

## Function of Covernote in Relation to Buying and Selling a House Through Home Ownership Credit (KPR) at Bank Tabungan Negara, Pekanbaru Branch

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**Abstract.** *This study aims to analyze: 1) To know and analyze covernote function in relation to buying and selling houses through Home Ownership Credit (KPR) at Bank Tabungan Negara Pekanbaru Branch. 2) To know and analyze legal consequences of notary covernotes in relation to the sale and purchase of houses through Home Ownership Credit (KPR) at Bank Tabungan Negara Pekanbaru Branch. The approach method used in this study is an empirical approach. This type of research is descriptive analysis research. The types and sources of data in this study are primary and secondary data obtained through interviews and literature studies. The analysis in this study is descriptive analysis. The results of the study concluded: 1) The implementation of the sale and purchase of houses through home ownership credit (KPR) at Bank Tabungan Negara Pekanbaru requires a Covernote. The Covernote is issued by the Notary because the Notary has not completed his work. The function of the Covernote is as a guarantee given by the notary that a document will be completed within the promised time, if the covernote has not been submitted by the notary to Bank Tabungan Negara Pekanbaru, the process of buying and selling houses through Home Ownership Credit cannot be carried out. 2) Covernotes among notaries are Living Law or customs or laws that live in the implementation of the duties of a notary. The burden of responsibility of a Notary in carrying out his/her authority, duties and functions according to the law is in principle very large, especially for legal products issued by the Notary, so that the Notary has responsibility for the covernote that has been issued. Article 1366 of the Civil Code states that "everyone is responsible not only for his actions but also for his negligence and lack of caution. Every person is required to act with caution towards others. Every person must have a cautious nature towards others.*

**Keywords:** *Covernote; Credit; House; Ownership; Purchase.*

## 1. Introduction

One of the objectives of the establishment of the Republic of Indonesia is to advance the welfare of the Indonesian people based on Pancasila and the Preamble to the 1945 Constitution, paragraph IV, which reads: "then from that to form an Indonesian state government that protects all Indonesian people and all Indonesian blood and to advance public welfare, A place to live or what we call a house is one of the needs that cannot be separated from human life because a house functions as a place of shelter for humans from external disturbances, a place for humans to live their lives, and a place for humans to have a household and so on. It should be noted that the development of banking is one of the supporting facilities that has a very large influence on the rate of economic development in Indonesian society. In life, there are norms or rules that must be followed by the community. Norms or rules are guidelines for life, namely guidelines for how we should act, behave, not act, and not behave in society.<sup>1</sup>

The function of banking is to distribute public funds by providing credit, thus creating a legal relationship between the bank (creditor) and the customer borrowing funds (debtor).<sup>2</sup>

As a financial institution, banks in carrying out credit distribution activities to the community, especially in housing facilities, really need a notary who aims to realize legal certainty for every party related to credit activities. According to Law Number 10 of 1998, Article 1 number 11 states that: "Credit is the provision of money or bills that can be equated with it, based on an agreement or loan agreement between the bank and another party that requires the borrower to pay off his debt after a certain period of time with the provision of interest".<sup>3</sup>

Article 1 letter 1 UUJN Number 2 of 2014 states that "a notary is a public official who is authorized to make authentic deeds and has other authorities as referred to in this law or based on other laws". Notaries are constructed as public officials. Public officials are people who carry out work or duties to serve the interests of the community as a whole. The authority of a notary is constructed as: The power granted by law to a notary to make authentic deeds or other powers. The government provides services to the community. The government has implemented a policy of holding a notary. Where with this position, it can provide legal assistance to the community to make a written or authentic agreement from an action it has taken.

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<sup>1</sup>Yulies Tiena Masriani, Introduction to Indonesian Law, Jakarta: Sinar Grafika, 2013, p.1

<sup>2</sup>Djoni S. Gazali and Rahmadi Usman, Banking Law, Sinar Grafika, Jakarta, 2012, page 312

<sup>3</sup>Article 1 number 11 of the Republic of Indonesia Law Number 10 of 1998 concerning Banking

According to Article 15 of Law Number 2 of 2014 concerning amendments to Law Number 30 of 2004 concerning the Position of Notary (UUJN), it states:<sup>4</sup>

1. Notaries have the authority to make authentic Deeds regarding all acts, agreements and stipulations that are required by statutory regulations and/or that are desired by interested parties to be stated in authentic Deeds, guarantee certainty of the date of making the Deed, store the Deed, provide grosses, copies and quotations of the Deed , all of this as long as the deed is made is not also assigned or excluded to other officials or other people as determined by law.
2. In addition to the authority as referred to in paragraph (1), a notary also has the authority to:
  - a. validate signatures and determine the certainty of the date of private letters by registering them in a special book;
  - b. record a letter under hand by registering it in a special book;
  - c. make a copy of the original private letter in the form of a copy containing the description as written and described in the letter in question;
  - d. verify the conformity of the photocopy with the original letter;
  - e. provide legal advice regarding the preparation of deeds;
  - f. make a Deed relating to land; or
  - g. making a deed of auction minutes
3. In addition to the authority as referred to in paragraph (1) and paragraph (2), a notary has other authority as regulated in statutory regulations.

Cover Note is a letter of information or often referred to as a closing note made by a notary.<sup>5</sup> The reason the notary issued this cover note was at the request of the creditor. This is the Bank's basis for credit to be disbursed by the Bank. Covernote is a form of statement made by a notary stating that the certificate is in process. The covernote issued by the notary is used as a guide for banks to disburse credit to debtor customers.<sup>6</sup>

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<sup>4</sup>Article 15 of the Republic of Indonesia Law Number 2 of 2014 concerning amendments to Law Number 30 of 2004 concerning the Position of Notary (UUJN)

<sup>5</sup>Muhaymiyah Tan Kamelo, et al., Notary Cover Note in Credit Agreement in the Perspective of Collateral Law, *Acta Diurnal Journal of Notary Law Science*, Vol. 1, 2017, p. 78.

<sup>6</sup>Dewi Rachmayan & Agus Suwandono, 2017, Notary Covernote in Credit Agreements in the Perspective of Collateral Law, *Journal of Legal Studies*, Vol 1, No 1, page 78

## **2. Research Methods**

This research can be classified into the type of empirical legal research. Types and Sources of Data in this study are primary data and secondary data obtained through interviews and literature studies. The data analysis method that will be used is the descriptive analysis method.

## **3. Results and Discussion**

### **3.1 Function of Covernote in Relation to Buying and Selling a House Through Home Ownership Credit (KPR) at Bank Tabungan Negara, Pekanbaru Branch**

Banking institutions are financial institutions that have a very important role in the economic life of society. Banks as creditors provide credit facilities to customers with conditions, namely that customers as debtors have completed all the requirements for submitting a credit application to the bank, so that debtors can be trusted to be able to pay their loans to the bank.<sup>7</sup>The Banking Law stipulates that Indonesian banks conduct their business using the principle of prudence with the aim of improving the health of banks, including in terms of credit. Before granting credit is approved, an analysis of the credit application needs to be carried out. This is in accordance with the provisions in Article 2 of the Banking Law which states that Indonesian banking in carrying out its business is based on economic democracy by using the principle of prudence.<sup>8</sup>

In accordance with the provisions of Article 8 paragraph (1) of the Banking Law. To analyze a credit application, banks generally use an analysis instrument known as the fives of credit or 5C, including:<sup>9</sup>

- a. Character (character),
- b. Capacity (ability),
- c. Capital,
- d. Collateral (Guarantee or Security),
- e. Condition of economy (economic conditions).

The process of implementing a house sale and purchase through a home ownership credit (KPR) at Bank Tabungan Negara Pekanbaru requires a Covernote. A Covernote is a statement letter or often referred to as a closing note made by a Notary. The Covernote is issued by the Notary because the Notary has not completed his work. The Covernote has an important role in the

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<sup>7</sup>Anisa Nurrachmasari & Siti Malikhatun Badriyah, 2023, Legal Position of Notary Covernote in Credit Disbursement, JIIP, Vol 6, No.8, p. 5544

<sup>8</sup>Article 2 of Law Number 10 of 1998 concerning Banking

<sup>9</sup>Kasmir, Banks and Other Financial Institutions, RajaGrafindo, Jakarta: 2009, p. 109

banking credit process.<sup>10</sup>In general, a cover note is a closing note that is used temporarily as evidence that someone guarantees what has been done in front of him, until it is finished, so that when the matter is finished, this cover note has no meaning, so it is called temporary.<sup>11</sup>

From an etymological perspective, cover means to close or wrap, in Indonesian it is translated as volume and note itself means note, so covernote is a closing note.<sup>12</sup>In notarial practice, another form of covernote is a statement or statement from a notary so that it can be concluded that a covernote is a (final) note or conclusion of an event/action/legal action or can be called a conclusion/final note of a legal action/legal action carried out by the parties carried out before a notary or a statement from the notary himself.<sup>13</sup>

The contents of the cover note contain the notary's promise to be able to carry it out by providing completion within a specified time period. The notary's cover note includes information regarding:

1. Information regarding the deeds required in the process of buying and selling a house through a Home Ownership Credit (KPR) at Bank Tabungan Negara, Pekanbaru Branch.
2. Information about Collateral Objects
3. Information for management purposes
4. Administrative Requirements Fulfillment Information
5. Document Completion and Submission Timeframe Information
6. Information on Imposition of Sanctions
7. Closing

Cover notes in the banking world function as a requirement for disbursement of credit facilities, so that if the cover note has not been issued by the public official, the implementation of the Sale and Purchase of a house through a Home Ownership Credit at Bank Tabungan Negara cannot be carried out. This cover note is often used as a security barrier from the bank. Cover notes are a habit that occurs in the practice of buying and selling houses through Home Ownership Credit (KPR) at Bank Tabungan Negara Pekanbaru. If the cover note has been issued by a notary, the bank has a firm belief that the credit facility, namely the

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<sup>10</sup>Muthia Rahmah & Nur Rezki Pranoto, 2023, Existence of Covernote as a Condition for Credit Disbursement, JEMB, Vol. 1, No. 2, p. 154

<sup>11</sup>Habib Adjie, Understanding and Applying Covernote, Legalization, Waarmeking in the Implementation of Notary Duties, PT. Refika Aditama, Bandung, 2022, p. 3

<sup>12</sup>Ibid.

<sup>13</sup>Ibid.

sale and purchase of a house through a Home Ownership Credit (KPR) at Bank Tabungan Negara Pekanbaru, can be given and received by the debtor.

### **3.2 Legal Consequences of Notary Covernotes in Relation to the Sale and Purchase of Houses Through Home Ownership Credit (KPR) at the Pekanbaru Branch of the State Savings Bank.**

Notaries/PPATs are public officials, in order to maintain legal principles, especially legal acts in the civil realm, who are given authority in the Law to carry out part of the state's public service work.<sup>14</sup> Basically, the bank regarding the disbursement of credit must be sure and believe that the credit that will be disbursed to the debtor will not cause problems in the future or what is often called Problematic Credit. Covernote is a guideline for the banking party in carrying out the credit process. In a covernote there is no credit disbursement order but the bank uses it as a basis in the process of disbursing the agreed credit funds. The use of a covernote in the process provides a guarantee of the existence of law and consequences from the notary to the bank. Covernote can be evidence in the ongoing credit process.<sup>15</sup>

Notaries have an obligation to be careful in issuing covernotes as a guideline for credit disbursement because there are no standard rules for covernotes. Covernotes create a sense of trust in the notary's ability to process documents, deeds, and so on. In practice, if the debtor has not completed the requirements, the bank will ask the notary to issue a covernote.

Covernote among notaries is a Living Law or custom or law that is alive in the implementation of the duties of a notary. Referring to the provisions of Article 16 Paragraph (1) of the UUJN, it indicates that the burden of responsibility of a Notary in carrying out his authority, duties and functions according to the law is in principle very large, especially with regard to legal products issued by Notaries so that notaries have responsibility for the covernotes that have been issued. Notaries/PPATs are said to be unable to fulfill the provisions of Article 1366 of the Civil Code if the negligence is indeed due to the Notary/PPAT's error in issuing and implementing the contents of the Covernote. Article 1366 of the Civil Code states that "everyone is responsible not only for their actions but also for their negligence and lack of caution". From the text of the Article, the law means that everyone is required to act with caution towards others. Everyone must be careful towards others.

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<sup>14</sup>Habib Adjie. Aspects of Notary/PPAT Accountability in Making Deeds. Bandung: CV. Mandar Maju, 2012, p. 10

<sup>15</sup>Muthia Rahmah & Nur Rezki Pranoto, 2023, Existence of Covernote as a Requirement for Credit Disbursement, JEMB, Vol. 1, No. 2, p. 155

#### **4. Conclusion**

The implementation of buying and selling a house through a home ownership credit (KPR) at Bank Tabungan Negara Pekanbaru requires a Covernote. A Covernote is a letter of information or often referred to as a closing note made by a Notary. The Covernote is issued by the Notary because the Notary has not completed his work. In notarial practice, another form of covernote is a statement or statement from the notary so that it can be concluded that a covernote is a note (final) or closing of an event/action/legal action carried out by the parties carried out before a notary or a statement from the notary himself. The function of the Covernote is as a guarantee given by the notary that a document will be completed within the promised time, if the covernote has not been submitted by the notary to Bank Tabungan Negara Pekanbaru, the process of buying and selling a house through a Home Ownership Credit cannot be carried out. Covernote among notaries is a Living Law or custom or law that is alive in the implementation of the duties of a notary. Referring to the provisions of Article 16 Paragraph (1) of the UUJN, it indicates that the burden of responsibility of a Notary in carrying out his authority, duties and functions according to the law is in principle very large, especially with regard to legal products issued by Notaries so that notaries have responsibility for the covernotes that have been issued. Notaries/PPATs are said to be unable to fulfill the provisions of Article 1366 of the Civil Code if the negligence is indeed due to the Notary/PPAT's error in issuing and implementing the contents of the Covernote. Article 1366 of the Civil Code states that "everyone is responsible not only for their actions but also for their negligence and lack of caution". From the text of the Article, the law means that everyone is required to act with caution towards others. Everyone must be careful towards others.

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