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

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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 contact 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

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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

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