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Validity of Covernote Issued by Notary in Certificate Guarantee at Bank

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Abstract. *This study aims to determine and analyze the validity of covernotes issued by notaries in guaranteeing certificates in banks and legal protection for banks and customers in the event of default in the use of covernotes as credit guarantees. The research approach method used in this thesis is the normative legal research method. The specifications of this study use descriptive analysis. The types of data used in this study are primary legal materials including the 1945 Constitution, the Civil Procedure Law, Law No. 10 of 1998 concerning Amendments to Law No. 7 of 1992 concerning Banking, Law No. 4 of 1996 concerning Mortgage Rights, Law No. 8 of 1999 concerning Consumer Protection, Law No. 42 of 1999 concerning Fiduciary Guarantees, Law No. 2 of 2014 concerning Amendments to Law No. 30 of 2004 concerning the Position of Notary, as well as secondary legal materials containing books, journals, and other supporting documents. Tertiary legal materials contain the Great Dictionary of the Indonesian Language, Encyclopedia. Data collection using literature study techniques. The data analysis method used in analyzing the data is qualitative analysis. The results of the study indicate that the validity of the covernote as a credit guarantee by the bank is only as a temporary guarantee. Covernote is not evidence of collateral, only a statement issued by a notary due to urgent interests, and is always made by a notary based on the customs in issuing deeds or certificates that are still in the process such as mortgage certificates. And if a problem occurs, the bank can make a claim for the return of receivables from the debtor through mediation or filing a lawsuit in court. Legal protection for creditors and customers in the event of a default in the use of covernotes as credit guarantees is regulated in Article 1 paragraph (1) No. 8 of 1999 concerning the Consumer Protection Law, Legal protection for creditors is regulated in Article 11 of Law No. 10 of 1998 concerning Amendments to Law No. 7 of 1992 concerning Banking.*

Keywords: *Covernote, Bank, Legal Protection.*

1. Introduction

Banks have a significant role in supporting the course of national development and maintaining economic stability for the country. Banking has a primary function as an intermediary institution, namely collecting funds from the community and channeling them effectively and efficiently to real sectors to drive development and economic stability of a country.[1]

This is in line with the understanding of the bank as regulated in Law No. 10 of 1998 concerning Amendments to Law No. 7 of 1992 concerning Banking (Banking Law) in Article 1 number (2) which states that a bank is a business entity that collects funds from the public in the form of savings and distributes them to the public in the form of credit and/or other forms in order to improve the standard of living of the people. One of the banking businesses is credit, credit is one of the businesses run by banks with great risks that can be faced by banks. The certainty of credit loans by customers will be ensured by special guarantees or collateral.[2]

In practice, to speed up the credit disbursement process, the bank as the creditor requests a covernote from the notary concerned as a guarantee, that the guarantee in the form of a land title certificate will be completed within a specified period of time in accordance with the contents of the notary's covernote. The covernote itself is a statement containing the notary's ability to carry out what the bank wants. Usually a covernote is issued by a notary in the event that the formal requirements for the purposes of credit disbursement desired by the bank have not been fully met by the customer. Usually related to collateral whose ownership validity must be ensured first.[3]

Notaries as bank partners in making authentic deeds have the authority to make deeds in their submission, that a legal act has occurred by the parties before a notary. In relation to their authority in making deeds, the purpose of making the deed is to legally bind the parties who will carry out legal acts. The credit agreement deed becomes an instrument to bind the bank and the customer.[4]

After the credit agreement is signed by each party, the creditor will usually ask the notary to make a covernote if the authentic deed has not been issued. One of the guarantees is from wealth in the form of property owned by the customer which will be used as collateral if there is a situation where the customer is unable to pay

[1]Rachmayani, D, and Suwandono, (2017), "Notary Covernote in Credit Agreements in the Perspective of Collateral Law", Acta Diurnal Journal of Notary Law and PPAT, p. 67.
[2]Pradnyasari, Gusti Ayu Putu Wulan & Utama, I Made Arya., (2018), "Legal Position of Notary Covernote Against Legal Protection of Banks in Credit Agreements, Journal of Notary Law, Faculty of Law, Udayana University, Bali, Vol. 3 No. 3.
[3]Kadir, Rahmiah, et al., (2019), "Notary's Accountability in Issuing Covernote", Jurnal Mimbar Hukum, Makassar: Faculty of Law, Hasanuddin University. Vol. 31, No. 2.
[4] Firdaus R, and Ariyanti M, (2004) "General Bank Management and Credit", Bandung: Alfabeta, p. 87.

off the debt owned based on the existing credit agreement. The collateral in the credit agreement must be examined first by the bank. In examining the collateral, the bank can also ask for help from a notary to check the certificate at the Land Office to find out the status of the land, whether the certificate is clean (not burdened with mortgage rights), not in dispute, and not blocked.[5]

That the legal basis for the authority of a notary as a public official who has the authority to make authentic deeds can be seen from the provisions of Law No. 2 of 2014 concerning Amendments to Law No. 30 of 2004 concerning the Position of Notary (UUJN Amendments). Article 1 number (1) of the UUJN stipulates that the public official who has the authority to make authentic deeds and has other authorities as referred to in this law or based on other laws is a notary. The role and function of a notary is very important in assisting the government and other parties who need it in order to provide certainty, order and legal protection in making authentic deeds.

*Covernote*is a certificate issued by a notary-PPAT when a credit agreement has been made with the aim of making the agreement binding collateral for a credit agreement issued by a bank.[6] The certificate that is made is not an authentic deed, but rather an initial guideline or an initial reference for the bank to disburse its credit to the customer.The obstacle that often occurs is that usually the notary states that he is able to assist the bank as a creditor and prospective customers as debtors for the land rights registration process until the issuance of the certificate and binding of collateral with mortgage rights until the issuance of the mortgage certificate. As proof of this ability, the notary usually issues a covernote as an effective condition for credit disbursement in the credit agreement.[7]

There are several examples of the uses of notary covernote letters, for example:

1. If the debtor wants to take out a loan from the bank and the goods to be pledged are still in the process of roya fiduciary, while the bank will only disburse the loan if the goods pledged have completed the roya fiduciary process first, then one solution so that the loan can be disbursed by the bank is by a notary issuing a covernote containing information that the ownership documents for the goods are in the process of roya, and when the roya has been completed, it will be submitted to the bank.

2. When a credit agreement is to be made into a statement of encumbrance of mortgage rights and/or a deed of encumbrance of mortgage rights because all of

[5]Ibid., p. 88.
[6]Bayu Ilham Cahyono, (2015) "Analysis of the System and Procedures for Financing Sharia Home Ownership Credit (KPRS) Murabahah to Support Internal Control (Study at PT. BTN Syariah Jombang Branch). Journal of Business Administration, Vol. 25. No. 1.
[7]Rachmayani & Suwandono, (2017), Notary Covernote in Credit Agreement in the Perspective of Collateral Law. Acta Diurnal Journal of Notary Law Science. Vol. 1. No. 1, p. 75.

them have been signed by the parties before a notary, even though administratively the notary has not been completed, then for the benefit of the bank (creditor) and the customer, the notary will make or issue a covernote, which states that the legal actions of the parties have been completed.[8]

The validity of the covernote still needs to be reviewed because it only explains what the notary has done and will do, such as the letterhead of the notary's office concerned to the signature and stamp of approval, but the covernote made by the notary is actually not included in the authentic deed instrument, even though several elements of the authentic deed are fulfilled. The covernote also does not meet the requirements as a private deed because the covernote is made by a notary who is a public official. So the covernote can be said not to be included in the authentic deed instrument or private deed, the legality of the covernote is questionable and can be stated not as a legal product issued by a notary.[9]

The notary issues a covernote as a temporary legal umbrella before all processes at the Notary-PPAT Office are completed until the certificate is submitted to the creditor. The covernote issued by the Notary-PPAT occurs in the law of land rights guarantees. Banking prioritizes credit with land guarantees which are then bound by mortgage rights, considering the price of land that continues to rise. Therefore, collateral in the form of mortgage rights requires a certificate as a temporary legal umbrella for the bank. This is because the mortgage rights still have to go through the roya process, change of name, or still the land registration process at the local Land Office and it takes a long time.[10]

The Notary-PPAT is responsible for examining documents and certificates relating to the truth and authenticity of the identity and object of the guarantee.Any consequences that may arise from c*overnote*issued by a notary in a credit agreement should be carried out with full responsibility so as not to cause problems in the future. The contents of the covernote should not be doubted in terms of validity and truth so that it can provide legal protection for the parties.

This includes the obligations that follow and are inherent in the covernote, namely that it must be trusted by the bank, in this case the bank. The meaning of being trusted by the creditor here is that the debtor must be able to complete the contents of the covernote letter that has been issued by the Notary-PPAT. So that the provision of this covernote has met the legal provisions or legal aspects and the problems that must be explained and legal protection for certificate guarantees in banks where the issuance of the covernote is not expressly stated

[8]Siska Novista, (2018) “Responsibility of PPAT Notaries in Issuing Covernotes”, Yogyakarta: Islamic University of Indonesia, p. 5.
[9]Bima Yudhakusuma Putra Munandar, (2023), "Legal Position of Notary Covernote in Making Bank Credit Deeds Resulting in Criminal Acts of Corruption, Journal of Social Sciences and Education, Vol. 7, p. 335.
[10]Ibid.

in the law. Based on the background above, the researcher is interested in discussing a study entitled The Validity of Covernotes Issued by Notaries in Certificate Guarantees in Banks.

2. Research Methods

The approach method used in this research is the normative legal approach. The normative legal approach is a legal research conducted with how to research library materials or secondary data as basic material for research by conducting searches for regulations and literature related to the problem being researched.[11]

3. Results and Discussion

3.1. Validity of Covernote Against Certificate Guarantee at Bank

Covernote is a letter of information or termed as a closing note made by a notary. Covernote is issued by a notary because the notary has not completed his work in relation to his duties and authority to issue authentic deeds. The notary's covernote itself generally contains the following:

a. The credit agreement or debt letter is still in the process of being completed at the notary.

b. The process of registering land rights or changing the name of the land rights certificate and binding credit guarantees is still in the process of being completed at the land office.

c. When completed, the credit agreement or debt letter and the binding credit guarantee will be given to the bank.

The process of credit agreement, granting mortgage rights until the issuance of a mortgage rights certificate takes time, so to provide certainty to the bank so that they can agree to disburse the credit before the deed of granting mortgage rights (APHT) is completed and the mortgage rights certificate is issued, the notary makes a statement or covernote. With this covernote, the notary undertakes to carry out the processing of land rights, drawing up a deed granting mortgage rights (APHT), registering mortgage rights up to the issuance of a mortgage rights certificate. The covernote issued by the notary is used as a guide for banks to disburse credit to debtor customers. The process of granting mortgage rights by making an APHT is basically that the mortgage right giver must appear in person before the PPAT. However, if for some reason he cannot attend in person, he is obliged to appoint another party as his proxy with a power of attorney to impose mortgage rights (SKMHT). In practice, in credit agreements, making a power of attorney imposes a mortgage right (SKMHT) from the customer to the bank. This power of attorney to

[11]Soerjono Soekanto & Sri Mamudji, "Normative Legal Research (A Brief Review)", (Jakarta, Rajawali Pers), pp. 13-14.

impose mortgage rights (SKMHT) must be made using a notarial deed or PPAT deed.

The use of covernotes in credit agreements also cannot be separated from the role of the bank itself. In practice, banks often act less carefully due to business competition in obtaining potential customers, because of concerns that customers will run to other banks. In providing credit, banks must still take steps to ensure that the credit to be distributed will not be problematic. This is in accordance with the provisions of Article 29 number (3) of the Banking Law which states that in providing credit or financing based on sharia principles and carrying out other business activities, banks are required to take steps that do not harm the bank and the interests of customers who entrust their funds to the bank.

Banks must apply the principle of prudence which is a principle that is used as a guideline for smooth business and as a guideline for banks to assess potential customers. The principle of prudence (prudent banking principle) is a principle or principle that states that banks in carrying out their functions and business activities must be careful (prudent) in order to protect the public funds entrusted to them.[12]

The way that banks can minimize losses is by conducting a 5C analysis of credit applications from prospective customers. One of the analyses carried out by banks in credit agreements is an analysis related to collateral. Collateral assessment aims to gain confidence in prospective customers, if in unexpected circumstances the customer makes a breach of promise (default) and the credit becomes bad, then there is collateral that can be used as a means of credit repayment by executing the collateral.

Banks play a very important role as financial institutions that help the government to help the government achieve prosperity. Thus it is realized that credit has a very important role in the country's economy.

Before customers get credit from the bank, there are several stages in the assessment process starting from submitting a credit proposal and the required documents, checking the authenticity of the documents, credit analysis until the credit is disbursed. These stages in providing credit are needed to ensure the eligibility of a credit. The eligibility of a credit, at each stage, is always carried out with an in-depth assessment. The assessment in which there are deficiencies, then the bank can ask the customer to complete the deficiencies or even the credit

[12]Rachmadi Usman, "Legal Aspects of Banking in Indonesia", (Gramedia Pustaka Utama, Jakarta: 2001), p. 18.

application is immediately rejected. The stages in providing credit can be described by the author as follows:[13]

First, assessment of applicant files (potential customers); Second, data verification, namely: a) On the Spot (OTS) Checking; b) Bank Checking; c) Trade Checking or Personal Checking for Consumer Credit; Third, assessment and analysis of credit needs; Fourth, credit decisions; Fifth, signing of credit agreements and other agreements; Sixth, credit realization.

From the explanation above, it appears that notaries play a very important role in the distribution of bank credit, namely making all the necessary deeds and processing the burden on collateral. In this process, a covernote is usually issued as a guarantee to the bank that the collateral is in the process of being burdened. Covernotes are needed by the bank to immediately realize the credit that will be distributed to customers.

*Covernote*or a notary's statement is very helpful for the bank in terms of providing credit because the covernote is a statement from the notary which explains the process, progress and obstacles of the legal acts carried out by the notary. This also becomes the basis or guideline for the bank to realize the requested credit as soon as possible. This means that the bank gives quite high trust to the notary as a bank partner in carrying out legal acts with the community.

One aspect of the application of the principle of prudence in providing credit, namely related to the assessment of collateral to be provided by prospective debtor customers. Banks must assess several criteria for good collateral, including those related to legal, economic, and social aspects. The assessment of legal aspects is carried out by conducting research related to the validity and truth of documents proving ownership of goods that will be used as credit collateral.

The current reality is that the presence of a notary as a bank partner in distributing credit can facilitate the bank's work related to verifying documents submitted by customers. In this case, the notary carries out part of the bank's role, for example in verifying collateral documents so that in practice, the bank no longer verifies the validity of the collateral documents. The bank only ensures whether or not the goods to be pledged exist so that the bank no longer seeks to find out the validity of the collateral. To verify the validity of the collateral, the notary does so by checking with the relevant agencies. For land that is pledged as collateral, the bank only conducts a location survey to see the existence of the land in question, while the validity of the land certificate is carried out by the notary by checking at the local land office.

[13]"Credit Granting Process",http://www.upacaya.com/, accessed 18 April 2018; see also Economics ID, "Bank Credit Granting Procedures",http://www.ilmu-Ekonomiid.com/2017/05/prosedur-pemberian-kredit-bank.html, accessed 18 April 2018.

The existence of covernotes is currently existing and urgent where covernotes issued by notaries will provide information so that creditors/banks are convinced that even if the bank realizes the credit requested by customers whose collateral is still in the legal process, it will still be obtained and controlled by the bank. Moreover, the one who carries out the process is a notary who is a very trusted position. However, covernotes are not collateral, while banking credit requirements require collateral to be provided by the debtor as an application of the principle of prudence by the bank. The conditions described above show that in practice, notaries gain high trust from the public and financial institutions. All related administration regarding legal acts of the public and financial institutions are entrusted to notaries. For this reason, the author emphasizes again that notaries in carrying out their functions must pay attention to and maintain the good name and nobility of the notary's position.

A notary must maintain the dignity and honor of his position. Therefore, a notary in carrying out his functions must also always uphold the principle of caution so as not to fall into unlawful acts. A notary should carry out his position in accordance with applicable legal provisions and is required to be self-aware because of the various characters of the people he deals with. No one can guarantee that every person (client) who comes to him is a good person and has good intentions, sometimes those who come to him are people who want to take advantage of the notary's presence with the aim of gaining great benefits for themselves, thereby causing losses to other parties. The position of a notary in carrying out his functions is required to be more active, especially in verifying data or documents presented to him.

3.2. Legal Protection for Banks and Customers Regarding the Use of Covernotes for Certificate Guarantees

The existence of law in the community environment aims to create peace and order, so that in the relationship between members of society, one with another, their interests can be maintained. Law is none other than the first protection of humans in the form of norms or rules. Law as a collection of regulations or rules contains general and normative content, general because it applies to everyone, and normative because it determines what may and may not be done, and determines how to implement compliance with the rules.[14]

The role of law for society can provide legal protection to members of society whose interests are disturbed. Disputes that occur in society must be resolved according to applicable law, so as to prevent vigilante actions (eigenrichting). The main purpose of law as a protection of human interests is to create an orderly social order, so that a balanced and orderly life is realized.

[14]Sudikno Mertokusumo, "Understanding the Law: An Introduction", (Liberty, Yogyakarta: 2003), p. 39.

Legal protection is basically a right and obligation that should be received by the parties. Legal protection related to credit agreements is basically protection of the rights of the bank as a creditor and the bank's customer as a debtor. In a credit agreement, the bank needs to get certainty of the return of funds (credit) from the customer, while the customer also needs protection of his rights as a debtor in the implementation of the credit agreement.

Banks in order to secure and ensure the return of credit given to customers will always ask for collateral. The collateral requested by the bank is usually a special collateral, namely a collateral that refers to certain objects owned by the customer. The collateral can be in the form of movable objects (means of transportation) or immovable objects such as (land). However, banks generally prefer collateral in the form of land that is bound by mortgage rights.

Mortgage rights are a guarantee institution that provides the bank with a position as a preferred creditor, whose debts are paid in advance of other creditors from the proceeds of the sale of the collateral object. This mortgage right has been regulated in the mortgage law. Article 10 paragraph (1) of the Mortgage Law stipulates that the granting of a mortgage right is preceded by a promise to provide a mortgage right as a guarantee for the payment of a certain debt, which is stated in and is an inseparable part of the debt agreement in question or other agreement that gives rise to the debt. The mortgage right granting agreement is an agreement that is accessory to the existence of a principal agreement, namely a credit agreement. The deed of granting a mortgage right is carried out by making an APHT by a PPAT.

Banks in credit agreements in the context of not issuing mortgage certificates even though they do not receive legal protection from mortgage laws, but in terms of guarantee law, they still receive protection. Legal protection for banks in this case is based on the provisions of Articles 1131 and 1132 of the Civil Code. These two articles are referred to as general guarantees or guarantees according to law. General guarantees arise not specifically agreed upon, but arise because of the law.

Article 1131 of the Civil Code states that all the debtor's property, both movable and immovable, both existing and new in the future, becomes collateral for all individual obligations. All assets owned by the customer will become collateral for the payment of the customer's debt to the bank. The customer's assets include movable and fixed assets, both those that already exist at the time the debt agreement is made and those that will be new in the future that will become the property of the bank after the debt agreement is made. Thus, all of the customer's assets will become collateral for the payment of his debt. This general guarantee was created by law, so there is no need for a previous guarantee agreement.

Article 1132 of the Civil Code states that the object becomes a joint guarantee for all those who have credit with it; the income from the sale of the object is distributed according to balance, namely according to the size of each receivable, unless there are legitimate reasons for priority among the receivables. Based on Article 1132 of the Civil Code, all banks have the same position towards other creditors. The bank is positioned as a concurrent creditor, so that no creditor is prioritized over other creditors (preferred creditors).

Based on Article 1131 and 1132 of the Civil Code, banks are still allowed to make efforts to settle credits whose collateral is not perfect. Efforts to settle the credit can be done through a non-litigation process (outside the court) or through litigation (through the court). The credit settlement process through a non-litigation process can be resolved internally by the bank through the banking institution or through an alternative dispute resolution institution in the financial services sector, in this case the Indonesian Banking Dispute Resolution Alternative Institution (LAPSPI). LAPSPI resolves banking disputes through mediation, adjudication and arbitration. However, specifically dispute resolution through arbitration must be based on the existence of an arbitration agreement.

Settlement of credit disputes through litigation can be done through a default lawsuit through a general court or a bankruptcy lawsuit through a commercial court. Settlement of disputes through a default lawsuit is filed through the District Court. Settlement of lawsuit disputes in court is often ineffective and inefficient because of the long process and the high cost. In addition, dispute resolution through the court can sometimes damage the name and reputation of the bank in the eyes of customers or prospective bank customers.

In addition to dispute resolution through a default lawsuit in court, banks can also file a bankruptcy lawsuit against debtor customers in the Commercial Court. However, in order to file for bankruptcy, there are requirements that must be met. These requirements are as stipulated in Article 2 paragraph (1) of Law No. 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations (hereinafter referred to as the Bankruptcy Law), namely customers who have two or more creditors and do not pay in full at least one debt that has matured and can be collected, are declared bankrupt by court decision, either at their own request or at the request of one or more of their creditors. Based on Article 2 paragraph (2) of the Bankruptcy Law, banks in order to file for bankruptcy must ensure that there are at least 2 (two) creditors and do not pay in full 1 (one) debt that has matured and can be collected. However, the bankruptcy lawsuit process also takes a long time so that it is not effective and efficient for banks.

Legal protection for banks in the event of imperfect collateral binding that results in the failure to issue a mortgage certificate is basically still protected by Articles 1131 and 1132 of the Civil Code. However, the protection provided by Articles 1131 and 1132 of the Civil Code only provides the bank with the position of a concurrent

creditor. This certainly does not provide enough protection for banks considering that as a concurrent creditor, the bank must share proportionally with other creditors in terms of paying off its receivables from the proceeds of the sale of all of the customer's assets. In this case, it is very possible that the credit given to the customer cannot be fully returned, in the event that the customer's assets are insufficient to pay off the debt that must be paid to its creditors proportionally. In addition, efforts that can be implemented by the bank as a creditor are generally still possible, namely through litigation or non-litigation processes. However, these efforts require a time-consuming and costly process which is certainly not desired by the bank.

Legal protection for banks in credit agreements with collateral in the form of land has been regulated in the mortgage law. The Mortgage Law has provided protection to banks with a position as a preferred creditor for mortgage holders, so that if the debtor customer defaults, the bank can easily execute the collateral in accordance with the provisions of the Mortgage Law. Furthermore, the bank can take payment of its receivables from the proceeds of the sale or auction of the collateral.

The credit agreement as the main agreement followed by a collateral agreement with mortgage rights is actually a form of protection for the bank and customers. The existence of this credit agreement provides legal certainty for banks to claim their rights as creditors to customers in implementing the credit agreement. Apart from that, having a credit agreement tied to mortgage rights can also protect customers.

The Mortgage Law has determined the rights and obligations of banks and customers. In addition, the Law has also determined prohibitions for banks in implementing collateral execution. One of the articles that protects customer rights is in Article 12 of the Mortgage Law which determines that a promise that authorizes the Mortgage holder to own the object of the Mortgage if the customer defaults (default) is void by law. This provision is intended to protect the interests of customers from arbitrary actions by banks.

The guarantee of a certificate has a very important function in a credit agreement to provide a guarantee of certainty for the bank by returning the remaining funds that have been distributed to customers. In addition to providing protection to the bank, providing a guarantee in accordance with the provisions of applicable laws and regulations can also provide protection for customers. So the law must provide equal protection to the parties.

Legal protection for customers, as with consumer protection, is any effort that guarantees legal certainty to provide protection to consumers. The basis of legal protection is contained in Law No. 8 of 1999 concerning Consumer Protection, namely the existence of legal certainty for all consumer needs.Article 1 paragraph

(1) of the Consumer Protection Law states that consumer protection is any effort that ensures legal certainty to provide protection to consumers.

Legal certainty aims to protect consumer rights, which are strengthened through the Consumer Protection Act, with the hope that business actors will no longer act arbitrarily which always harms consumer rights. Consumers along with other legal instruments have equal rights and positions and they can sue or sue if it turns out that their rights have been harmed or violated by business actors.[15]Meanwhile, consumer protection law aims to provide protection for consumers in both private and public law.

Based on the explanation above, it can be seen that the law on customer protection provides legal protection in the form of legal certainty as a means of fulfilling the defense of their rights if they are treated badly by parties who try to harm customers regarding the ownership of the certificates that are pledged.

4. Conclusion

Covernote made by a notary as a reference and guarantee for the bank that the documents related to the credit disbursement are being processed by the notary, so that the bank based on the covernote can disburse the credit requested by the customer. The legal force of the covernote cannot be a perfect evidence because the covernote is like an ordinary certificate that does not have the privileges of an authentic deed. The covernote or certificate in the certificate guarantee is expected to provide legal protection when a credit agreement is made by the bank and the customer in the credit disbursement so that it can be considered true and trusted by the parties when the guarantee is bound in a mortgage. Legal protection for banks in the event of an imperfect binding of the guarantee resulting in the failure to issue a mortgage certificate is basically still protected by Articles 1131 and 1132 of the Civil Code.Legal protection for customers is the same as consumer protection, where all efforts to guarantee legal certainty to provide protection. The basis for legal protection is contained in Law No. 8 of 1999 concerning Consumer Protection. If something undesirable happens between the statement in the covernote and the reality in the field, then the notary is fully responsible for the statement that he has made, both civilly and even morally responsible for his inconsistency in carrying out his work as a notary-PPAT.

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