



HOUSE OF REPRESENTATIVES

H. No. 6907

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AN ACT STRENGTHENING THE LEGAL FRAMEWORK FOR THE CREATION, PERFECTION, DETERMINATION OF PRIORITY RIGHTS AND ENFORCEMENT OF SECURITY INTERESTS IN PERSONAL PROPERTY AND THE ESTABLISHMENT OF A NOTICE REGISTRY

*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  
2 "Financial Inclusion Act".

3 SEC. 2. *Declaration of Policy.* - The State shall promote  
4 economic activity by increasing access to least cost credit,  
5 particularly for micro, small, and medium enterprises (MSMEs) by

1 establishing a unified and modern legal framework for securing  
2 obligations with personal property as collateral.

### 3 CHAPTER 1

#### 4 DEFINITIONS AND SCOPE

5 SEC. 3. *Definition of Terms.* – As used in this Act:

6 (a) *Accession* refers to goods that are physically united with  
7 other goods in such a manner that the identity of the goods is not  
8 lost;

9 (b) *Account debtor* refers to the person who is obligated on an  
10 account receivable, including a guarantor, and other persons  
11 secondarily liable for the payment of the receivable;

12 (c) *Account receivable* refers to a right to the payment of a  
13 monetary obligation, excluding a right to payment arising from a  
14 negotiable instrument and a deposit account;

15 (d) *Collateral* refers to any personal property subject to a  
16 security interest or lien, and account receivable that is the subject of  
17 an outright transfer;

18 (e) *Commingled goods* refers to goods that are physically  
19 united with other goods in a way that their identity is lost in a  
20 product or mass;

21 (f) *Commodity contract* refers to a commodity futures  
22 contract, an option on a commodity futures contract, a commodity  
23 option, or any contract or option if it is:

24 (1) Traded on or subject to the rules of a board of trade that  
25 has been designated as a contract market for such a contract; or

26 (2) Traded on a foreign commodity board of trade, exchange,  
27 or market, and is carried on the books of a commodity intermediary  
28 for a commodity customer;

1           (g) *Consumer goods* refers to goods primarily used or  
2 intended to be used by the grantor for personal, family, or household  
3 purposes;

4           (h) *Control agreement*:

5           (1) With respect to securities, refers to an agreement in  
6 writing among the issuer or the intermediary, the grantor and the  
7 secured creditor, according to which the issuer or the intermediary  
8 agrees to follow instructions from the secured creditor with respect  
9 to the security, without further consent from the grantor;

10           (2) With respect to rights to deposit account, refers to an  
11 agreement in writing among the deposit-taking institution, the  
12 grantor and the secured creditor, according to which the  
13 deposit-taking institution agrees to follow instructions from the  
14 secured creditor with respect to the payment of funds credited to the  
15 deposit account without further consent from the grantor; and

16           (3) With respect to commodity contracts, refers to an  
17 agreement in writing among the grantor, secured creditor, and  
18 intermediary, according to which the commodity intermediary will  
19 apply any value distributed on account of the commodity contract as  
20 directed by the secured creditor without further consent by the  
21 commodity customer or grantor;

22           (i) *Debtor* refers to a person who owes payment or other  
23 performance of a secured obligation, whether or not that person is  
24 the grantor of the security interest securing the obligation;

25           (j) *Default* refers to the failure of the debtor to pay or  
26 otherwise perform the secured obligation, and any other event  
27 constituting a default under a security agreement;

1           (k) *Deposit account* refers to a demand, time, savings,  
2     passbook, or any similar account maintained by a deposit-taking  
3     institution to which funds may be credited or debited. The term  
4     does not include investment property or deposit account evidenced  
5     by an instrument;

6           (l) *Electronic records* refer to information or the  
7     representation of information, data, figures, symbols or other modes  
8     of written expression, described or however represented by which a  
9     fact may be proved or affirmed, which is received, recorded,  
10    transmitted, stored, processed, retrieved or produced electronically;

11          (m) *Equipment* refers to goods that are primarily used or  
12    intended to be used by the grantor in the operation of its business,  
13    excluding crops, livestock, inventory, or consumer goods;

14          (n) *Financial lease* refers to a lease under which at the end of  
15    the lease term:

16           (1) The lessee automatically becomes the owner of the asset  
17    that is the object of the lease; or

18           (2) The lessee may acquire ownership of the asset by paying  
19    no more than a nominal price; or

20           (3) The asset has no more than a nominal residual value;

21          (o) *Fixtures* refer to goods that are affixed or are intended to  
22    become fixed to a real property in a manner that causes a property  
23    right in the goods to arise in favor of a person who has a right in the  
24    real property. Readily removable factory machines, office machines,  
25    and domestic appliances are not deemed fixtures;

26          (p) *Goods* refer to tangible personal property, including  
27    fixtures, crops, and livestock. The term does not include money,  
28    documents, instruments and certificated securities;



1 (q) *Grantor* refers to:

2 (1) The person who grants a security interest in collateral to  
3 secure its own obligation or that of another person;

4 (2) A buyer or other transferee of a collateral that acquires  
5 its right subject to a security interest;

6 (3) A transferor in an outright transfer of an accounts  
7 receivable; or

8 (4) A lessee of goods;

9 (r) *Instrument* refers to a writing that evidences a right to  
10 payment of money that in the ordinary course of business may be  
11 transferred by delivery with any necessary endorsement;

12 (s) *Intangible personal property* refers to a deposit account,  
13 intellectual property, investment property (other than certificated  
14 securities), and other intangibles;

15 (t) *Intellectual property* refers to copyrights, patents,  
16 trademarks, service marks, trade secrets and industrial designs and  
17 any other asset considered to be intellectual property rights under  
18 Republic Act No. 8293, the "Intellectual Property Code of the  
19 Philippines";

20 (u) *Inventory* refers to goods held for sale or lease in the  
21 ordinary course of business, including raw materials and work-in-  
22 process (semi-processed);

23 (v) *Investment property* refers to a security, whether or not  
24 evidenced by certificates, and whether or not held directly against  
25 the issuer or credited to a securities account, commodity contract, or  
26 commodity account;

27 (w) *Lien* refers to right in property, other than a right of  
28 retention, which is created by operation of law, by an order of a

1 court or other legal authority; including a right held by a tax  
2 authority;

3 (x) *Negotiable document* refers to a document of title, such  
4 as a bill of lading, or warehouse receipt that embodies the right to  
5 delivery of goods;

6 (y) *Non-intermediated securities* refer to securities other  
7 than securities credited to a securities account and rights in  
8 securities resulting from the credit of securities to a securities  
9 account;

10 (z) *Notice* refers to a statement of information that is  
11 registered in the Secured Interests Registry relating to a security  
12 interest or lien. The term includes an initial notice, amendment  
13 notice, and termination notice;

14 (aa) *Ordinary course of business* refers to the regular conduct  
15 or pursuit of a commercial or an economic activity, including  
16 transactions incidental thereto;

17 (bb) *Person* refers to a natural or juridical person;

18 (cc) *Proceeds* refer to any property received upon sale, lease  
19 or other disposition of collateral, or whatever is collected on or  
20 distributed with respect to collateral. Proceeds include money,  
21 property exchanged for the original collateral, claims arising out of  
22 the loss or damage to the collateral, as well as a right to insurance  
23 payment or other compensation for loss or damage of the collateral;

24 (dd) *Purchase money security interest* refers to a security  
25 interest in goods taken by the seller to secure the price of goods, or  
26 by a person who gives value, to enable the debtor-buyer acquire the  
27 goods to the extent that the credit is used for that purpose;

1 (ee) *Secured creditor* refers to a person that has a security  
2 interest. For the purpose of priority registration, it includes a buyer  
3 of accounts receivable and a lessor of goods under an operating lease  
4 for not less than one (1) year;

5 (ff) *Securities account* refers to an account maintained by an  
6 intermediary to which securities may be credited or debited;

7 (gg) *Security agreement* refers to:

8 (1) An agreement, regardless of whether the parties have  
9 denominated it as a security agreement, between the grantor and a  
10 secured creditor for the creation of the security interest; or

11 (2) An agreement that provides for the outright transfer of a  
12 receivable;

13 (hh) *Security interest* refers to a property right in collateral  
14 that secures payment or other performance of an obligation,  
15 regardless of whether the parties have denominated it as a security  
16 interest, and regardless of the type of asset, the status of the  
17 grantor or secured creditor, or the nature of the secured obligation;  
18 including the right of a buyer of accounts receivable and a lessor  
19 under an operating lease for not less than one (1) year; and

20 (ii) *Writing* includes, for purposes of this Act, electronic  
21 records.

22 SEC. 4. *Scope of the Act.* -

23 (a) This Act shall apply to:

24 (1) Transactions that secure an obligation with collateral,  
25 regardless of form or terminology used, and whether the secured  
26 creditor or the grantor owns or has other rights to the collateral,  
27 including a financial lease, and sale with a retention of ownership,  
28 and, other than transactions described in Chapter 6 hereof on the

1 enforcement of security interest, the outright transfer of an account  
2 receivable.

3 (2) For purposes of registration and priority:

4 (i) Liens in personal property; and

5 (ii) An operating lease for not less than one (1) year.

6 (b) This Act shall not apply to interests in aircraft covered by  
7 Republic Act No. 9497, or the "Civil Aviation Authority Act of 2008",  
8 and interests in ships covered by Presidential Decree No. 1521, or  
9 the "Ship Mortgage Decree of 1978".

## 10 CHAPTER 2

### 11 CREATION OF SECURITY INTEREST

12 SEC. 5. *Creation of a Security Interest.* – A security interest is  
13 created by a security agreement. A security agreement may provide  
14 for the creation of a security interest in a future property, but the  
15 security interest in that property is created only when the grantor  
16 acquires rights in it or the power to encumber it.

17 SEC. 6. *Security Agreement.* – A security agreement must be  
18 in writing signed by the grantor, and it may consist of one or more  
19 writings or electronic records that, taken together, establish the  
20 intent of the parties, and:

21 (a) Identifies the secured creditor and grantor;

22 (b) Describes the secured obligation as provided in Section 7  
23 of this Act; and

24 (c) Describes the collateral, as provided in Section 9 of this  
25 Act.

26 SEC. 7. *Obligations That May be Secured.* – A security  
27 interest may secure one or more obligations, preexisting, present or  
28 future, which may be of any type, described specifically or generally,

1 are conditional or unconditional, monetary or nonmonetary, or fixed  
2 or fluctuating. Secured obligations may be described specifically or  
3 generally, and includes the maximum amount for which the security  
4 interest may be enforced.

5 SEC. 8. *Property That May be Encumbered.* – A security  
6 interest may be created on:

7 (a) Any type of personal property;

8 (b) Parts of property and undivided rights in personal  
9 property;

10 (c) Generic categories of personal property; and

11 (d) All of a grantor's personal property.

12 SEC. 9. *Description of Collateral.* – A description of a  
13 collateral shall be considered sufficient, whether it is specific or  
14 general, if it reasonably identifies the collateral. A description such  
15 as "all personal property", "all equipment", "all inventory", or "all  
16 personal assets within a generic category" of the grantor is  
17 sufficient.

18 SEC. 10. *Right to Proceeds and Commingled Funds.* –

19 (a) A security interest in personal property attaches to its  
20 identifiable or traceable proceeds.

21 (b) Where proceeds in the form of funds credited to a bank  
22 account or money are commingled with other funds of the same  
23 kind:

24 (1) The security interest extends to the commingled money or  
25 funds, notwithstanding that the proceeds have ceased to be  
26 identifiable, to the extent they remain traceable;



1           (2) The security interest in the commingled funds or money  
2 shall be limited to the amount of the proceeds immediately before  
3 they were commingled; and

4           (3) If at any time after the commingling, the value of the  
5 balance credited to the deposit account or of the commingled money  
6 is less than the amount of the proceeds immediately before they  
7 were commingled, the security interest against the commingled  
8 funds or money shall be limited to the lowest amount of the  
9 commingled funds or money between the time when the proceeds  
10 were commingled and the time the security interest in the proceeds  
11 is claimed.

12           SEC. 11. *Continuity of Security Interest.* – A security interest  
13 shall continue in collateral notwithstanding sale, lease, license,  
14 exchange, or other disposition of the collateral, except as otherwise  
15 provided in Section 25 of this Act or agreed upon by the parties.

16           SEC. 12. *Contractual Limitation on the Creation of a Security*  
17 *Interest.* –

18           (a) A security interest in an account receivable shall be  
19 effective notwithstanding any agreement between the grantor and  
20 the account debtor, or any secured creditor limiting in any way the  
21 grantor's right to create a security interest.

22           (b) Nothing in this section shall affect any obligation or  
23 liability of the grantor for breach of the agreement in subsection (a)  
24 herein.

25           (c) Any stipulation limiting the grantor's right to create a  
26 security interest shall be void.

27           (d) This section shall apply only to accounts receivable arising  
28 from:

1 (1) A contract for the supply or lease of goods or services other  
2 than financial services;

3 (2) A construction contract or a contract for the sale or lease  
4 of real property; and

5 (3) A contract for the sale, lease or license of intellectual  
6 property.

7 SEC. 13. *Rights and Obligations and General Standard of*  
8 *Conduct of Parties.* –

9 (a) The mutual rights and obligations of the grantor and the  
10 secured creditor are determined by the terms and conditions set out  
11 in the security agreement, including any rule or general condition  
12 referred to therein.

13 (b) A person must exercise its rights and perform its  
14 obligations under this Act in good faith and in a commercially  
15 reasonable manner.

### 16 CHAPTER 3

#### 17 PERFECTION OF SECURITY INTEREST

18 SEC. 14. *Perfection of Security Interest.* – A security interest  
19 shall be perfected when it has been created and the secured creditor  
20 has taken one of the actions in accordance with Section 15 hereof.  
21 On perfection, a security interest becomes effective against third  
22 parties.

23 SEC. 15. *Means of Perfection.* –

24 (a) A security interest may be perfected by:

25 (1) Registration of a notice in the Secured Interests Registry  
26 created under Section 33 of this Act;

27 (2) Possession of the collateral by the secured creditor; or

28 (3) Control of investment property and deposit account.

1 (b) A security interest in any tangible asset may be perfected  
2 by registration or possession.

3 A security interest in investment property and deposit account  
4 may be perfected by registration or control.

5 SEC. 16. *Perfection by Control.* –

6 (a) A security interest in a deposit account or investment  
7 property may be perfected by control through:

8 (1) The creation of the security interest in favor of the  
9 deposit-taking institution or the intermediary;

10 (2) The conclusion of a control agreement; or

11 (3) For an investment property that is an electronic security  
12 not held with an intermediary, the notation of the security interest  
13 in the books maintained by or on behalf of the issuer for the purpose  
14 of recording the name of the holder of the securities.

15 (b) Nothing in this Act shall require a deposit-taking  
16 institution or an intermediary to enter into a control agreement,  
17 even if the grantor so requests. A deposit-taking institution or an  
18 intermediary that has entered into such an agreement shall not be  
19 required to confirm the existence of the agreement to another  
20 person unless requested to do so by the grantor.

21 SEC. 17. *Perfection of Judgment Creditor's Rights by*  
22 *Registration or Seizure.* – A judgment creditor may perfect the right  
23 over a property by registering a notice, or by seizing the property.

24 SEC. 18. *Perfection in Proceeds.* –

25 (a) Upon disposition of collateral, a security interest shall  
26 extend to proceeds of the collateral without further act and be  
27 continuously perfected, if the proceeds are in the form of money,  
28 accounts receivable, negotiable instruments or deposit accounts.

1 (b) Upon disposition of the collateral, if the proceeds are in a  
2 form different from money, accounts receivable, negotiable  
3 instruments or deposit accounts, the security interest in such  
4 proceeds must be perfected by one of the means applicable to the  
5 relevant type of collateral within fifteen (15) days after the grantor  
6 receives such proceeds; otherwise, the security interest in such  
7 proceeds shall not be effective against third parties.

8 SEC. 19. *Change in Means of Perfection.* – A security interest  
9 shall remain perfected despite a change in the means for achieving  
10 perfection.

11 SEC. 20. *Assignment of Security Interest.* – If a secured  
12 creditor assigns a perfected security interest, an amendment notice  
13 must be registered to reflect the assignment.

#### 14 CHAPTER 4

#### 15 PRIORITY OF SECURITY INTEREST

16 SEC. 21. *Priority Rules.* – The priority of security interests  
17 and liens in the same collateral shall be determined according to  
18 time of registration of a notice or perfection by other means, without  
19 regard to the order of creation of the security interests and liens.

20 SEC. 22. *Priority for Perfection by Control.* –

21 (a) A security interest in a deposit account wherein secured  
22 creditor is the deposit-taking institution or the intermediary shall  
23 have priority over a competing security interest perfected by any  
24 method.

25 (b) A security interest in a deposit account or investment  
26 property that is perfected by a control agreement shall have priority  
27 over a competing security interest except a security interest of the  
28 deposit-taking institution or the intermediary.

1 (c) The order of priority among competing security interests  
2 in a deposit account or investment property that were perfected by  
3 the conclusion of control agreements shall be determined on the  
4 basis of the time of conclusion of the control agreements.

5 (d) Any right to set-off that the deposit-taking institution may  
6 have against a grantor's right to payment of funds credited to a  
7 deposit account shall have priority over a security interest in the  
8 deposit account.

9 (e) A security interest in a security certificate perfected by  
10 the secured creditor's possession of the certificate shall have priority  
11 over a competing security interest perfected by registration of a  
12 notice in the Secured Interests Registry.

13 (f) A security interest in electronic securities not held with an  
14 intermediary perfected by a notation of the security interests in the  
15 books maintained for that purpose by or on behalf of the issuer shall  
16 have priority over a security interest in the same securities  
17 perfected by any other method.

18 (g) A security interest in electronic securities not held with an  
19 intermediary perfected by the conclusion of a control agreement  
20 shall have priority over a security interest in the same securities  
21 perfected by registration of a notice in the Secured Interests  
22 Registry.

23 (h) The order of priority among competing security interests  
24 in electronic securities not held by an intermediary and perfected by  
25 the conclusion of control agreements is determined on the basis of  
26 the time of conclusion of the control agreements.

27 SEC. 23. *Priority for Instruments and Negotiable Documents.*

28 - A security interest in an instrument or negotiable document that



1 is perfected by possession of the instrument or the negotiable  
2 document shall have priority over a security interest in the  
3 instrument or negotiable document that is perfected by registration  
4 of a notice in the Secured Interests Registry.

5       SEC. 24. *Priority and Right of Retention by Operation of Law.*

6       – A person who provides services or materials with respect to the  
7 goods, in the ordinary course of business, and retains possession of  
8 the goods shall have priority over a perfected security interest in the  
9 goods until payment thereof.

10       SEC. 25. *Exceptions to the Security Interest Rule.* –

11       (a) A person who buys or leases goods in the ordinary course  
12 of business of the seller or lessor shall take the goods free of a  
13 security interest, if the buyer or lessee did not have knowledge that  
14 the sale or lease violates the rights of the secured creditor under the  
15 security agreement.

16       (b) A nonexclusive licensee of an intangible collateral licensed  
17 in the ordinary course of the licensor's business shall take it free of  
18 a security interest: *Provided*, That, at the time of the conclusion of  
19 the license agreement, the licensee did not have knowledge that the  
20 license violates the rights of the secured creditor under the security  
21 agreement.

22       (c) A buyer or lessee of a motor vehicle shall take it free of a  
23 security interest if the buyer or lessee did not have knowledge that  
24 the sale or lease violates the rights of the secured creditor under the  
25 security agreement and if the notice would not be retrieved in a  
26 search according to the serial number.

1 (d) A buyer or lessee of goods that are subject to a security  
2 interest shall take the goods free of a security interest if the secured  
3 creditor consents to the sale or lease by the grantor.

4 (e) A person who receives money shall take free of a security  
5 interest in the money, unless the person acted in collusion with the  
6 grantor.

7 (f) A transferee of funds or investment property shall acquire  
8 its rights free of a security interest in deposit account or investment  
9 property, unless the transferee has knowledge that the transfer  
10 violates the rights of the secured creditor under the security  
11 agreement.

12 (g) A person who takes possession of an instrument or  
13 negotiable document and gives value without knowledge that the  
14 sale or other transfer is in violation of the rights of the secured  
15 creditor under the security agreement shall acquire its rights free of  
16 a security interest that is made effective against third parties by  
17 registration of a notice in the Secured Interests Registry.

18 *SEC. 26. Effect of the Grantor's Insolvency on the Priority of a*  
19 *Security Interest.* – Subject to the applicable law, a security  
20 interest that is perfected at the time of the commencement of  
21 insolvency proceedings remains effective against third parties and  
22 retains the priority it had before the commencement of the  
23 insolvency proceedings.

24 *SEC. 27. Purchase Money Security Interest.* –

25 (a) A perfected purchase money security interest in  
26 equipment and its proceeds shall have priority over a conflicting  
27 security interest, if a notice relating to the purchase money security

1 interest is registered within three (3) business days after the  
2 grantor receives possession of the equipment.

3 (b) A purchase money security interest in consumer goods  
4 that is perfected by registration of notice not later than three (3)  
5 business days after the grantor obtains possession of the consumer  
6 goods shall have priority over a conflicting security interest.

7 (c) A purchase money security interest in inventory,  
8 intellectual property or livestock shall have priority over a  
9 conflicting perfected security interest in the same inventory,  
10 intellectual property or livestock if:

11 (1) The purchase money security interest is perfected when  
12 the grantor receives possession of the inventory or livestock, or  
13 acquires rights to intellectual property; and

14 (2) Before the grantor receives possession of the inventory or  
15 livestock, or acquires rights in intellectual property, the purchase  
16 money secured creditor gives written notification to the holder of  
17 the conflicting perfected security interest in the same types of  
18 inventory, livestock, or intellectual property. The notification sent  
19 to the holder of the conflicting security interest may cover multiple  
20 transactions between the purchase money secured creditor and the  
21 grantor without the need to identify each transaction.

22 (d) The purchase money security interest in equipment or  
23 consumer goods perfected timely in accordance with subsections (a)  
24 and (b) herein, shall have priority over the rights of a buyer, lessee,  
25 or lien holder which arise between delivery of the equipment or  
26 consumer goods to the grantor and the time the notice is registered.

27 SEC. 28. *Security Interest in Livestock.* - A perfected security  
28 interest in livestock securing an obligation incurred to enable the

1 grantor to obtain food or medicine for the livestock shall have  
2 priority over any other security interest in the livestock, except for a  
3 perfected purchase money security interest in the livestock, if the  
4 secured creditor providing credit for food or medicine gives written  
5 notification to the holder of the conflicting perfected security  
6 interest in the same livestock before the grantor receives possession  
7 of the food or medicine.

8       SEC. 29. *Security Interest in Fixtures.* –

9       (a) A security interest may be created in fixtures or may  
10 continue in goods that become fixtures.

11       (b) A security interest in a fixture shall be subordinate to  
12 rights in the real property to which it is affixed unless a notice of  
13 the security interest in the fixture has been registered in the  
14 Secured Interests Registry established by this Act and, prior to the  
15 registration of the rights in the real property.

16       (c) A purchase money security interest in fixtures shall have  
17 priority over a conflicting interest of an encumbrancer or owner of  
18 the real property if:

19       (1) The interest of the encumbrancer or owner arises before  
20 the goods become fixtures; and

21       (2) The security interest in the fixture is perfected by  
22 registration before the goods become fixtures or within ten (10) days  
23 thereafter.

24       SEC. 30. *Security Interest in Accessions.* – If a security  
25 interest is perfected when the collateral becomes an accession, the  
26 security interest shall remain perfected in the collateral.

1           SEC. 31. *Security Interest in Commingled Goods.* –

2           (a) If a security interest has been created before commingling,  
3 the security interest shall extend to the product or mass.

4           (b) If a security interest is perfected before the collateral  
5 becomes commingled, the security interest continues to be perfected  
6 in the product or mass.

7           (c) The priority of the security interest in the product or mass  
8 shall be determined from the time of perfection in the collateral that  
9 became commingled, except as limited by subsection (d)(3) herein.

10          (d) If more than one (1) security interest attaches to the  
11 product or mass, the following rules determine priority:

12           (1) A security interest that is perfected shall have priority  
13 over a security interest that is unperfected at the time the collateral  
14 becomes commingled goods;

15           (2) The first security interest to be created in the product or  
16 mass shall have priority among unperfected security interests; and

17           (3) If more than one (1) security interest is perfected, the  
18 perfected security interests rank equally in proportion to the value  
19 of the collateral at the time it became commingled.

20           SEC. 32. *Subordination of Security Interest.* –

21           (a) A secured creditor may, in a security agreement or  
22 otherwise, subordinate its security interest to any other interest.

23           (b) A subordination of security interest shall be effective  
24 without registration.

25           (c) A subordination shall not adversely affect the rights of  
26 other secured creditors.



## CHAPTER 5

## REGISTRATION

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3       SEC. 33. *Establishment of an Electronic Registry.* – The Land  
4 Registration Authority (LRA) shall establish and administer a  
5 centralized and nationwide electronic registry, hereinafter referred  
6 to as the Secured Interests Registry, that will provide the electronic  
7 means for the registration of a notice of a security interest or lien in  
8 personal property. The electronic records of the Secured Interests  
9 Registry shall be deemed its official records.

10       SEC. 34. *Public Record.* – Information contained in a  
11 registered notice is a public record. Any person may inspect notices  
12 in the Secured Interests Registry.

13       SEC. 35. *Sufficiency of Notice.* –

14       (a) An initial notice of security interest shall not be rejected:

15       (1) If it identifies the grantor by an identification number, as  
16 further prescribed in the regulations;

17       (2) If it identifies the secured creditor or an agent of the  
18 secured creditor by name;

19       (3) If it provides an address for the grantor and secured  
20 creditor or its agent;

21       (4) If it describes the collateral; and

22       (5) If the prescribed fee has been tendered, or an  
23 arrangement has been made for payment of fees by other means.

24       (b) If the LRA rejects to register a notice, it shall promptly  
25 communicate the fact of and reason for its rejection to the person  
26 who submitted the notice.

27       (c) Each grantor must authorize the registration of an initial  
28 notice by signing a security agreement or otherwise in writing. A

1 signature may be any tangible indication of the debtor's and  
2 grantor's intent to enter the agreement.

3 (d) A notice may be registered before a security agreement is  
4 concluded. Once a security agreement is concluded, the date of  
5 registration of the notice shall be reckoned from the date the notice  
6 was registered.

7 (e) A notice of lien may be registered by a lien holder without  
8 the consent of the person against whom the lien is sought to be  
9 enforced.

10 (f) Information in a notice shall be entered in English.

11 SEC. 36. *One Notice Sufficient for Security Interests Under*  
12 *Multiple Security Agreements.* – The registration of a single notice  
13 may relate to security interests created by the grantor under one or  
14 more than one security agreement.

15 SEC. 37. *Effectiveness of Notice.* –

16 (a) A notice shall be effective at the time it is discoverable on  
17 the records of the Secured Interests Registry.

18 (b) A notice shall be effective for the duration of the term  
19 indicated in the notice unless a continuation notice is registered  
20 before the term lapses.

21 (c) A notice that does not provide the identification number of  
22 the grantor shall be ineffective.

23 (d) A notice that may not be retrieved in a search of the  
24 Secured Interests Registry against the correct identifier of the  
25 grantor shall be ineffective with respect to that grantor.

1           SEC. 38. *Amendment of Notice.* -

2           (a) A notice may be amended by the registration of an  
3 amendment notice that identifies the initial notice by its  
4 registration number and provides the new information.

5           (b) An amended notice that adds collateral must be  
6 authorized by the grantor in writing.

7           (c) An amended notice that adds a debtor or grantor must be  
8 authorized by the added grantor in writing.

9           (d) An amended notice is effective only as to each secured  
10 creditor who authorizes it.

11           (e) An amended notice that adds collateral or a grantor shall  
12 be effective as to the added collateral or grantor from the date of its  
13 registration.

14           SEC. 39. *Continuation of Notice.* -

15           (a) The period of effectiveness of a notice may be continued by  
16 registering an amendment notice that identifies the initial notice by  
17 its registration number.

18           (b) Continuation of notice may be registered only within  
19 six (6) months before the expiration of the effective period of the  
20 notice.

21           SEC. 40. *Termination of Effectiveness of a Notice.* -

22           (a) The effectiveness of a notice may be terminated by  
23 registering a termination notice that identifies the initial notice by  
24 its registration number, and identifies each secured creditor who  
25 authorizes the registration of the termination notice.

26           (b) A termination notice ends the effectiveness of the initial  
27 notice as to each authorizing secured creditor.

1           SEC. 41. *Registry Duties.* –

2           (a) For each notice registered, the LRA shall:

3           (1) Assign a unique registration number;

4           (2) Create a record that bears the number assigned to the  
5 initial notice and the date and time of registration; and

6           (3) Maintain the record for public inspection.

7           (b) The LRA shall index notices by the numeric identifier of  
8 the grantor and, for notices involving motor vehicles, by vehicle  
9 identification number.

10          (c) The LRA shall provide a copy of the electronic record of  
11 the notice, including the registration number and the date and time  
12 of registration to the person who submitted it.

13          (d) The LRA shall maintain the capability to retrieve a record  
14 by the identification number of the grantor, and by the serial  
15 number of motor vehicle.

16          (e) The LRA shall maintain records of lapsed notices for a  
17 period of ten (10) years after the lapse.

18          (f) The duties of the LRA are merely administrative in  
19 nature. By registering a notice or refusing to register a notice, the  
20 LRA does not determine the sufficiency, correctness, authenticity, or  
21 validity of any information contained in the notice.

22           SEC. 42. *Search of Registry Records and Certified Report.* –

23           (a) The LRA shall communicate the following information to  
24 any person who requests it:

25           (1) When there is any unexpired notice in the Secured  
26 Interests Registry that indicates the grantor's identification number  
27 or vehicle serial number that exactly matches the relevant criterion  
28 provided by the searcher;

1           (2) The registration number, and the date and time of  
2 registration of each notice; and

3           (3) All of the information contained in each notice.

4           (b) If requested, the LRA shall issue a certified report of the  
5 results of a search that is an official record of the Secured Interests  
6 Registry and shall be admissible into evidence in judicial  
7 proceedings without extrinsic evidence of its authenticity.

8           (c) A security interest in a deposit account shall not:

9           (1) Affect the rights and obligations of the deposit-taking  
10 institution without its consent; or

11           (2) Require the deposit-taking institution to provide any  
12 information about the deposit account to third parties.

13           SEC. 43. *Fees Set by Regulation.* –

14           (a) The fees for registering a notice and for requesting a  
15 certified search report shall be set by regulation issued by the  
16 Department of Finance (DOF) for the recovery of reasonable costs of  
17 establishing and operating the Secured Interests Registry.

18           (b) The fee structure or any change thereof under subsection  
19 (a) herein shall further consider that the same shall not be  
20 burdensome to either lender or grantor.

21           (c) There shall be no fee for electronic searches of the Secured  
22 Interests Registry records or for the registration of termination  
23 notices.

24           (d) The LRA may charge fees for services not mentioned  
25 above.

26           SEC. 44. *When the Grantor May Demand Amendment or*  
27 *Termination of Notice.* – A grantor may give a written demand to



1 the secured creditor to amend or terminate the effectiveness of the  
2 notice if:

3 (a) All the obligations under the security agreement to which  
4 the registration relates have been performed and there is no  
5 commitment to make future advances;

6 (b) The secured creditor has agreed to release part of the  
7 collateral described in the notice;

8 (c) The collateral described in the notice includes an item or  
9 kind of property that is not a collateral under a security agreement  
10 between the secured creditor and the grantor;

11 (d) No security agreement exists between the parties; or

12 (e) The security interest is extinguished in accordance with  
13 this Act.

14 SEC. 45. *Matters That May be Required by Demand.* – Upon  
15 receipt of the demand submitted under Section 44 hereof, the  
16 secured creditor must register, within fifteen (15) working days, an  
17 amendment or termination notice:

18 (a) Terminating the registration in a case under items (a), (d)  
19 or (e) of the section;

20 (b) Amending the registration to release some property that is  
21 no longer collateral in a case under item (c) of the section or that  
22 was never collateral under a security agreement between the  
23 secured creditor and the grantor.

24 SEC. 46. *Procedure for Noncompliance With Demand.* – If the  
25 secured creditor fails to comply with the demand within fifteen (15)  
26 working days after its receipt, the person giving the demand under  
27 Section 44 hereof may ask the proper court to issue an order  
28 terminating or amending the notice as appropriate.



- 1 (b) The right to dispose of the collateral;  
2 (c) Other rights or remedies provided in this Act; and  
3 (d) Other rights or remedies provided in other laws or  
4 security agreement, to the extent that they are not inconsistent  
5 with this Act.

6 SEC. 51. *Right of Redemption.* –

7 (a) Any person who is entitled to receive a notification of  
8 disposition in accordance with this chapter is entitled to redeem the  
9 collateral by paying or otherwise performing the secured obligation  
10 in full, including the reasonable cost of enforcement.

11 (b) The right of redemption may be exercised, unless:

12 (1) The person entitled to redeem has not, after the default,  
13 waived in writing the right to redeem;

14 (2) The collateral is sold or otherwise disposed of, acquired or  
15 collected by the secured creditor or until the conclusion of an  
16 agreement by the secured creditor for that purpose; and

17 (3) The secured creditor has retained the collateral.

18 SEC. 52. *Right of Higher-Ranking Secured Creditor to Take*  
19 *Over Enforcement.* –

20 (a) Even if another secured creditor or a lien holder has  
21 commenced enforcement, a secured creditor whose security interest  
22 has priority over that of the enforcing secured creditor or lien holder  
23 shall be entitled to take over the enforcement process.

24 (b) The right referred to in subsection (a) of this section may  
25 be invoked at any time before the collateral is sold or otherwise  
26 disposed of, or retained by the secured creditor or until the  
27 conclusion of an agreement by the secured creditor for that purpose.

1 (c) The right of the higher-ranking secured creditor to take  
2 over the enforcement process shall include the right to enforce the  
3 rights by any method available to a secured creditor under Section  
4 50 hereof.

5 SEC. 53. *Expedited Repossession of the Collateral.* -

6 (a) The secured creditor may take possession of the collateral  
7 without judicial process if the security agreement so stipulates:  
8 *Provided*, That possession can be taken without a breach of the  
9 peace. Breach of the peace shall include entering the private  
10 residence of the grantor without permission, resorting to physical  
11 violence or intimidation, or being accompanied by a law enforcement  
12 officer when taking possession or confronting the grantor.

13 (b) If the collateral is a fixture, the secured creditor, if it has  
14 priority over all owners and mortgagees, may remove the fixture  
15 from the real property to which it is affixed without judicial process.  
16 The secured creditor shall exercise due care in removing the fixture.

17 (c) If, upon default, the secured creditor cannot take  
18 possession of collateral without breach of the peace, the secured  
19 creditor may proceed as follows:

20 (1) The secured creditor shall be entitled to an expedited  
21 hearing upon application for an order granting the secured creditor  
22 possession of the collateral. Such application shall include a  
23 statement by the secured creditor, under oath, verifying the  
24 existence of the security agreement attached to the application and  
25 identifying at least one event of default by the debtor under the  
26 security agreement.

27 (2) The secured creditor shall provide the debtor, grantor,  
28 and, if the collateral is a fixture, any real estate mortgagee, a copy

1 of the application, including all supporting documents and evidence  
2 for the order granting the secured creditor possession of the  
3 collateral.

4 (3) The secured creditor is entitled to an order granting  
5 possession of the collateral upon the court finding that a default has  
6 occurred under the security agreement and that the secured creditor  
7 has a right to take possession of the collateral. The court may direct  
8 the grantor to take such action as the court deems necessary and  
9 appropriate so that the secured creditor may take possession of the  
10 collateral.

11 SEC. 54. *Recovery in Special Cases.* – Upon default, the  
12 secured creditor may without judicial process:

13 (a) Instruct the account debtor to make payment to the  
14 secured creditor, and apply such payment to the satisfaction of the  
15 obligation secured by the security interest after deducting the  
16 secured creditor's reasonable collection expenses. On request of the  
17 account debtor, the secured creditor shall provide evidence of its  
18 security interest to the account debtor when it delivers the  
19 instruction to the account debtor.

20 (b) In a negotiable document that is perfected by possession,  
21 proceed as to the negotiable document or goods covered by the  
22 negotiable document.

23 (c) In a deposit account maintained by the secured creditor,  
24 apply the balance of the deposit account to the obligation secured by  
25 the deposit account; and

26 (d) In other cases of security interest in a deposit account  
27 perfected by control, instruct the deposit-taking institution to pay  
28 the balance of the deposit account to the secured creditor's account.



1           SEC. 55. *Right to Dispose of Collateral.* –

2           (a) After default, a secured creditor may sell or otherwise  
3 dispose of the collateral, publicly or privately, in its present  
4 condition or following any commercially reasonable preparation or  
5 processing.

6           (b) The secured creditor may buy at any public disposition, or  
7 at a private disposition but only if the collateral is of a kind that is  
8 customarily sold on a recognized market or the subject of  
9 widely distributed standard price quotations.

10          SEC. 56. *Commercial Reasonableness Required.* –

11          (a) In disposing of collateral, the secured creditor shall act in  
12 a commercially reasonable manner.

13          (b) A disposition is commercially reasonable if the secured  
14 creditor disposes of the collateral in conformity with commercial  
15 practices among dealers in that type of property.

16          (c) A disposition is not commercially unreasonable merely  
17 because a better price could have been obtained by disposition at a  
18 different time or by a different method from the time and method  
19 adopted by the secured creditor.

20          (d) If a method of disposition of collateral has been approved  
21 in any legal proceeding, it is conclusively deemed to be commercially  
22 reasonable.

23          SEC. 57. *Notice of Disposition.* –

24          (a) Not later than ten (10) days before disposition of the  
25 collateral, the secured creditor shall notify:

26           (1) The grantor;

27           (2) Any other secured creditor or lien holder who, five (5) days  
28 before the date the notification is sent to the grantor, held a security

1 interest or lien in the collateral that was perfected by registration;  
2 and

3 (3) Any other person from whom the secured creditor received  
4 notification of a claim of an interest in the collateral if the  
5 notification was received before the secured creditor gave  
6 notification of the proposed disposition.

7 (b) The grantor may waive the right to be notified.

8 (c) A notice of disposition is sufficient if the notice identifies  
9 the grantor and the secured creditor; describes the collateral; states  
10 the method of intended disposition; and states the time and place of  
11 a public disposition or the time after which other disposition is to be  
12 made.

13 (d) The requirement for notice under this section shall not  
14 apply if the collateral is perishable or threatens to decline speedily  
15 in value or is of a type customarily sold in a recognized market.

16 SEC. 58. *Application of Proceeds.* -

17 (a) The proceeds of disposition shall be applied in the  
18 following order:

19 (1) The reasonable expenses of taking, holding, preparing for  
20 disposition, and disposing of the collateral, including reasonable  
21 attorney's fees and legal expenses incurred by the secured creditor;

22 (2) The satisfaction of the obligation secured by the security  
23 interest of the enforcing secured creditor; and

24 (3) The satisfaction of obligations secured by any subordinate  
25 security interest or lien in the collateral if a written demand and  
26 proof of the interest are received before distribution of the proceeds  
27 is completed.

1           (b) The secured creditor shall account to the grantor for any  
2 surplus, and, unless otherwise agreed, the debtor is liable for any  
3 deficiency.

4           SEC. 59. *Rights of Buyers and Other Third Parties.* –

5           (a) If a secured creditor sells the collateral under this chapter,  
6 the buyer shall acquire the grantor's right in the asset free of the  
7 rights of any secured creditor or lien holder.

8           (b) If a secured creditor leases or licenses the collateral under  
9 this chapter, the lessee or licensee shall be entitled to the benefit of  
10 the lease or license during its term.

11           (c) If a secured creditor sells, leases or licenses the collateral  
12 not in compliance with this chapter, the buyer, lessee or licensee of  
13 the collateral shall acquire the rights or benefits described in  
14 subsections (a) and (b) of this section: *Provided*, That said buyer,  
15 lessee or licensee had no knowledge of a violation of this chapter  
16 that materially prejudiced the rights of the grantor or another  
17 person.

18           SEC. 60. *Retention of Collateral by Secured Creditor.* –

19           (a) After default, the secured creditor may propose to the  
20 debtor and grantor to take all or part of the collateral in total or  
21 partial satisfaction of the secured obligation, and shall send a  
22 proposal to:

23           (1) The debtor and the grantor;

24           (2) Any other secured creditor or lien holder who, five (5) days  
25 before the proposal is sent to the debtor and grantor, perfected its  
26 security interest or lien by registration;



1 (b) The law applicable to the priority of a security right in a  
2 tangible asset covered by a negotiable document perfected by  
3 possession of the document as against a competing claimant shall be  
4 the law of the State in which the document is located.

5 SEC. 63. *Law Applicable to a Security Right in an Intangible*  
6 *Asset.* – Except as otherwise provided in this chapter, the law  
7 applicable to the creation, perfection and priority of a security  
8 interest in an intangible asset shall be the law of the State in which  
9 the grantor is located.

10 SEC. 64. *Law Applicable to a Security Right in a Receivable*  
11 *Relating to Immovable Property.* – Notwithstanding Section 63  
12 hereof, in the case of a security right in a receivable that arises from  
13 the sale or lease of, or is secured by, real property, the law  
14 applicable to the priority of the security right in the receivable as  
15 against the right of a competing claimant that is registrable in the  
16 real property registry in which rights in the relevant real property  
17 may be registered is the law of the State under whose authority the  
18 real property registry is maintained.

19 SEC. 65. *Law Applicable to the Enforcement of a Security*  
20 *Right.* –

21 (a) The law applicable to issues relating to the enforcement of  
22 a security interest in a tangible asset shall be the law of the State in  
23 which the asset is located at the time of commencement of  
24 enforcement.

25 (b) The law applicable to issues relating to the enforcement of  
26 a security interest in an intangible asset shall be the law applicable  
27 to the priority of the security interest.



1           SEC. 66. *Law Applicable to a Security Right in Proceeds of the*  
2 *Collateral.* –

3           (a) The law applicable to the creation of a security right in  
4 proceeds of the collateral shall be the law applicable to the creation  
5 of the security interest in the original collateral from which the  
6 proceeds arose.

7           (b) The law applicable to the third-party effectiveness and  
8 priority of a security interest in proceeds shall be the law applicable  
9 to the third-party effectiveness and priority of a security right in an  
10 original collateral of the same kind as the proceeds.

11           SEC. 67. *Location of the Grantor.* –

12           For the purposes of the provisions of this chapter, the grantor  
13 is located:

14           (a) In the State in which it has its place of business;

15           (b) If the grantor has a place of business in more than one (1)  
16 State, in the State in which the central administration of the  
17 grantor is exercised; and

18           (c) If the grantor does not have a place of business, in the  
19 State in which the grantor habitually resides.

20           SEC. 68. *Relevant Time for Determining Location.* –

21           (a) Except as provided in subsection (b) of this section,  
22 references to the location of the collateral or of the grantor in this  
23 chapter shall refer:

24           (1) For creation issues, to the location at the time of the  
25 putative creation of the security interest; and

26           (2) For third-party effectiveness and priority issues, to the  
27 location at the time the issue arises.

1 (b) If the right of a secured creditor in an encumbered asset is  
2 created and made effective against third parties and the rights of all  
3 competing claimants are established before a change in the location  
4 of the asset or the grantor, references in this chapter to the location  
5 of the asset or of the grantor shall refer, with respect to perfection  
6 and priority issues, to the location prior to the change.

7 SEC. 69. *Impact of Commencement of Insolvency Proceedings*  
8 *on the Law Applicable to a Security Interest.* – The commencement  
9 of insolvency proceedings in respect of the grantor does not displace  
10 the law applicable to a security interest under this chapter.

11 SEC. 70. *Law Applicable to Security Interests in Deposit*  
12 *Accounts.* –

13 (a) The law applicable to the creation, perfection, priority and  
14 enforcement of a security interest in a deposit account, as well as to  
15 the rights and obligations between the deposit-taking institution  
16 and the secured creditor, shall be the law of the State expressly  
17 stated in the account agreement as the State whose law governs the  
18 account agreement or, if the account agreement expressly provides  
19 that the law of another State is applicable to all such issues, the law  
20 of that other State.

21 (b) The law of the State determined pursuant to subsection  
22 (a) of this section shall apply only if the deposit-taking institution  
23 has, at the time of the conclusion of the account agreement, an office  
24 in that State that is engaged in the regular activity of maintaining  
25 deposit accounts.

1           SEC. 71. *Law Applicable to Security Interests in Investment*  
2 *Property.* –

3           (a) While a security certificate is located in a State, the law of  
4 that State governs perfection and the priority of a security interest  
5 in the security certificate.

6           (b) The law of the State under which the issuer is organized  
7 governs perfection and the priority of a security interest in an  
8 uncertificated security.

9           (c) The law applicable to the creation, perfection, priority and  
10 enforcement of a security interest in investment property held with  
11 an intermediary is the law of the State expressly stated in the  
12 account agreement as the State whose law governs the account  
13 agreement or, if the account agreement expressly provides that the  
14 law of another State is applicable to all such issues, the law of that  
15 other State.

16           (d) The law of the State determined pursuant to subsection (c)  
17 of this section applies only if the intermediary has, at the time of  
18 the conclusion of the account agreement, an office in that State that  
19 is engaged in the regular activity of maintaining securities and  
20 commodity accounts.

21           (e) The law of the State in which the grantor is located shall  
22 govern perfection of a security interest in investment property by  
23 filing and automatic perfection of a security interest in investment  
24 property created by an intermediary.

25                                           CHAPTER 8

26                                           TRANSITIONAL PROVISIONS

27           SEC. 72. *Interpretation of Transitional Provisions.* – Unless  
28 the context otherwise requires:

1 (a) *Existing secured creditor* means a secured creditor with a  
2 prior security interest;

3 (b) *Prior law* means any law that existed or in force before the  
4 effectivity of this Act;

5 (c) *Prior interest* means a security interest created or  
6 provided for by an agreement or other transaction that was made or  
7 entered into before the effectivity of this Act and that had not been  
8 terminated before the effectivity of this Act, but excludes a security  
9 interest that is renewed or extended by a security agreement or  
10 other transaction made or entered into on or after the effectivity of  
11 this Act; and

12 (d) *Transitional period* means the period from the date of  
13 effectivity of this Act until the date when the Secured Interests  
14 Registry has been established and operational.

15 SEC. 73. *Creation of Prior Interest.* – Creation of prior  
16 interest shall be determined by prior law. A prior interest remains  
17 effective between the parties notwithstanding its creation did not  
18 comply with the creation requirements of this Act.

19 SEC. 74. *Perfection of Prior Interest.* –

20 (a) A prior interest that was perfected under prior law  
21 continues to be perfected under this Act until the earlier of:

22 (1) The time the prior interest would cease to be perfected  
23 under prior law; and

24 (2) The expiration of the transitional period.

25 (b) If the perfection requirements of this Act are satisfied  
26 before the perfection of a prior interest ceases in accordance with  
27 subsection (a) of this section, the prior interest continues to be

1 perfected under this Act from the time when it was perfected under  
2 the prior law.

3 (c) If the perfection requirements of this Act are not satisfied  
4 before the perfection of a prior interest ceases in accordance with  
5 subsection (a) of this section, the prior interest is perfected only  
6 from the time it is perfected under this Act.

7 (d) A written agreement between a grantor and a secured  
8 creditor creating a prior interest is sufficient to constitute  
9 authorization by the grantor of the registration of a notice covering  
10 assets described in that agreement under this Act.

11 (e) If a prior interest referred to in subsection (b) of this  
12 section was perfected by the registration of a notice under prior law,  
13 the time of registration under the prior law shall be the time to be  
14 used for purposes of applying the priority rules of this Act.

15 SEC. 75. *Priority of Prior Interest.* --

16 (a) The priority of a prior interest as against the rights of a  
17 competing claimant is determined by the prior law if:

18 (1) The security interest and the rights of all competing  
19 claimant arose before the effectivity of this Act; and

20 (2) The priority status of these rights has not changed since  
21 the effectivity of this Act.

22 (b) For purposes of subsection (a)(2) of this section, the  
23 priority status of a prior interest has changed only if:

24 (1) It was perfected when this Act took effect, but ceased to be  
25 perfected; or

26 (2) It was not perfected under prior law when this Act took  
27 effect, and was only perfected under this Act.





1 with the LRA shall promulgate the necessary rules and regulations  
2 for the effective implementation of this Act.

3 SEC. 80. *Separability Clause.* – Should any provision herein  
4 be declared unconstitutional, the same shall not affect the validity  
5 of the other provisions of this Act.

6 SEC. 81. *Repeal of Conflicting Laws.* –

7 (a) This Act repeals the following:

8 (1) Sections 1 to 16 of Act No. 1508, otherwise known as “The  
9 Chattel Mortgage Law”;

10 (2) Articles 1484-1486, 2085-2123, 2127, 2140-2141, 2241,  
11 2243, and 2246-2247 of Republic Act No. 386, otherwise known as  
12 the “Civil Code of the Philippines”;

13 (3) Section 13 of Republic Act No. 5980, as amended by  
14 Republic Act No. 8556, otherwise known as “Financing Company  
15 Act of 1998”;

16 (4) Section 10 and Sections 114 to 116 of Presidential Decree  
17 No. 1529, otherwise known as “Property Registration Decree”; and

18 (5) Section 5(e) of Republic Act No. 4136, otherwise known as  
19 “Land Transportation and Traffic Code”.

20 (b) All other laws, decrees, executive orders, rules and  
21 regulations or parts thereof that are inconsistent with this Act are  
22 hereby repealed, amended or modified accordingly.

23 SEC. 82. *Effectivity.* – This Act shall take effect fifteen (15)  
24 days after its publication in the *Official Gazette* or in a newspaper of  
25 general circulation.

Approved,