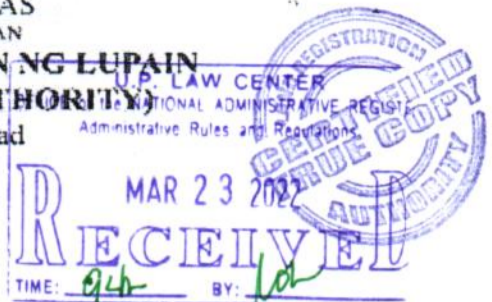


LAND REGISTRATION SYSTEMS INC.
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REPUBLIKA NG PILIPINAS
KAGAWARAN NG KATARUNGAN
PANGASIWAAN SA PATALAAN NG LUPAIN
(LAND REGISTRATION AUTHORITY)
East Avenue cor. NIA Road
Quezon City



LRA CIRCULAR NO.: 09-2022

SUBJECT: IMPLEMENTING GUIDELINES ON THE USE OF THE PHILIPPINES PERSONAL PROPERTY SECURITY REGISTRY FOR REGISTERING NOTICES ON SECURITY INTEREST INVOLVING PERSONAL PROPERTY

WHEREAS, the Land Registration Authority ("LRA") is a government agency under the Department of Justice ("DOJ") mandated by law to preserve the integrity of the land registration process, protect the sanctity of the Torrens System, and act as a central repository of records relative to original registration of land titled under the Torrens System, including subdivision and consolidation plans of titled lands and, through its Registry of Deeds ("RD") Offices nationwide, be the repository of records of instruments affecting registered and unregistered lands and chattel mortgages in the province and the city wherein such office is situated;

WHEREAS, to support its mandate, LRA is currently implementing the Land Titling Computerization Project ("LTCP") which seeks, among others, to maintain online information on titles that is current, complete and accurate; maintain the security and integrity of records by safeguarding these from tampering or destruction and deter substitution or insertion of questionable data; ensure the integrity of the land titling registration system by moving from a largely paper-based to a largely paperless system; protect land titles from loss due to fire, theft, natural disasters and the normal ravages of time; and, implement more reliable and predictable land registration procedures;

WHEREAS, Republic Act ("RA") No. 11057, otherwise known as the Personal Property Security Act ("PPSA"), signed on August 17, 2018, was enacted to strengthen the secured transactions framework in the Philippines, and provide for the creation, perfection, determination of priority and enforcement of security interests in personal properties;

WHEREAS, pursuant to Section 26 of the PPSA and Section 5.01 of the PPSA Implementing Rules and Regulations (the "PPSA IRR"), LRA shall establish and administer an Electronic Registry, which shall provide an electronic means for registration and searching of notices;

WHEREAS, LRA caused, through the LTCP, the design, development, testing and implementation of the PPSA Electronic Registry (i.e., the "Philippines Personal Property Security Registry" or the "PPSR" or "the Registry"), which shall be accessible to LRA Clients online or over the public internet;

WHEREAS, there is a need to provide guidelines for the proper use of the PPSR for the registration of notices, for the guidance of LRA's Clients;

WHEREFORE, in consideration of the foregoing premises, this Authority shall allow the registration of notices in the PPSR subject to the following:

Article I Coverage and Objective

- Sec. 1.1. This Circular shall cover the general rules and features for the creation and registration of notices in the Registry.
- Sec. 1.2. LRA shall issue separate Circulars covering the other services provided by the agency through the PPSR.
- Sec. 1.3. Pursuant to Section 4 of the PPSA, the PPSR shall be used to register notices

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covering all transactions of any form that secure an obligation with movable collateral, excluding:

- a. Interests in aircrafts which shall be subject to RA No. 9497 or the "Civil Aviation Authority Act of 2008"; and,
- b. Interests in ships which shall be subject to Presidential Decree No. 1521 or the "Ship Mortgage Decree of 1978".

Sec. 1.4. Security interests and transactions on Real Property shall continue to be registered in the Registries of Deeds having jurisdiction on the same, under existing rules and regulations.

Sec. 1.5. The following notices, as defined in Section 3 (e) of the PPSA, in conjunction with Section 5.01 of the PPSA IRR, shall be registered in the PPSR:

- a. Initial Notice;
- b. Amendment Notice; and,
- c. Termination Notice.

**Article II
Effect of Registration of Notices**

Sec. 2.1. Registration of a notice and its searchability in the Registry shall perfect the security interest over the personal property as provided in the PPSA and the PPSA IRR.

Sec. 2.2. Pursuant to Section 27 of the PPSA, any information contained in a registered notice are official and public records.

**Article III
General Rules and Features of the Registry for the Creation of Notice**

Sec. 3.1. *Establishment of the Electronic Registry.* The LRA shall establish and administer the centralized, nationwide Registry, which shall contain, among others, the following information:

- a. Initial Notice of security interest and lien in Personal Property;
- b. Amendment Notice providing new information or continuing the period of effectiveness of an initial notice; and,
- c. Termination Notice.

Sec. 3.2. The Registry shall provide electronic means for registration of such notices.

Sec. 3.3. *Security of data.* While the information contained in a registered notice shall be considered as a public record, and without prejudice to Section 35 (f) of the PPSA and Section 5.20 of the PPSA IRR, in conjunction with RA 10173 (the "Data Privacy Act"), the Registry shall ensure that it shall protect the right to privacy of its users.

Sec. 3.4. *Definition of Terms.* As used in the Registry, the following terms shall mean:

- a. Collateral - all forms of tangible and intangible assets or personal property as defined in Section 2.03 of the PPSA IRR, including but not limited to:
 - 1) Rights arising from contracts, including but not limited to:
 - a) Securities;

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- b) Commodity contracts; and
 - c) Lease of goods including financial leases and operating leases for a period of not less than one (1) year.
- 2) Equipment;
 - 3) Inventory;
 - 4) Deposit accounts;
 - 5) Negotiable instruments;
 - 6) Negotiable documents of title;
 - 7) Consumer goods;
 - 8) Intellectual property;
 - 9) Livestock;
 - 10) Fixtures, accessions, and commingled goods; or,
 - 11) Fixture property or after-acquired assets.
- b. Debtor - a person who receives a loan of money or any other fungible thing acquires the ownership thereof, and is bound to pay to the creditor an equal amount of the same kind and quality (Article 1953, Civil Code of the Philippines).
 - c. Grantor -
 - 1) The person who grants a security interest in collateral to secure its own obligation or that of another person;
 - 2) A buyer or another transferee of a collateral that acquires its right subject to a security interest;
 - 3) A transferor in an outright transfer of an accounts receivable; or,
 - 4) A lessee of goods.
 - d. Notice - a statement of information that is registered in the Registry relating to a security interest or lien. The term includes an initial notice, amendment notice and termination notice.
 - e. Registry - the centralized and nationwide electronic registry established in the LRA where notice of a security interest and lien in personal property may be registered.
 - f. Security Agreement - as provided in Section 6 of the PPSA, a security agreement must be contained in a written contract signed by the parties. It may consist of one or more writings that, taken together, establish the intent of the parties to create a security interest.
 - g. Secured Creditor or Creditor - a person that has a security interest. For the purpose of registration and priority only, it includes a buyer of account receivable and the lessor of goods under an operating lease for not less than one year.
 - h. Security Interest - a property right in collateral that secures payment or other performance of an obligation, regardless of whether the parties have denominated it as a security interest, and regardless of the type of asset, the status of the grantor or secured creditor, or the nature of the secured obligation;

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including the right of a buyer of accounts receivable and a lessor under an operating lease for not less than one (1) year.

Sec. 3.5. Any person may submit a notice for registration provided that:

- a. He must be able to create a User Account following the implementing guidelines prescribed in LRA Circular No. 11-2021, as may be amended from time to time;
- b. He must be able to provide information in the required fields in a Notice, as provided under Section 28 of the PPSA; and,
- c. He must pay the full amount of fees as provided by Section 28 (a) (5) of the PPSA.

Sec. 3.6. *Sufficiency of Notice.* The following rules and procedures shall be observed for Initial Notice to be considered as sufficient:

- a. The Initial Notice shall identify the Grantor through the following:
 - 1) If the Grantor is a natural person, the Grantor shall be identified through the name appearing in any of the Grantor's Government-Issued Identification Document, in the following order of preference:
 - a) Philippine Driver's License;
 - b) Social Security System ("SSS"), Unified Multi-Purpose Identification ("UMID") Card;
 - c) Valid Passport;
 - d) Barangay Identification Card;
 - e) Government Service Insurance System ("GSIS") Identification;
 - f) Alien Certification of Registration or Immigration Certificate of Registration;
 - g) Tax Identification Number ("TIN"); and,
 - h) National Identification Card.
 - 2) If the Grantor is a juridical person, that Grantor shall be identified through its name as appearing in the most recently registered Articles of Incorporation or in any document or instrument constituting the legal person.
- b. The Initial Notice shall identify the secured Creditor through the following:
 - 1) If the secured Creditor is a natural person, the secured Creditor shall be identified through the name appearing in the secured Creditor's Government-Issued Identification Document, in the following order of preference mentioned in Section 3.6 (a) (1).
 - 2) If the secured Creditor is a juridical person, that secured Creditor shall be identified through its Name in the most recent Registered Articles of Incorporation or in any document or instrument constituting the legal person.
- c. The Initial Notice shall provide an address for the Grantor and secured Creditor or its Agents.
- d. Pursuant to Section 7 of the PPSA, a description of a collateral in the security agreement and/or in registration notices shall be considered sufficient if it reasonably identifies the collateral. As such, the description of the collateral in a

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Notice shall be observed as follows:

- 1) A generic description that refers to all assets within a category of movable assets including all of the Grantor's present and future assets within the specified category;
 - 2) A generic description that refers to all of the Grantor's movable assets including all of the Grantor's present and future assets; and,
 - 3) A motor vehicle not held as inventory must be described by a serial number, which is its chassis number.
- e. The Initial Notice shall state the duration of effectivity of the security interest.
- f. The prescribed fee shall be tendered, or an arrangement shall be made for the payment of fees by other means.

Sec. 3.7. Effectiveness of a Notice. Pursuant to Section 30 (b) of the PPSA, and following the provision on Section 5.07 of the PPSA IRR, a notice shall be effective at the time it is discoverable on the records of the Registry and for the duration of the term indicated in the notice unless a continuation notice is registered before the term lapses.

**Article IV
Implementing Procedure and Guidelines —
Registration of an Initial Notice**

Sec. 4.1. The User shall log into the Registry System using a valid User Account.

Sec. 4.2. The User shall provide the following details to register New Notices, as follows:

- a. Grantor Information (Mandatory);
- b. Debtor Information (Optional);
- c. Secured Creditor Information (Mandatory);
- d. Collateral Information (Mandatory); and,
- e. Transaction Information (Mandatory).

Sec. 4.3. The User shall provide the following in the fields under Transaction Information:

- a. Transaction Amount (Mandatory)
- b. Term Details
 - 1) The Term Start Date (Optional); and,
 - 2) The Term End Date (Mandatory).

Sec. 4.4. The User may add more than one Grantor, Debtor, Creditor, and Collateral information details.

Sec. 4.5. Once all required information is provided and the User submits the notice, the PPSR shall display the breakdown of the fees due.

Sec. 4.6. Upon receipt of payment, the System shall generate the Notice Registration Number.

Sec. 4.7. An email will be sent to the registered email address of the parties of the notice together with payment confirmation and Notice Registration Report in Portable

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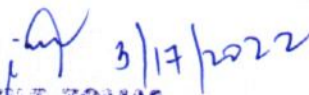
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Article V
Implementing Procedure and Guidelines —
Registration of an Amendment Notice

- Sec. 5.1. The User shall log into the Registry System using a valid User Account to be able to amend a Notice.
- Sec. 5.2. Amendment to an Initial Notice may be filed by registration of an Amendment Notice by any of the following System Users:
- a. Creator of the Initial Notice;
 - b. Any of the Creditors who created the Initial Notice;
 - c. Any of the Grantors who created the Initial Notice; and,
 - d. Registry Sub-Users with assigned privilege, as a result of a Compulsory Court Order.
- Sec. 5.3. The Amendment Notice that shall be registered and shall at all times identify the Initial Notice Registration by its Initial Notice Registration Number.
- Sec. 5.4. Users who are eligible to file an Amendment Notice shall be able to change the following details of an Initial Notice:
- a. Add one or more Grantors;
 - b. Remove one or more Grantors;
 - c. Edit Details of Grantor(s);
 - d. Add one or more new Debtors;
 - e. Remove one or more Debtors;
 - f. Edit Details of Debtor(s);
 - g. Add one or more Creditors;
 - h. Remove one or more Creditors;
 - i. Edit Creditor Details;
 - j. Add one or more Collaterals;
 - k. Remove one or more Collaterals;
 - l. Edit Collateral Details; and,
 - m. Edit Transaction Details.
- Sec. 5.5. *Continuation of Notice.* Pursuant to Section 5.09 of the PPSA IRR, the period of effectiveness of a notice may be continued for an additional number of days by registering an Amendment Notice that identifies the Initial Notice by its registration number. It must be registered within six (6) months before the expiration of the effective period of the Initial Notice.
- Sec. 5.6. A Grantor of a Notice shall be able to change or add the following details:
- a. Change or add Collateral, provided that the same must be authorized by the Grantor in writing; and,

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- b. Change or add Grantor, provided that the same must be authorized by the changed/added Grantor in writing.
- Sec. 5.7. Once all required information is provided and the User submits the notice, the PPSR shall display the breakdown of the assessed fees.
- Sec. 5.8. Upon receipt of payment confirmation of the PPSR, the System shall generate the new Notice Registration Number.

Article VI
Implementing Procedure and Guidelines —
Registration of a Termination Notice

- Sec. 6.1. The User shall log into the Registry System using a valid User Account to be able to terminate a Notice.
- Sec. 6.2. Upon submission of a Termination Notice, the following rules and procedures shall be observed:
- a. In case there remains at least one Creditor, the termination shall be considered only with respect to the Creditor who shall be deleted from the Notice. This shall be done by filing an Amendment Notice, and the status of the Notice shall remain "Active".
 - b. In case all Creditors or the last remaining Creditor is terminated from the notice, the System shall update the status as "Terminated".
- Sec. 6.3. Termination of an Initial Notice may be filed by registration of a termination notice by any of the following System Users:
- a. Creator of the Initial Notice;
 - b. Creditors who created the Initial Notice;
 - c. Grantors who created the Initial Notice; and,
 - d. LRA Registry Sub-Users with assigned privilege, as a result of a Compulsory Court Order.
- Sec. 6.4. Once all required information is provided and the User submits the notice, the PPSR shall display the breakdown of the fees due.
- Sec. 6.5. Upon receipt of payment, the System shall generate the Notice Registration Number.
- Sec. 6.6. The Registry may notify all remaining Creditors and Grantors affected by the Notice through short message service or email using the contact information provided in the Registry, if so provided by the party who registered the Notice, once the Termination Notice has been successfully registered.
- Sec. 6.7. Pursuant to Section 36 (a) (1) of the PPSA, and Section 5.11 of the PPSA IRR, information of lapsed or expired Notices shall not be accessible to the public. The Registry, however, shall maintain records of lapsed and terminated notices for a period of ten (10) years following the provision on Section 35 (e) of the PPSA.

Article VII
Implementing Procedure and Guidelines —
Registration of an Amendment and Termination Notice by LRA Registry User

- Sec. 7.1. Following the applicable provision of Section 42 of the PPSA, and Sections 5.08 to

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5.13 of the PPSA IRR, the court may issue an order to amend or terminate a notice upon the request of the Grantor, which order shall be conclusive and binding on the LRA, provided that the Secured Creditor who disagrees with the order of the court may appeal the order. The LRA shall amend or terminate a notice in accordance with the court order.

Sec. 7.2. In case of data corrections during registration of Amendment Notices, the LRA shall also be able to amend Notices. This shall include correction of errors such as administrative error or omission in entering into the public records, as provided in Section 5.19 of the PPSA IRR.

**Article VIII
Fees and Fee Collection**

Sec. 8.1. LRA shall issue a separate Circular covering the LRA Fees, IT Service Fees and all other fees that shall be assessed and collected for the use of the Registry.

Sec. 8.2. An Electronic Official Receipt ("eOR") shall be sent to the email address provided during payment for all confirmed payments received by the LRA through the PPSR.

**Article IX
Common Provisions**

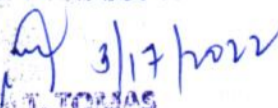
Sec. 9.1. If any provision of this Circular, or any application thereof, is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

Sec. 9.2. LRA shall publish updates and amendments to this Circular as may be required.

Sec. 9.3. This Circular shall take effect immediately after its publication in a newspaper of general circulation, the filing of three (3) copies hereof with the University of the Philippines Law Center, and the official declaration of the LRA that the PPSR is operational with respect to the Creation of Notice, unless it is otherwise provided.

Issued MAR 14 2022, Quezon City, Philippines.


RENATO D. BERMEJO
Administrator

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ROSYLYN T. TOMAS
Chief, Central Records Section