

GUIDELINES TO BE OBSERVED IN THE ANNOTATION AND/OR CANCELLATION OF CHATTEL MORTGAGE, ATTACHMENT AND OTHER LIEN OR ENCUMBRANCE

LTO MEMORANDUM CIRCULAR NO. 96-227, January 17, 1996

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/5cda9e521612/>

Pursuant to the provisions of Section 4 (d-1) in relation to Section 5(e) of R.A. 4136, as amended, otherwise, known as the Land Transportation and Traffic Code of the Philippines, the following regulations governing the annotation and/or cancellation of chattel mortgage, attachment and other lien or encumbrance are hereby promulgated for the guidance and observance of all concerned.

SECTION 1. Coverage. — This Circular shall cover the annotation and/or cancellation of chattel mortgage, attachment and other lien or encumbrance.

SECTION 2. Purpose. — In order to affect third persons, a chattel mortgage, attachment and other lien or encumbrance shall be recorded with the Register of Deeds and the Land Transportation Office.

SECTION 3. Venue of Transaction. — As a general rule, annotation and/or cancellation of chattel mortgage, attachment and other lien or encumbrance shall be effected at the District Office that issued the latest Certificate of Registration.

However, the annotation and/or cancellation of the chattel mortgage may be effected in another District Office subject to the following conditions:

- a. the residence or place of business or the motor vehicle owner, or the place where the motor vehicle is being used or operated, is within the geographical area of responsibility of a District Office other than the one that issued the latest Certificate of registration or Certificate of registration Encumbered;
- b. the chattel mortgage contract and/or release of chattel mortgage contract is duly recorded with the Register of Deeds of the province where the mortgagor resides and the Register of Deeds of the province where the motor vehicle is being used or operated;
- c. the Certificate of Registration, in case of annotation, or the Certificate of Registration Encumbered, in case of cancellation, and the official receipt of payment of registration fees are duly confirmed by the issuing district office pursuant to the provisions of Memorandum Circular No. 91-137. The confirming District Office shall record the transaction on the face of all outstanding copies of the CR and CRE of the vehicle concerned;
- d. the motor vehicle shall be physically inspected by the District Office accepting the annotation and/or cancellation of the chattel mortgage.

For transactions effected in the District Offices within the National Capital Region, the annotation and/or cancellation of Chattel Mortgage shall be effected only in the same District Office that issued the Certificate of Registration or Certificate of Registration Encumbered (CRE).

SECTION 4. Second Mortgage. — In case the mortgaged property is again mortgaged by the mortgagor, a written

consent of the mortgagee endorsed at the back of the Chattel Mortgage Contract and recording at the Register of Deeds shall be required. The existence of the prior mortgage shall be indicated on the new Certificate of Registration Encumbered (CRE).

SECTION 5. Recording. — The record of all encumbrances of motor vehicles shall be kept in a Book of Motor Vehicle Encumbrances which shall contain the following columns: motor number, chassis number, the file number, plate number, certificate of registration (CR or CRE) and the time, date and number of entry.

SECTION 6. Fees. — The corresponding fee of P100.00 shall be collected for every annotation and/or cancellation of chattel mortgage, attachment and lien or encumbrance.

SECTION 7. Repealing Clause. — Any circular, memoranda or regulation in conflict herewith are hereby modified, amended or superseded accordingly.

SECTION 8. Effectivity. — This Circular takes effect immediately.

Adopted: 17 Jan. 1996

(SGD.) MANUEL F. BRUAN

Brig. Gen. AFP (Ret)

Assistant Secretary

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.