens, and for searching for notices. The electronic
21 records of the registry shall be the official records.

22 **SEC. 38. Regulations.** – The Land Registration Authority may issue regulations
23 consistent with this Act.

24 **SEC. 39. Public record.** – Information contained in a registered notice is a
25 public record. Indices and other records created by the registry with respect to
26 notices are public records. Any person may inspect notices in the registry.
27

28 **SEC. 40. Sufficiency of notice.** –
29 (a) An initial notice of security interest is sufficient if it:
30 1) identifies the grantor by tax identification number if an individual, or
31 SEC registration number if a legal entity;
32 2) identifies the secured creditor or an agent of the secured creditor by
33 name and provides an address; and
34 3) describes the collateral covered by the notice. If the collateral is a
35 fixture, the notice must describe the real property to which a fixture is
36 to be affixed.

- 1 (b) Each grantor must authorize the registration of an initial notice by
2 signing a security agreement or a separate agreement. A signature may
3 be any tangible indication of the debtor's and grantor's intent to enter
4 the agreement.
- 5 (c) A notice may be registered before a security agreement is concluded or
6 before a security interest attaches to collateral. Once a security
7 agreement is concluded, the date of registration of the notice shall be
8 reckoned from the date notice was registered prior to the conclusion of
9 the security agreement.
- 10 (d) A notice of lien may be registered by a lien holder without the consent
11 of the lienee. A notice of lien on the property of an insolvent company
12 may be registered by the court or a liquidator constituted by the court.
13 A notice of lien on the property of a judgment debtor may be registered
14 by the court. A notice of lien on the personal property of a delinquent
15 taxpayer may be registered by the government.
- 16 (e) Information in a notice shall be entered in English.
- 17 (f) A notice substantially complying with the requirements of this Section
18 is effective unless it is seriously misleading. A notice that does not
19 provide the numeric identifier of the grantor is seriously misleading.

20 **SEC. 41. *One notice sufficient for security interests under multiple security***
21 ***agreements.*** – The registration of a single notice may relate to security interests
22 created by the grantor under one or more than one security agreement between the
23 parties identified in the registered notice.

24 **Sec. 42. *Effectiveness of notice.*** –

- 25 (a) A notice is effective at the time it is discoverable on the records of the
26 registry.
- 27 (b) A notice is effective for the duration of the term of the secured
28 obligation unless a continuation notice is registered before the period
29 lapses.
- 30 (c) Upon lapse, a notice becomes ineffective, and the security interest that
31 was perfected by the notice becomes unperfected unless it is perfected
32 by another means.

33 **Sec. 43. *Amendment of notice.*** –

- 34 (a) An initial notice may be amended. An amended notice must:
35 1) identify the initial notice by its registration number;
36 2) identify each secured creditor who authorizes the amendment; and
37 3) provide all of the information required for an initial notice.
- 38 (b) An amended notice that adds collateral must be authorized by the
39 grantor by a written agreement.

- 1 (c) An amended notice that adds a debtor or grantor must be authorized
2 by the added grantor by written agreement.
3 (d) An amended notice is effective only as to each secured creditor who
4 authorizes it.
5 (e) An amended notice that adds collateral or a grantor is effective as to
6 the added collateral or grantor from the date of registration of the
7 amended notice.

8 **Sec. 44. Continuation of notice. –**

- 9 (a) The period of effectiveness of a notice may be continued by registering
10 a continuation notice that:
11 1) identifies the initial notice by its registration number; and
12 2) identifies each secured creditor who authorizes the continuation
13 notice.
14 (b) A continuation notice may be registered only within six months before
15 the expiration of the effective period of the notice.

16 **Sec. 45. Termination of notice. –**

- 17 (a) The effectiveness of a notice may be terminated by registering a
18 termination notice that:
19 1) identifies the initial notice by its registration number;
20 2) identifies each secured creditor who authorizes the termination
21 notice; and
22 3) indicates that the initial notice is no longer effective with respect to
23 each secured creditor who authorized the termination notice.
24 (b) Within the prescribed number of days after a secured creditor receives
25 a written demand by the debtor or grantor, the secured creditor shall
26 register a termination notice if:
27 1) there is no outstanding secured obligation and no commitment to
28 make an advance or otherwise give value; or
29 2) the debtor or grantor did not authorize registration of the initial
30 notice.
31 (c) Within twenty (20) days after a lien holder receives a written demand,
32 it shall register a termination notice if full payment of past due
33 amounts, penalties and interest has been made.
34 (d) A termination notice terminates effectiveness of the initial notice as to
35 each authorizing secured creditor or the lien holder.

36 **Sec. 46. Notice of objection. –**

- 37 (a) A person may register a notice of objection to a notice of security
38 interest that identifies the person as a debtor or grantor if the person
39 believes that the notice is inaccurate or was wrongfully registered.

- 1 (b) A notice of objection must:
2 1) identify the notice to which it relates by its registration number;
3 2) name the person who registers the notice of objection; and
4 3) provide the basis for the person's belief that the notice of security
5 interest is inaccurate or was incorrectly or wrongfully registered.
6 (c) Registration of a notice of objection does not affect the effectiveness
7 of a notice of security interest.

8 **Sec. 47. Registry refusal to register notice. –**

- 9 (a) The registry may refuse to register a notice because:
10 1) in the case of an initial notice, it does not provide the numeric
11 identifier of a grantor;
12 2) in the case of an amended notice, it does not provide the
13 registration number of the initial notice, it identifies an initial notice
14 for which effectiveness has lapsed, or it does not identify an
15 authorizing secured creditor;
16 3) in the case of a continuation notice, it does not provide the
17 registration number of the initial notice, it identifies an initial notice
18 for which effectiveness has lapsed, it was not presented within the
19 permitted six-month period, or it does not identify an authorizing
20 secured creditor;
21 4) in the case of a termination notice, it does not provide the
22 registration number of the initial notice, it identifies an initial notice
23 that has lapsed, or it does not identify an authorizing secured
24 creditor;
25 5) in the case of a notice of objection, it does not provide the
26 registration number of the initial notice, it identifies an initial notice
27 for which effectiveness has lapsed, or it does not name the person
28 who registers the notice; or
29 6) less than the full registration fee is tendered, or no arrangement has
30 been made for payment of fees by other means.
31 (b) If the registry refuses to register a notice, it shall promptly
32 communicate the fact of and reason for its refusal to the person who
33 presented the notice.

34 **Sec. 48. Registry duties. –**

- 35 (a) For each notice registered, the registry shall:
36 1) assign a unique registration number;
37 2) create a record that bears the number assigned to the initial notice
38 and the date and time of registration; and
39 3) maintain the record for public inspection.

- 1 (b) The registry shall index notices by the numeric identifier of the grantor
2 and, for notices containing a serial number of a motor vehicle, by
3 serial number.
- 4 (c) The registry shall return a copy of the electronic record of the notice,
5 to include the registration number and the date and time of
6 registration.
- 7 (d) The registry shall maintain the capability to retrieve a record by the
8 numeric identifier of the debtor or grantor, by the registration
9 number assigned to the initial notice and, for notices containing the
10 serial number of motor vehicle, by serial number.
- 11 (e) The registry shall maintain records of lapsed notices for a period of
12 ten years beyond the date of lapse.
- 13 (f) The duties of the registry are merely administrative. By registering a
14 notice or refusing to register a notice, the registry does not determine
15 the sufficiency, correctness, authenticity, or validity of any
16 information contained in the notice.

17 **Sec. 49. Search of registry records and certified report. –**

- 18 (a) The registry shall communicate the following information to any
19 person who requests it:
- 20 1) whether there are in the registry any effective notices that designate
21 a particular registration number, grantor's numeric identifier or
22 vehicle serial number;
- 23 2) the registration number, and the date and time of registration of
24 each notice; and
- 25 3) all of the information contained in each notice.
- 26 (b) If requested, the registry shall issue a certified report of the results of
27 a search that is an official record of the registry and shall be
28 admissible into evidence in the courts without extrinsic evidence of its
29 authenticity.
- 30 (c) The purpose of information provided by the registry is only to give
31 notice of the possible existence of a security interest in collateral. For
32 more complete information, the person who requested the
33 information may inquire of the secured creditor. The secured creditor
34 may, in its sole discretion, disclose:
- 35 1) the nature and amount of the secured obligation;
- 36 2) a detailed description of the collateral;
- 37 3) the remaining balance on the obligation;
- 38 4) whether or not the secured creditor has an obligation to make future
39 advances under its agreement with the debtor;
- 40 5) the duration of the obligation under the security agreement; and

1 6) the identity of all debtors, grantors and secured creditors who are
2 parties to the security agreement.

3 **Sec. 50. Fees set by regulation. –**

- 4 (a) The fees for registering a notice and for requesting a certified search
5 report shall be set by regulation to recover the reasonable costs of
6 operation.
7 (b) There shall be no fee for access to examine the records of the registry
8 by electronic means or for other services.
9 (c) There shall be no fee for registration of a termination notice.

10 **Chapter 6 - Enforcement of Security Interest**
11 **Secured Creditor's Rights**

12 **Sec. 51. Secured creditor rights upon default by debtor. –**

- 13 (a) If the debtor defaults on its obligation to pay or otherwise perform, or
14 upon the occurrence of another event of default, the security interest
15 becomes enforceable.
16 (b) Upon default, the secured creditor shall have:
17 1) the right to possession or control of the collateral, even if the
18 security agreement is silent about possession or control;
19 2) the right to dispose of the collateral; and
20 3) other rights or remedies provided in the security agreement, this law
21 or other law.

22 **Sec. 52. Recovery without judicial process. –**

- 23 (a) Upon default, a secured creditor with a security interest in an account
24 receivable, secured sales contract or payment intangible may instruct
25 the account debtor to make payment to the secured creditor, and
26 shall apply such payment to satisfaction of the obligation secured by
27 the security interest after deducting the secured creditor's reasonable
28 collection expenses. The secured creditor shall provide evidence of its
29 security interest to the account debtor when it delivers the instruction
30 to the account debtor. Payments made by an account debtor to the
31 secured creditor pursuant to the instruction to do so serve to
32 discharge the account debtor's obligation to the grantor.
33 (b) Upon default, a secured creditor with a security interest in a
34 document that is perfected by possession may proceed as to the
35 goods covered by the document.
36 (c) If so agreed, and in any event after default:

- 1) A bank with a perfected security interest in a deposit account maintained by the bank may apply the balance of the deposit account to the obligation secured by the deposit account; and
 - 2) In other cases, a secured creditor that has a security interest in a deposit account perfected by control may instruct the bank to pay the balance of the deposit account to the secured creditor's account.
- (d) The secured creditor may act under this Section without judicial process, notwithstanding any other provision of this law.

Sec. 53. Expedited possession by secured creditor. –

- (a) In cases not covered by the prior Section, the secured creditor may take possession or control of collateral without legal process if the security agreement so provides or if the grantor has agreed in writing, provided that possession or control can be taken without a breach of the peace. If the collateral is a fixture, the secured creditor may remove it from the real property to which it is fixed without judicial process only if the grantor and, if the real property is subject to a mortgage, the mortgagee have agreed in writing after default.
- (b) As used in this Section, breach of the peace includes entering the premises of the grantor without permission, resorting to physical violence or intimidation, or being accompanied by a law enforcement officer when taking possession or confronting the grantor.
- (c) If, upon default, the secured creditor cannot take possession or control of collateral without breach of the peace, or if the grantor and any mortgagee do not agree to removal of collateral that is a fixture, the secured creditor may proceed as follows:
 - 1) The secured creditor shall be entitled to an expedited hearing upon application for a pre-judgment order granting the secured creditor possession of the collateral. Such application shall include a statement by the secured creditor, under oath, verifying the existence of the security agreement attached to the application and identifying at least one event of default by the debtor under the security agreement.
 - 2) The secured creditor shall serve a copy of the application upon the debtor, the grantor and, if the collateral is a fixture, any mortgagee of the real property, including a copy of all documents and evidence submitted to the court in support thereof. The court shall schedule the hearing under subparagraph 1) at the earliest available time, provided that no hearing shall be conducted without service on the debtor, grantor and any mortgagee of the application and reasonable notice of the hearing unless (i) the court finds that the secured creditor has made reasonable efforts to make service on the

1 debtor, grantor and any mortgagee, and that such efforts have not
2 been successful; or (ii) the court finds that the hearing should be
3 conducted without delay to prevent damage to the collateral,
4 substantial loss of the collateral's value or impairment of the secured
5 creditor's right to possession.

- 6 3) If the court finds, after hearing, that it is probable that a default has
7 occurred under the security agreement and that the secured creditor
8 has a right to take possession of the collateral, the court shall enter
9 an order granting the secured creditor possession of the collateral
10 pending final judgment or further order of the court. The order may
11 direct the grantor to take such action as the court deems necessary
12 and appropriate so that the secured creditor may take possession.

13 **Sec. 54. Right to dispose of collateral. –**

- 14 (a) After default, a secured creditor may sell or otherwise dispose of the
15 collateral, publicly or privately.
16 (b) The secured creditor may buy at any public or private sale.

17 **Sec. 55. Commercial reasonableness required. –**

- 18 (a) In disposing of collateral, the secured creditor shall act in a
19 commercially reasonable manner.
20 (b) A disposition is not commercially unreasonable merely because a
21 better price could have been obtained by disposition at a different
22 time or by a different method from the time and method adopted by
23 the secured creditor.
24 (c) A disposition is commercially reasonable if the secured creditor
25 disposes of the collateral in conformity with commercial practices
26 among dealers in that type of property.
27 (d) If a method of disposition of collateral has been approved in any legal
28 proceeding, it is conclusively deemed to be commercially reasonable,
29 but no such approval is required by this law.

30 **Sec. 56. Notice of disposition. -**

- 31 (a) Not later than ten (10) days before disposition of the collateral, the
32 secured creditor shall give notice to:
33 1) the grantor;
34 2) any other secured creditor or lien holder who, 5 days before the
35 date notice is given, held a security interest or lien in the collateral
36 that was perfected by registration; and
37 3) any other person from whom the secured creditor received notice
38 of a claim of an interest in the collateral if the notice was received
39 before the secured creditor gives notice of the proposed disposition.

- 1 (b) The grantor may waive the right to be notified.
2 (c) A notice of disposition is sufficient if the notice: identifies the grantor
3 and the secured creditor; describes the collateral; states the method
4 of intended disposition; and states the time and place of a public sale
5 or the time after which other disposition is to be made.
6 (d) The requirement for notice described in paragraph (a) does not apply
7 if the collateral is perishable or threatens to decline speedily in value
8 or is of a type customarily sold on a recognized market.

9 **Sec. 57. Repair or preparation of collateral.** – The collateral may be disposed
10 of by the secured creditor in its existing condition or after repair, processing or
11 preparation for disposition.

12 **Sec. 58. Notice and claim for distribution.** –

- 13 (a) At least 7 days before distribution of the proceeds of disposition, the
14 secured creditor shall give notice of the proposed distribution to the
15 persons required to receive notice of disposition in Section 56. The
16 notice shall include the earliest date on which distribution may occur,
17 that the person may present a claim for distribution, the address to
18 which the claim must be presented and the type of proof of the claim
19 that must be provided. The notice of proposed distribution may be
20 included in the notice of disposition or provided separately.
21 (b) If the secured creditor receives an authenticated claim from any other
22 secured creditor, lien holder or other person from whom the secured
23 creditor received notice of a claim of an interest in the collateral
24 before distribution of the proceeds is completed, the claim shall be
25 included in the distribution process. If the secured creditor so
26 requests, a claimant shall furnish proof of the interest or lien before
27 distribution is completed.

28 **Sec. 59. Application of proceeds and clear title of buyer.** –

- 29 (a) The proceeds of disposition shall be applied in the following order.
30 1) The reasonable expenses of retaking, holding, preparing for
31 disposition, and disposing of the collateral, including reasonable
32 attorneys' fees and legal expenses incurred by the secured
33 creditor;
34 2) The satisfaction of obligations secured by a senior security interest
35 or lien;
36 3) The satisfaction of the obligation secured by the security interest of
37 the enforcing secured creditor;
38 4) The satisfaction of obligations secured by any subordinate security
39 interest or lien in the collateral if a written demand and proof of

- 1 the interest are received before distribution of the proceeds is
2 completed.
- 3 (b) The secured creditor shall account to the grantor for any surplus, and,
4 unless otherwise agreed, the debtor is liable for any deficiency.
- 5 (c) Where collateral is sold to a purchaser who acquires the interest for
6 value and in good faith and who takes possession of it, the purchaser
7 acquires the collateral free from the interests of the secured creditor,
8 grantor and any subordinate secured creditor or lien holder.

9 **Sec. 60. Retention of collateral by secured creditor. –**

- 10 (a) After default, the secured creditor may propose to the debtor and
11 grantor to take all or part of the collateral in satisfaction of all or a
12 part of the debtor's obligation, and shall give notice of the proposal
13 to:
- 14 1) the debtor and the grantor;
15 2) any other secured creditor or lien holder who, 5 days before the
16 notice is given to the debtor and grantor, has perfected its security
17 interest or lien by registration;
18 3) any other person with an interest in the collateral who has given a
19 written notice to the secured creditor before the notice is given to
20 the debtor and grantor.
- 21 (b) If the secured creditor receives objection in writing from a person
22 entitled to receive notice under paragraph (a) within 20 days after the
23 notice was given, the secured creditor must dispose of the collateral
24 as provided in this Division.
- 25 (c) If no objection is received within the 20-day period, the secured
26 creditor may retain the collateral in satisfaction of the debtor's
27 obligation in accordance with the proposal.

28 **Sec. 61. Redemption. –**

- 29 (a) A person who is entitled to receive a notice of disposition may redeem
30 the collateral provided that:
- 31 1) the person has not, after the default, waived in writing the right to
32 redeem;
33 2) the secured creditor has not yet disposed of or contracted for
34 disposition of the collateral; and
35 3) the secured creditor has not irrevocably elected to retain the
36 collateral.
- 37 (b) To redeem the collateral, the person must tender performance of all
38 obligations secured by the collateral, and pay the reasonable expenses
39 that were incurred to seize, hold, repair and prepare the collateral for
40 disposition.

1 **Sec. 62. Remedies for secured creditor noncompliance. –**

- 2 (a) If the secured creditor does not comply with the requirements of this
3 Part, the court may order or restrain disposition of collateral.
4 (b) If disposition has occurred, the debtor, grantor or any person entitled
5 to be informed or whose security interest has been made known to
6 the secured creditor prior to the disposition has a right to recover
7 from the secured creditor any loss caused by a failure to comply with
8 this Part.

9 **Chapter 7 – Conflicts of Law provisions (UNCITRAL)**

10 **Sec. 63. Law applicable to the mutual rights and obligations of the grantor**
11 **and the secured creditor. –** The law applicable to the mutual rights and obligations
12 of the grantor and the secured creditor arising from their security agreement is the
13 law chosen by them and, in the absence of a choice of law, the law governing the
14 security agreement.

15 **Sec. 64. Law applicable to a security right in a tangible asset. –**

- 16 (a) The law applicable to the creation, effectiveness against third parties
17 and priority of a security right in a tangible asset is the law of the State
18 in which the asset is located.
19 (b) The law applicable to the priority of a security right in a tangible asset
20 covered by a negotiable document made effective against third
21 parties by possession of the document as against a competing security
22 right made effective against third parties by another method is the
23 law of the State in which the document is located.
24 (c) The law applicable to the creation, third-party effectiveness and
25 priority of a security right in a tangible asset of a type ordinarily used
26 in more than one State is the law of the State in which the grantor is
27 located.
28 (d) A security right in a tangible asset that is in transit at the time of its
29 putative creation or intended to be relocated to a State other than the
30 State in which it is located at that time may be created and made
31 effective against third parties under:
32 1) The law of the State of the location of the asset at the time of the
33 putative creation of the security right; or
34 2) The law of the State of the asset's ultimate destination, provided
35 that the asset reaches that State within [a short period of time to be
36 specified by the enacting State] after the time of the putative
37 creation of the security right.

1 **Sec. 65. Law applicable to a security right in an intangible asset.** – The law
2 applicable to the creation, effectiveness against third parties and priority of a
3 security right in an intangible asset is the law of the State in which the grantor is
4 located.

5 **Sec. 66. Law applicable to a security right in a receivable relating to**
6 **immovable property.** – Notwithstanding Section 67, in the case of a security right in
7 a receivable that arises from the sale or lease of, or is secured by, immovable
8 property, the law applicable to the priority of the security right in the receivable as
9 against the right of a competing claimant that is registrable in the immovable
10 property registry in which rights in the relevant immovable may be registered is the
11 law of the State under whose authority the immovable property registry is
12 maintained.

13 **Sec. 67. Law applicable to the enforcement of a security right.** – The law
14 applicable to issues relating to the enforcement of a security right in:

- 15 (a) A tangible asset is the law of the State in which enforcement takes
16 place; and
17 (b) An intangible asset is the law applicable to the priority of the security
18 right.

Sec. 68. Law applicable to a security right in proceeds of an encumbered
asset. -

- 19 (a) The law applicable to the creation of a security right in proceeds is the
20 law applicable to the creation of the security right in the original
21 encumbered asset from which the proceeds arose.
22 (b) The law applicable to the third-party effectiveness and priority of a
23 security right in proceeds is the law applicable to the third-party
24 effectiveness and priority of a security right in an original encumbered
25 asset of the same kind as the proceeds.

26 **Sec. 69. Meaning of “location” of the grantor.** – For the purposes of the
27 provisions of this chapter, the grantor is located:

- 28 (a) In the State in which it has its place of business;
29 (b) If the grantor has a place of business in more than one State, in the
30 State in which the central administration of the grantor is exercised;
31 and
32 (c) If the grantor does not have a place of business, in the State in which
33 the grantor has his or her habitual residence.

34 **Sec. 70. Relevant time for determining location.** –

- 1 (a) Except as provided in paragraph (b), references to the location of the
2 encumbered asset or of the grantor in the provisions of this chapter
3 refer:
4 1) For creation issues, to the location at the time of the putative creation
5 of the security right; and
6 2) For third-party effectiveness and priority issues, to the location at the
7 time the issue arises.
8 (b) If the right of a secured creditor in an encumbered asset is created and
9 made effective against third parties and the rights of all competing
10 claimants are established before a change in the location of the asset or
11 the grantor, references in the provisions of this chapter to the location
12 of the asset or of the grantor refer, with respect to third-party
13 effectiveness and priority issues, to the location prior to the change.

14 **Sec 71. Exclusion of renvoi.** – A reference in the provisions of this chapter to
15 “the law” of a State as the law applicable to an issue refers to the law in force in that
16 State other than its rules of private international law.

17 **Sec. 72. Overriding mandatory rules and public policy (ordre public) –**

- 18 (a) The provisions of this chapter do not prevent a court from applying
19 overriding mandatory provisions of the law of the forum that apply
20 irrespective of the law applicable under the provisions of this chapter.
21 (b) The law of the forum determines when a court may or must apply or
22 take into account overriding mandatory provisions of another law.
23 (c) A court may only exclude the application of a provision of the law
24 applicable under the provisions of this chapter if and to the extent
25 that the result of such application would be manifestly incompatible
26 with fundamental notions of public policy (ordre public) of the forum.
27 (d) The law of the forum determines when a court may or must apply or
28 take into account the public policy (ordre public) of a State other than
29 the State the law of which would be applicable under the provisions of
30 this chapter.
31 (e) This article does not prevent an arbitral tribunal from applying or
32 taking into account public policy (ordre public), or from applying or
33 taking into account overriding mandatory provisions of a law other
34 than the law applicable under the provisions of this chapter, if the
35 arbitral tribunal is required or entitled to do so.
36 (f) This article does not permit a court to displace the provisions of this
37 chapter dealing with the law applicable to the third-party
38 effectiveness and priority of a security right.

1 **Sec. 77. Appropriations.** — The funds needed to implement this Act shall be
2 included in the Annual General Appropriations Act.

3 **Sec. 78. Separability Clause.** — Should any provision herein be declared
4 unconstitutional, the same shall not affect the validity of the other provisions of this
5 Act.

6 **Sec. 79. Repeal and Pre-emption of conflicting laws.** — This Act repeals the
7 following:

- 8 1) Sections 1 to 16 of Act 1508, otherwise known as the Chattel
9 Mortgage Law;
- 10 2) Articles 2085 to 2141, and 2241, 2243, 2246 to 2247 of Republic
11 Act No. 386, otherwise known as the Civil Code of the Philippines;
12 and
- 13 3) Sections 114 to 116 of Presidential Decree No. 1529, otherwise
14 known as Property Registration Decree.

15 If there is a conflict between a provision of this Act and a provision of any
16 other law, this Act shall govern unless the other law specifically amends or repeals a
17 provision of this law.

18 **Sec. 80. Effectivity.** — This Act shall take effect fifteen (15) days after its
19 publication in at least two (2) newspapers of general circulation.

20 *Approved,*