

AN ACT PROVIDING FOR THE MORTGAGING OF PERSONAL PROPERTY, AND FOR THE REGISTRATION OF THE MORTGAGES SO EXECUTED.

Act No. 1508, July 02, 1906

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By authority of the United States, be It enacted by the Philippine Commission, that:

SECTION 1. The short title of this Act shall be "The Chattel Mortgage Law."

SEC. 2. All Personal property shall be subject to mortgage, agreeably to the provisions of this Act, and a mortgage executed in pursuance thereof shall be termed a chattel mortgage.

SEC. 3. A chattel mortgage is a conditional sale of personal property as security for the payment of a debt, or the performance of some other obligation specified therein, the condition being that the sale shall be void upon the seller paying to the purchaser a sum of money or doing some other act named. If the condition is performed according to its terms the mortgage and sale immediately become void, and the mortgagee is thereby divested of his title.

SEC. 4. A chattel mortgage shall not be valid against any person except the mortgagor, his executors or administrators, unless the possession of the property is delivered to and retained by the mortgagee or unless the mortgage is recorded in the office of the register of deeds of the province in which the mortgagor resides at the time of making the same, or, if he resides without the Philippine Islands, in the province in which the property is situated: Provided, however, That if the property is situated in a different province from that in which the mortgagor resides, the mortgage shall be recorded in the office of the register of deeds of both the province in which the mortgagor resides and that in which the property is situated, and for the purposes of this Act the city of Manila shall be deemed to be a province.

SEC. 5. A chattel mortgage shall be deemed to be sufficient when made substantially in accordance with the following form, and shall be signed by the person or persons executing the same, in the presence of two witnesses, who shall sign the mortgage as witnesses to the execution thereof, and each mortgagor and mortgagee, or, in the absence of the mortgagee, his agent or attorney, shall make and subscribe an affidavit in substance as hereinafter set forth, which affidavit, signed by the parties to the mortgage as above stated, and the certificate of the oath signed by the authority administering the same, shall be appended to such mortgage and recorded therewith.

FORM OF CHATTEL MORTGAGE AND AFFIDAVIT.

"This mortgage made this.....day of....., 19...., by, a resident of the municipality of, Province of....., Philippine Islands, mortgagor, to, a resident of the municipality of....., Province of....., Philippine Islands, mortgagee, witnesseth:

"That the said mortgagor hereby conveys and mortgages to the said mortgagee all of the following-described personal property situated in the municipality of, Province of, and now in the possession of said mortgagor, to wit: (Here insert specific description of the property mortgaged.)

"This mortgage is given as security for the payment to the said, mortgagee, of promissory notes for the sum of pesos, with (or without, as the case may be) interest thereon at the rate of per centum per annum, according to the terms of certain promissory notes, dated, and in the words and figures following (here insert copy of the note or notes secured).

"(If the mortgage is given for the performance of some other obligation aside from the payment of promissory notes, describe correctly but concisely the obligation to be performed.)

"The conditions of this obligation are such that if the mortgagor, his heirs, executors, or administrators shall well and truly perform the full obligation (or obligations) above stated according to the terms thereof, then this obligation shall be null and void.

"Executed at the municipality of....., in the Province of, this day of, 19.... .

".....
(Signature of mortgagor.)

"In the presence of

".....

".....

(Two witnesses sign here.)

FORM OF OATH.

"We severally swear that the foregoing mortgage is made for the purpose of securing the obligation specified in the conditions thereof, and for no other purpose, and that the same is a just and valid obligation, and one not entered into for the purpose of fraud."

FORM OF CERTIFICATE OF OATH.

"At, in the Province of....., personally appeared, the parties who signed the foregoing affidavit and made oath to the truth thereof before me.

"....."

(Notary public, justice of the peace, or oilier officer, as the case may be.)

SEC. 6. When a corporation is a party to such mortgage the affidavit required may be made and subscribed by a director, trustee, cashier, treasurer, or manager thereof, or by a person authorized on the part of such corporation to make or to receive such mortgage. When a partnership is a party to the mortgage the affidavit may be made and subscribed by one member thereof.

SEC. 7. The description of the mortgaged property shall be such as to enable the parties to the mortgage, or any other person, after reasonable inquiry and investigation, to identify the same.

If the property mortgaged be "large cattle," as defined by section one of Act Numbered Eleven hundred and forty-seven, and the amendments thereof, the description of said property in the mortgage shall contain the brands, class, swx, ago, knots of radiated hair commonly known as reniclinos, or cowlicks. and other marks of . ownership as described and sot forth in the certificate of ownership of said animal or animals, together with the number and place of issue of such certificates of ownership.

If growing crops be mortgaged the mortgage may contain an agreement stipulating that the mortgagor binds himself properly to tend, care for and protect the crop while growing, and faithfully and without delay to harvest the same, and that in default of the performance of such duties the mortgagee may enter upon the premises, take

all the necessary measures for the protection of said crop, and retain possession thereof and sell the same, and from the proceeds of such sale pay all expenses incurred in caring for, harvesting, and selling the crop and the amount of the indebtedness or obligation secured by the mortgage, and the surplus thereof, if any, shall be paid to the mortgagor or those entitled to the same.

A chattel mortgage shall be deemed to cover only the property described therein and not like or substituted property thereafter acquired by the mortgagor and placed in the same depository as the property originally mortgaged, anything in the mortgage to the contrary notwithstanding.

SEC. 8. If the mortgagee, assign, administrator, executor, or either of them, after performance of the condition before or after the breach thereof, or after tender of the performance of the condition, at or after the time fixed for the performance, does not within ten days after being requested thereto by any person entitled to redeem, discharge the mortgage in the manner provided by law, the person entitled to redeem may recover of the person whose duty it is to discharge the same twenty pesos for his neglect and all damages occasioned thereby in an action in any court having jurisdiction of the subject-matter thereof.

SEC. 9. No personal property upon which a chattel mortgage is in force shall be removed from the province in which the same is located at the time of the execution of the mortgage without the written consent of the mortgagor and mortgagee, or their executors, administrators, or assigns.

SEC. 10. A mortgagor of personal property shall not sell or pledge such property, or any part thereof, mortgaged by him without the consent of the mortgagee in writing on the back of the mortgage and on the margin of the record thereof in the office where such mortgage is recorded.

SEC. 11. A mortgagor shall not execute a second or subsequent mortgage of personal property while the same is subject to the previously existing mortgage given by such mortgagor unless the existence of such previous mortgage is set forth in the subsequent mortgage.

SEC. 12. If a mortgagor violates either of the three last preceding sections he shall be fined a sum double the value of the property so wrongfully removed from the province, sold, pledged or mortgaged, one half to the use of the party injured and the other half to the use of the Treasury of the Philippine Islands, or he may be imprisoned for a period not exceeding six months, or punished by both such fine and imprisonment, in the discretion of the court.

SEC. 13. When the condition of a chattel mortgage is broken a mortgagor or person holding a subsequent mortgage, or an attaching creditor may redeem the same by paying or delivering to the mortgagee the amount due on such mortgage and the reasonable costs and expenses incurred by such breach of condition before the sale thereof. An attaching creditor who so redeems shall be subrogated to the rights of the mortgagee and entitled to foreclose the mortgage in the same manner that the mortgagee could foreclose it by the terms of this Act.

SEC. 14. The mortgagee, his executor, administrator, or assign may, after thirty days from the time of condition broken, cause the mortgaged property, or any part thereof, to be sold at public auction by a public officer at a public place in the municipality where the mortgagor resides, or where the property is situated, provided at least ten days' notice of the time, place, and purpose of such sale has been posted at two or more public places in such municipality, and the mortgagee, his executor, administrator, or assign, shall notify the mortgagor or person holding under him and the persons holding subsequent mortgages of the time and place of sale, either by notice in writing directed to him or left at his abode, if within the municipality, or sent by mail if he does not reside in such municipality, at least ten days previous to the sale.

The officer making the sale shall, within thirty days thereafter, make in writing a return of his doings and file the same in the office of the register of deeds where the mortgage is recorded, and the register of deeds shall record the same. The fees of the officer fees for selling the property shall be the same as in the case of sale on execution as provided in Act Numbered One hundred and ninety, and the amendments thereto, and the fees of the register of deeds for registering the officer's return shall be taxed as a part of the costs of sale, which the officer shall pay to the register of deeds. The return shall particularly describe the articles sold, and state the amount received for each article, and shall operate as a discharge of the lien thereon created by the mortgage. The proceeds of such sale shall be applied to the payment, first, of the costs and expenses of keeping and sale, and then to the payment of the demand or obligation secured by such mortgage, and the residue shall be paid to persons holding subsequent mortgages in their order, and the balance, after paying the mortgages, shall be paid to the mortgagor or person holding under him on demand.

If the sale includes any "large cattle," a certificate of transfer as required by section sixteen of Act Numbered Eleven hundred and forty-seven shall be issued by the treasurer of the municipality where the sale was held to the purchaser thereof.

SEC. 15. Every register of deeds shall keep a book of records of chattel mortgages; shall certify on each mortgage left for record the records date, hour, and minute when the same was by him received; record in such book any chattel mortgage, transfer, or discharge, and the officer's return of sale upon any mortgage, making reference upon the margin of the record of such officer's return to the volume and page of the record of the mortgage, and a reference of such return on the record of the mortgage itself, and give a certified copy thereof, when requested, upon the payment of the lawful fees for such copy; and certify upon each mortgage officers return of sale or discharge of mortgage, the date, hour, and minute when the same is received for record and record such certificate with the return itself and keep an alphabetical index of mortgagors and mortgagees, which record and index shall be open to public inspection. Duly certified copies of such records shall be receivable as evidence in any court, as provided in Act Numbered One hundred and ninety. The register of deeds for each province or tin; city of Manila, as the resisters of case may be, shall be entitled to receive the following fees for services under the provisions of this Act:

For filing and recording each chattel mortgage, including the necessary certificates and affidavits, three pesos;

Recording each release of a chattel mortgage, including the necessary index and references, forty centavos;

For recording each sheriff's return of sale, including the necessary index and references, twenty centavos for each folio of one hundred words;

Fees so received shall accrue to the treasuries of the respective provinces, or of the city of Manila, as the case may be.

SEC. 16. This Act shall take effect on August first, nineteen hundred and six.

Enacted, July 2, 1906.

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