



Breach of Contract in Credit Agreements Secured by Land Rights at PT BPR Gajah Mungkur

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ABSTRACT

This study examines defaults in credit agreements secured by land collateral at PT BPR Gajah Mungkur, with particular emphasis on legal protection mechanisms available to creditors when debtors fail to meet their obligations. Although credit agreements are supported by a strong legal framework, incomplete registration of mortgage rights can undermine the creditor's legal standing. The objective of this research is to address gaps in existing studies concerning creditor protection in mortgage enforcement and to analyze the implications of the Supreme Court Decision No. 469 K/Pdt/2024 on the practice of credit agreements in Indonesia. A normative juridical approach was employed, utilizing data sources such as court decisions, statutory regulations, and pertinent legal literature on credit agreements. The findings indicate that incomplete or delayed registration of mortgage rights significantly impedes creditors' ability to execute collateral. The case study of PT BPR Gajah Mungkur demonstrates that, despite the formal validity of credit agreements, failure to register as a preferred creditor adversely affects the creditor's right to debt repayment. This research contributes to legal theory by reinforcing the critical role of mortgage registration in enhancing creditor protection. Practically, it offers valuable insights for legal practitioners, emphasizing the necessity of properly completing the mortgage registration process to safeguard creditor interests in cases of debtor default.

A. INTRODUCTION

National development aimed at improving the welfare of the Indonesian population requires support in various aspects, one of which is economic development. Economic development is not only related to job creation and income growth but also involves an effective financial system and financing mechanisms. In this context, the banking sector plays a crucial role, particularly through the provision of credit as a key instrument in supporting economic activities. Typically, credit provided by banks is accompanied by collateral, which serves to provide security for the creditor in the event that the debtor fails to fulfill their obligations. One type of collateral frequently used in credit agreements is land rights, which hold significant economic value and can be used as a means to guarantee the repayment of the debtor's debt (Aprima, 2022; Azizah, 2022).

Although credit agreements secured by land rights are clearly regulated by law, legal uncertainty arises when the mortgage on the pledged land is not registered with the Land Office (Mutiarany & Perdana, 2022). This uncertainty affects the legal position of the

creditor, who is supposed to have priority in debt repayment through the execution of the collateral. However, due to the failure to register the mortgage, the creditor is unable to execute the collateral in the desired manner (Susilawati & Maulisa, 2024). This creates a legal issue that needs to be addressed promptly, particularly in cases of default or failure by the debtor to fulfill their obligations under the credit agreement.

This study focuses on the issue of default in credit agreements secured by land rights at PT BPR Gajah Mungkur, with particular attention to the legal uncertainty arising from the failure to register the collateral rights. The aim of this research is to address the gap in previous studies, which have not thoroughly examined how the incomplete registration of collateral rights can affect the creditor's position in the event of debtor default.

This research is relevant to studies conducted by several legal scholars, who argue that a breach of contract (*wanprestasi*) occurs when a debtor fails to fulfill the obligations agreed upon in a credit agreement, either due to negligence or intentionality (Isima & Subeitan, 2021). Generally, a breach in a credit agreement causes harm to the creditor, and in this context, land collateral serves as the primary tool for the creditor to recover the loaned amount. However, when the mortgage rights securing the loan are not registered, the creditor's position as the party entitled to execute the collateral becomes unclear, affecting the creditor's ability to obtain debt repayment. This highlights a research gap in the literature regarding how the imperfect registration of mortgage rights can lead to legal uncertainty for creditors.

Building upon previous research conducted by several scholars, this article aims to expand the study of credit agreements secured by land rights, particularly with regard to the issue of mortgage registration. Earlier studies, such as those by Bagus Priyo Mahendra and Aminah, revealed the inclusion of clauses in agreements that list a land ownership certificate as collateral, even when the certificate is not registered in the debtor's name. The legal consequence of such situations is that the collateral cannot be sold or auctioned (Mahendra & Aminah, 2018). Although the legal consequences of improperly aligned collateral have been discussed, there has yet to be a specific focus on the legal uncertainty that arises from the failure to register a mortgage. Additionally, this research considers court rulings, including the Supreme Court Decision No. 469 K/Pdt/2024, which provides insights into how the Indonesian legal system addresses cases of default involving unregistered land rights collateral.

The primary difference between this study and previous research lies in the novelty it offers, particularly in terms of contributions to legal theory and practice. This research provides new insights into how improper registration of mortgage rights can impact the position of creditors in cases of default. Specifically, the article delves into the legal protection afforded to creditors, a topic that has received limited attention in the context of credit agreements secured by unregistered land rights. Therefore, this study is expected to contribute to the improvement of legal practices in Indonesia, particularly in ensuring the timely registration of mortgage rights and safeguarding the interests of creditors in credit agreements.

This study also aims to address the theoretical gap regarding effective legal protection for creditors in the event of default. In many cases, creditors are often unable

to execute collateral efficiently if the mortgage has not been registered, even though the credit agreement between the creditor and the debtor is legally valid. In this context, the theory of repressive legal protection (Hadjon, 2007), which focuses on the restoration of creditors' rights through existing legal procedures, can serve as a foundation for exploring solutions within the context of default involving land rights collateral.

This study aims to explore how the Indonesian legal system can provide clearer and more effective legal protection for creditors in situations similar to that experienced by PT BPR Gajah Mungkur. A key finding of this research emphasizes the importance of registering mortgage rights to secure the creditor's position as a preferential creditor, who has priority in debt repayment through the execution of collateral. If the mortgage right is not properly registered, the creditor will only hold the position of a concurrent creditor, meaning they will have no right to execute the collateral before other creditors with superior rights.

Overall, this study aims to provide not only a theoretical contribution to the field of contract law but also a practical contribution to enhancing legal protection for creditors, particularly in relation to credit agreements involving land collateral. Therefore, this article seeks to explore the appropriate legal applications concerning the registration of mortgage rights and offer recommendations for legal reforms that could improve creditor protection in credit agreements in Indonesia.

B. METHOD

This research employs a normative juridical method, where the study is conducted through a review of literature as a source for analysis. The approach focuses on examining relevant laws and literature related to issues concerning land rights agreements under the Mortgage Law, as well as analyzing the legal protection available to creditors in cases of debtor default, based on the Supreme Court Decision No. 469 K/Pdt/2024. The research adopts a combination of legislative, case-based, and conceptual approaches.

The data sources for this research were obtained by reviewing and understanding relevant literature, books, and regulations related to the issues to be discussed, serving as secondary data. The data collection techniques used in this study include:

- 1) Primary Legal Materials: These refer to binding legal sources, including the Civil Code, Law Number 4 of 1996 concerning Mortgage Rights on Land and Other Objects Related to Land, as well as other relevant laws and regulations pertaining to this research.
- 2) Secondary Legal Materials: These are sources that provide explanations regarding primary legal materials, including books, journals, internet resources, and articles.
- 3) Tertiary Legal Materials: These are sources that offer explanations related to primary and secondary legal materials, such as the Indonesian dictionary, legal dictionaries, and other relevant resources related to this research.

The obtained data were then analyzed qualitatively by systematically connecting the legal materials, which serve as data sources, with the research materials in a structured and comprehensible manner.

C. RESULTS AND DISCUSSION

Case Study of PT BPR Gajah Mungkur and Defaulting Debtors

On February 26, 2020, PT BPR Gajah Mungkur (the Plaintiff) and Budi Prasetyo and Peretie Anggara Purnamasari (Defendants I and II) signed a Credit Agreement (Agreement No. 014/302.0000948/BPR-GM/KRP/II/2020). This agreement was secured with a guarantee in the form of a Certificate of Ownership Rights, Number 1081, for land located in Gedong Village, Ngadirejo District, Wonogiri Regency. The land was pledged by Supriyanto (Defendant III), who acted as the guarantor.

According to the agreement, the debtors (Defendants I and II) agreed to make monthly payments, with the total debt amounting to IDR 1,400,000,000. However, after the 10th installment in December 2020, the debtors began to experience delays in their payments. This led to a default, which ultimately triggered a lawsuit filed by PT BPR Gajah Mungkur.

PT BPR Gajah Mungkur filed a lawsuit for default at the District Court of Wonogiri, with the primary request to declare that the signed credit agreement is legally valid and must be executed. Additionally, the plaintiff requested that Defendants I and II be ordered to fulfill the outstanding obligations. Furthermore, the plaintiff also sought for the execution of the adjustment/equivalence of the collateral land, registered under the name of Supriyanto, to be declared valid and enforceable.

On February 21, 2023, the Wonogiri District Court issued Decision Number 30/Pdt.G/2022/PN Wng., which granted the plaintiff's claim in full. The court declared that the credit agreement was valid and must be executed, and ordered Defendants I and II to repay a debt amounting to IDR 1,670,595,832. Additionally, the court ruled that the adjustment lien on the collateral land could be enforced.

The defendants appealed the Wonogiri District Court's decision to the Semarang High Court. On April 27, 2023, the Semarang High Court issued Decision Number 133/PDT/2023/PT SMG., which annulled the Wonogiri District Court's ruling. The Semarang High Court held that the plaintiff's lawsuit lacked necessary parties, as Notary Noor Saptanti, S.H., M.H., who witnessed the signing of the credit agreement, was not included in the case. The court also concluded that this case was more appropriately classified as a lawsuit concerning unlawful acts, rather than a breach of contract.

Dissatisfied with the appellate decision, PT BPR Gajah Mungkur filed a cassation petition on June 8, 2023. The petitioner requested the Supreme Court to annul the decision of the Semarang High Court and uphold the decision of the Wonogiri District Court, which declared the credit agreement valid and ordered Defendants I and II to pay their debts.

On February 22, 2024, the Supreme Court issued Decision No. 469 K/Pdt/2024, granting the cassation petition from PT BPR Gajah Mungkur. The Supreme Court held that the Semarang High Court had misapplied the law, particularly in considering the exception regarding the lack of parties raised by the Defendants. The Supreme Court also determined that the plaintiff's claim was based on a breach of contract (*wanprestasi*) and not an unlawful act.

The Supreme Court upheld the decision of the Wonogiri District Court with a ruling that states:

- 1) The credit agreement signed between PT BPR Gajah Mungkur and Defendants I and II is valid and must be executed as law.
- 2) Defendants I and II have committed a breach of contract (*wanprestasi*).
- 3) The lien placed on the collateral land in Gedong Village is deemed valid and enforceable.
- 4) Defendants I and II are ordered to pay a debt of IDR 1,670,595,832 to the plaintiff.

Additionally, the Supreme Court also ordered Defendants III, IV, and the Co-defendants to comply with this ruling.

This case highlights the importance of registering mortgage rights to secure the creditor's position in the event of default. Although the credit agreement is valid, the incomplete registration of the mortgage rights has resulted in delays in executing the collateral, as outlined in Article 6 of the Mortgage Law, which states:

“If the debtor fails to fulfill their obligations in accordance with the agreement, the creditor has the right to file a request for execution of the mortgaged object that has been registered with the land office.”

Therefore, the Supreme Court ruling underscores that unregistered mortgage rights can place the creditor in a non-priority position. It is crucial for creditors to ensure that all legal documents related to the collateral are officially registered to safeguard their interests.

Implementation of Land Rights Agreements

Land is one of the most commonly used forms of collateral. The types of collateral include real guarantees and personal guarantees. Real guarantees refer to a form of collateral that provides priority rights over certain assets and has the characteristic of being attached to the property, following it wherever the property goes. On the other hand, personal guarantees do not grant priority rights over specific assets, but instead involve a guarantee by an individual's wealth through a person who ensures the fulfillment of an obligation (Soedibyo, 2023).

A guarantee agreement is always preceded by a primary agreement, which is a loan agreement, referred to as the principal agreement. It is impossible to have an additional agreement without a corresponding principal agreement. Moreover, a guarantee agreement cannot exist independently; it is always based on the principal agreement. The validity of the guarantee agreement is dependent on the existence of the principal agreement. If the principal agreement is terminated, the additional agreement also ceases to be valid. It is inconceivable that someone would be willing to guarantee a debt without the debt itself existing. This characteristic of the agreement is referred to as “accessory” (Hasanah, 2021).

A credit agreement is a contract established between a creditor and a debtor, where the creditor is obligated to provide funds or credit to the debtor, and the debtor is required to repay the principal, interest, and other associated costs in accordance with the agreed-

upon terms (Salim H.S. & Nurbani, 2014). Land with ownership status, building use rights, and business use rights is commonly used as collateral in credit agreements due to its high economic value and the fact that its price continues to increase annually.

According to Article 1313 of the Indonesian Civil Code (*KUHPerdata*), “A contract is an act by which one or more persons bind themselves to one or more other persons.” To be considered legally valid, a contract must fulfill four essential requirements as outlined in Article 1320 of the Civil Code. These include the mutual agreement of the parties, the legal capacity to enter into a contract, a specific subject matter, and a lawful cause.

In the case of land collateral in a credit agreement, the encumbrance of mortgage rights is mandatory. A mortgage is a form of legal guarantee attached to land rights and objects related to the land. This guarantee provides specific rights to certain creditors to settle the debtor’s debt (Sriono, 2023). The purpose of imposing mortgage rights is to provide protection and legal certainty to all parties (especially creditors) and to fulfill the principle of publicity.

According to Article 1, paragraph (1) of Law Number 4 of 1996 concerning Mortgage Rights on Land and Other Objects Related to Land, it is stated:

“Mortgage rights are a form of security interest placed on land rights as referred to in Law Number 5 of 1960 concerning the Basic Agrarian Law, whether or not it includes other objects that are considered an integral part of the land, for the purpose of settling a certain debt. This provides a prioritized position for certain creditors over other creditors.”

The subject of a mortgage consists of the mortgagor, which is an individual or legal entity authorized to perform legal actions concerning the mortgaged object (the Debtor). The mortgagee is an individual or legal entity based in Indonesia who is the creditor, such as a bank or other financial institution, or any other person or legal entity authorized to extend a loan (Marali et al., 2022). The object of the mortgage includes rights to property such as Ownership Rights (*Hak Milik*), Business Utilization Rights (*Hak Guna Usaha*), and Building Utilization Rights (*Hak Guna Bangunan*). In addition to these land rights, the Right to Use (*Hak Pakai*) over state land, which must be registered according to applicable regulations and can be transferred, can also be encumbered with a mortgage.

The process of granting a mortgage occurs in two stages: first, the granting of the mortgage, which is conducted before a Land Deed Official (*Pejabat Pembuat Akta Tanah*, PPAT), and second, the registration of the mortgage, which takes place at the land office (Walewangko, 2016). This process is preceded by the agreement to provide the mortgage as collateral for the repayment of a specific debt, which is outlined in and forms an integral part of the related loan agreement or another contract.

The granting of a mortgage that is not carried out directly by the mortgage grantor, as the authorized party to perform such legal acts, can impose the mortgage on the object being used as collateral. This can be done by granting the mortgage and signing the Deed of Mortgage Granting through a power of attorney to another party via a Power of Attorney to Impose a Mortgage. The Power of Attorney to Impose a Mortgage is a deed

executed by a public official, in this case, a Notary or a Land Deed Official (PPAT), which formally holds binding legal force and serves as a strong and valid piece of evidence.

The procedure for granting a mortgage can be explained as follows: a) It begins with an agreement to grant a mortgage as collateral for the repayment of a specific debt, which is included in and forms an inseparable part of the related loan agreement or any other agreement that leads to the creation of the debt. b) It is executed in accordance with the relevant laws and regulations by a PPAT who prepares the Deed of Mortgage Granting (APHT). c) If the collateral object, particularly the land rights resulting from the conversion of old rights, has met the registration requirements but has not yet been registered, the granting of the mortgage is carried out simultaneously with the submission of a land rights registration application (Hasanah, 2021).

When a mortgagor grants a mortgage to a creditor, the mortgage right has not yet been created or established. The mortgage right is only considered valid once it is registered in the land book at the Land Office. Therefore, the certainty regarding the moment of registration of the mortgage is crucial for the creditor, as it not only determines their priority over other creditors but also establishes their rank in relation to other creditors who hold mortgages on the same land as collateral. The Land Office issues a land book for the mortgage and publishes a mortgage certificate, which bears the phrase *Demi Keadilan Berdasarkan Ketuhanan Yang Maha Esa* (For Justice Based on the One and Only God), and holds the same executory force as a court decision that has obtained permanent legal force.

The agreement based on the ruling, which was mutually agreed upon by the parties involved, namely PT BPR Gajah Mungkur as the creditor, Budi Prasetyo and Peretie Anggara Purnamasari as the debtors, along with Supriyanto and Sriyatun as the guarantors, was formalized in the Credit Agreement Number 014/302.0000948/BPR-GM/KRP/II/2020, dated February 26, 2020. Additionally, a Power of Attorney for Collateral Rights (*Surat Kuasa Membebaskan Hak Tanggungan*) Number 29/Ngadirojo/II/2020, dated February 26, 2020, was signed in the presence of Notary Noor Saptanti, S.H., M.H. On April 27, 2020, PT BPR Gajah Mungkur, as the creditor, signed the Collateral Rights Deed (*Akta Pemberian Hak Tanggungan*) Number 326/2020, drafted by PPAT Noor Saptanti, S.H., M.H.

However, after the Collateral Rights Deed was signed, the process of issuing the Collateral Certificate was delayed. As a result, the process of creating the Collateral Certificate could not proceed, and a request for the seizure of collateral, which was imposed by a third party, took precedence. PT BPR Gajah Mungkur, as the creditor, did not expedite or inquire with the PPAT regarding the status of the Collateral Rights Deed, leading to the non-issuance of the Collateral Certificate. Due to the failure to register the collateral, PT BPR Gajah Mungkur, as the creditor, was not recognized as a preferred creditor in the process of debt repayment by the debtor.

Legal Protection for Creditors in Cases of Default

In a contract, one party typically demands performance from the other party. This performance is referred to as an obligation, where the debtor is required to fulfill a certain

duty, and the creditor is entitled to the fulfillment of that obligation. In contracts where goods are to be provided, the performance generally involves the delivery of goods or the obligation to grant enjoyment of those goods (Sriwidodo & Kristiawanto, 2021).

In principle, every agreement made between the parties should be executed voluntarily and in good faith. However, in practice, the agreements made are often violated. The actions of the debtor, as the party committing the default, can be considered a fault, as contract law includes the principle of the binding force of agreements. This means that agreements must be adhered to as though they were law for those who have made them.

Breach of contract refers to a legal concept that governs instances of negligence, which may include failure to fulfill promises or commitments (Iwanti & Taun, 2022). According to Article 1238 of the Indonesian Civil Code, a debtor is considered in default under the following conditions:

“A debtor is declared negligent by a written order, or similar official document, or by virtue of the obligations themselves, i.e., when the obligation results in the debtor being deemed negligent due to the expiration of the specified time.”

As Subekti explains, a debtor’s failure to fulfill obligations can manifest in the following ways: Failing to do what was promised to be done; Performing what was promised, but not in accordance with the terms agreed upon; Performing what was promised, but with a delay; Doing something that, according to the agreement, is prohibited. (Subekti, 2014).

In this case, PT BPR Gajah Mungkur, as the creditor, Budi Prasetyo and Peretie Anggara Purnamasari, as the debtors, along with Supriyanto and Sriyatun as guarantors, entered into a credit agreement with a loan facility of IDR 1,400,000,000 (one billion four hundred million rupiahs). The credit term was set for 48 months, from February 26, 2020, to February 26, 2024, with a monthly payment obligation of IDR 43,166,667.

Initially, the debtor, Budi Prasetyo, made timely installment payments. However, after several installments, specifically the 10th installment in December 2020, the payments began to become irregular and eventually resulted in the loan becoming problematic. Due to the irregular payments, PT BPR Gajah Mungkur, as the creditor, issued reminders and sent a formal warning letter to the debtor. Despite this, the debtor, as the Defendant, failed to comply with the terms of the agreement and has thus breached the contract, as outlined in Article 1234 of the Civil Code. This breach occurs when the debtor fails to perform their obligations to the creditor, whether by giving, doing, or refraining from doing something as required by the agreement.

According to Articles 1243 and 1244 of the Indonesian Civil Code (*KUHPerdata*), compensation for damages includes costs (*coren*), losses (*scaden*), and interest (*interesen*). Meanwhile, Article 1245 of the Civil Code states:

“Costs, losses, and interest do not need to be compensated if the debtor is unable to perform or fulfill an obligation due to force majeure or an unforeseeable event, or if they are not able to do so because they have committed an unlawful act.”

According to this article, if the debtor cannot fulfill their obligations due to force

majeure, they are not required to compensate for costs, losses, or interest. (Lisdiyono, 2019).

In cases where a debtor defaults, legal protection is essential to safeguard the rights of creditors under a credit agreement. These rights include the right to recover the loaned funds, the right to receive interest, the right to reclaim property, and the right to seize and sell collateral pledged by the debtor. The concept of legal protection is further supported by the theory of legal protection. According to Philipus M. Hadjon, legal protection is categorized into two forms: preventive and repressive legal protection. Preventive legal protection refers to measures taken by the government to protect individuals by establishing regulations that prevent legal violations before they occur (Hadjon, 2007). In contrast, repressive legal protection is applied as a means of recovery, offering legal remedies to resolve disputes and restore the rights of the injured party in accordance with applicable laws. Through such measures, losses suffered by one party can be addressed and remedied appropriately.

The existence of Article 6 of the Mortgage Law is crucial for creditors as it provides protection in case of debtor default by regulating the execution of collateral objects. In the event of a default by the debtor, as stipulated in Article 6, two important aspects are addressed: the transfer of rights and the execution of the rights of the primary mortgage holder. According to the law, Article 6 grants creditors the right to sell the collateral object through an auction when the debtor defaults, a right that is explicitly given to the first mortgage holder.

In accordance with Article 14 of the Mortgage Law, the Land Office issues the Mortgage Certificate. This certificate is issued to protect creditors who wish to sell the collateral object, utilizing the mortgage certificate. The inscription “For Justice Based on The Almighty God” indicates that creditors are not required to bring the matter to court, as the mortgage certificate can be executed due to its executorial power, similar to a court ruling with final and binding legal force.

The creditor holding a mortgage right is protected under Article 20 of the Mortgage Law, which grants the creditor the authority to request the execution of the mortgage right and conduct an auction of the mortgaged property to fulfill its rights if the debtor defaults on their obligations. The creditor has the right to sell the mortgaged property either through a public auction or private sale.

In this case, PT BPR Gajah Mungkur, the creditor, entered into an agreement with the debtor and the guarantor, where land and buildings were pledged as collateral. However, the property, which was owned by the guarantor, and the Mortgage Deed (APHT) executed by the Land Deed Official were not registered due to a prior lien being imposed by another party. As a result, the Mortgage Certificate process could not be completed. Consequently, the specific collateral was excluded from the collateral that the creditor could claim when such a legal event occurred.

If a mortgage is not registered, the creditor’s position is that of a concurrent creditor. In the event that the debtor defaults or breaches the agreement, a concurrent creditor cannot execute the collateral. The actions available to a concurrent creditor in the case of debtor default or breach of contract include filing a lawsuit, seizing the collateral, and

obtaining a court decision declaring the debtor in default or breach of contract. This ruling will have binding legal force. Such a situation is detrimental to creditors within the banking sector. In an effort to expedite lengthy legal processes and make them more efficient, the Mortgage Law was enacted to protect creditors, specifically preferential creditors. Preferential creditors have the authority to directly execute the debtor when they default or breach the agreement.

In this case, since the mortgage has not been registered, the legal protections that creditors are entitled to, as outlined in the Supreme Court Decision No. 469 K/Pdt/2024, which annulled the Semarang High Court Decision No. 133/PDT/2023/PT SMG, dated April 27, 2023, and the Wonogiri District Court Decision No. 30/Pdt.G/2022/PN Wng, dated February 21, 2023, involve the provisional attachment/adjustment of a plot of land with a house, identified as Certificate of Ownership No. 1081, with an area of approximately 5,380 m², in the name of Supriyanto (Defendant III). This property is located in Gedong Village, Ngadirejo District, Wonogiri Regency, Central Java Province. In addition to the provisional attachment on the collateral listed in the Credit Agreement, Budi Prasetyo and Peretie Anggara, as the debtors or defendants, still have an outstanding debt of IDR 1,670,595,832.00 to PT BPR Gajah Mungkur.

D. CONCLUSION

This study demonstrates that the implementation of land rights agreements in credit agreements is an accessory agreement that depends on the binding and encumbrance of collateral. The case of PT BPR Gajah Mungkur highlights the importance of registering collateral rights, as incomplete registration can hinder the execution of guarantees and diminish the creditor's position as a preferential creditor.

The main contribution of this study is to emphasize the legal uncertainty arising from the failure to register collateral rights, which affects the legal protection for creditors. Referring to Supreme Court Decision No. 469 K/Pdt/2024, this research clarifies the significance of legally registering collateral rights to ensure a strong legal position for creditors in cases of default.

From a practical standpoint, this research provides insights for legal practitioners to improve the registration procedures for collateral rights and ensure their implementation in accordance with applicable regulations, so that creditors can efficiently execute guarantees and maintain protection. Timely registration of collateral rights not only provides better legal protection for creditors but also streamlines the guarantee execution process in credit agreements.

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