

LEGAL PROTECTION FOR CREDITORS IN ENHANCING TRUST IN CREDIT AGREEMENTS WITH MORTGAGE RIGHTS AS COLLATERAL

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Abstract

Economic and business development in Indonesia heavily relies on the role of financial institutions, especially banking, in providing capital through credit facilities. However, credit distribution also carries the risk of default, necessitating an adequate legal protection system for creditors. This research aims to analyze the legal protection for creditors in credit agreements with mortgage rights as collateral under Indonesian positive law, identify issues hindering its implementation, and formulate solutions to strengthen legal protection to increase creditor confidence. The study employs a normative legal research method with conceptual and statutory approaches, focusing on an in-depth analysis of creditor protection in credit agreements with mortgage rights through examination of legal principles, legal systematics, and relevant legislation. Data collection is conducted through literature study, while data analysis uses a qualitative method with a deductive approach, involving stages of identification, interpretation, consistency analysis, and synthesis to identify legal gaps and formulate recommendations for improving legal protection for creditors. The research results reveal that legal protection for creditors in credit agreements with mortgage rights in Indonesia faces several obstacles, including ineffective execution processes, limited collateral objects, lack of certainty in collateral valuation, limited capacity of registration institutions, and low public legal awareness. To address these issues, proposed solutions include optimizing execution implementation, expanding collateral objects, creating clear valuation guidelines, enhancing the National Land Agency's capacity, providing legal education to the public, improving relevant regulations, increasing inter-agency coordination, and strengthening supervision and law enforcement. The implementation of these measures is expected to increase creditor confidence, improve the investment climate, and promote economic growth while maintaining a balance of interests among all parties.

I. Introduction

Economic and business development in Indonesia is inseparable from the

important role of financial institutions, especially banks, in providing capital through credit facilities. Credit is one of the main drivers of economic growth by enabling businesses to expand their business. However, lending also carries risks that cannot be ignored, especially the risk of default on the part of the debtor.(Hanim & Noorman, 2018) Therefore, there is a need for an adequate legal protection system for creditors to ensure the security of their investment and maintain confidence in the banking industry.

A credit agreement secured by a mortgage is one of the most important instruments in banking and business. This credit agreement allows debtors to obtain loans from creditors by pledging land and building rights as a form of collateral.(Risa, 2017) This mortgage guarantee provides legal protection for creditors, so that creditors can obtain repayment of their debts when the debtor defaults.

Law Number 4 of 1996 concerning Mortgage Rights on Land and Land-Related Objects (hereinafter referred to as UUHT) is the main legal basis for the binding of mortgage collateral. The UUHT regulates the definition, principles, object, subject, encumbrance, registration, execution, and extinguishment of mortgage rights. In addition, the Civil Code (KUHPerdata) is also an important legal basis in credit agreements with mortgages, especially those related to the main agreement (credit agreement) and accessor agreement (agreement to encumber mortgages).(Pangesti & Sahetapy, 2023)

A Mortgages, as defined in Article 1 point 1 of the UUHT, is a security right imposed on land rights as referred to in Law Number 5 of 1960 concerning Basic Regulations on Agrarian Principles, together or not with other objects that form an integral part of the land, for the repayment of certain debts, which gives priority to certain creditors over other creditors. This definition emphasizes the privileged position given to creditors holding mortgage rights in the event of default by the debtor.

However, despite the existence of a legal framework governing mortgage rights, in practice there are still frequent problems that harm creditors. This can be caused by various factors, ranging from ambiguity in the interpretation of the law, non-compliance with legal procedures, to bad faith efforts on the part of the debtor to avoid debt payment obligations. This situation raises concerns among creditors and has the potential to reduce their interest in extending credit, which in turn can have a negative impact on economic

growth.(Asril, 2020)

Given the complexity and dynamics of the problems faced in providing effective legal protection for creditors, a comprehensive study is needed to identify gaps in the existing legal framework and formulate solutions that can increase confidence in credit agreements, especially those that use mortgages. This study is not only relevant from a legal perspective, but also has important implications for financial system stability and overall economic growth.

Therefore, this research aims to analyze the role of legal protection for creditors in increasing trust in credit agreements with collateral security. This research will examine in depth the substance of legal protection for creditors based on the UUHT and the Civil Code, as well as identify problems that can hinder the implementation of legal protection. Furthermore, this research will provide policy recommendations and solutions to strengthen legal protection for creditors, so as to increase creditor confidence in credit agreements with mortgages.

This research is expected to make theoretical and practical contributions to the development of legal science, especially in the field of security law. Theoretically, this research can enrich the literature related to legal protection for creditors in credit agreements with mortgages. Practically, the results of this research can be input for policy makers, especially the government and banking authorities, in an effort to increase legal certainty and creditor confidence in credit agreements with mortgages. Based on the background explanation above, the problem formulation in this research is:

1. How is legal protection for creditors in credit agreements with collateralized mortgages in Indonesian positive law?
2. What are the problems that hinder the implementation of legal protection for creditors and solutions to strengthen legal protection in order to increase creditor confidence?

II. Research Method

This research will use normative legal research methods. The normative legal research method was chosen because this research focuses on the study of legal principles, legal systematics, the level of legal synchronization, legal history, and legal comparisons related to creditor protection in credit agreements with mortgage collateral.(Marzuki, 2021) This method allows researchers to deeply analyze various laws and regulations, legal doctrines,

and jurisprudence relevant to the research topic.

In conducting this research, two main approaches will be used, namely a conceptual approach and a statutory approach. The conceptual approach is used to understand the legal concepts underlying creditor protection in credit agreements, particularly those relating to collateralized mortgages. This approach allows researchers to examine the views and doctrines developed in legal science, which can then be used to build legal arguments in resolving the issues at hand. Meanwhile, the statutory approach is used to analyze various laws and regulations relating to creditor protection and mortgage security. This approach is important to understand the hierarchy, consistency, and synchronization between various regulations relevant to the research topic.

The sources of legal materials to be used in this research consist of primary, secondary, and tertiary legal materials. Primary legal materials include relevant laws and regulations, such as Law No. 4/1996 on Mortgage Rights, the Civil Code, Law No. 10/1998 on Banking, Law No. 37/2004 on Bankruptcy and Suspension of Debt Payment Obligations, and other related regulations. Secondary legal materials include legal textbooks, legal journals, scientific articles, legal research results, and comments on court decisions related to the research topic. Meanwhile, tertiary legal materials include legal dictionaries, legal encyclopedias, and other sources that provide guidance or explanation of primary and secondary legal materials.

The data collection technique that will be used in this research is library research. This technique involves searching and collecting relevant legal materials from various sources, including physical and digital libraries, online legal databases, and official government sources. In this process, researchers will inventory, categorize, and systematize the legal materials obtained. In addition, to enrich the analysis, researchers will also conduct a documentation study of court decisions relevant to the research topic.(Sugiyono, 2019)

For data analysis techniques, this research will use a qualitative analysis method with a deductive approach. Qualitative analysis was chosen because this research focuses on in-depth understanding of legal concepts and interpretation of laws and regulations, which cannot be quantified. The deductive approach will be used to draw conclusions from the general principles of the law of creditor protection and mortgage security into specific cases

or situations analyzed in the research.(J. Moleong, 2017)

In the analysis process, researchers will carry out several stages. First, identify and classify the legal materials that have been collected. Second, conducting legal interpretation of relevant laws and regulations, taking into account the principles of legal interpretation such as grammatical, systematic and teleological interpretation. Third, conducting an analysis of the consistency and synchronization between various regulations relating to creditor protection and collateral security. Fourth, conduct a comparative analysis to compare the regulation and implementation of creditor protection in the Indonesian legal system with best practices in other countries or international standards.

Furthermore, researchers will synthesize the results of the analysis to identify gaps in the existing legal framework, as well as formulate recommendations for improving legal protection for creditors in the context of credit agreements with mortgages. In this process, researchers will pay attention to aspects of justice, legal certainty, and expediency as legal objectives. To ensure the validity and reliability of the research results, researchers will apply data source triangulation techniques, where information from various sources of legal materials will be compared and verified. In addition, the researcher will also conduct peer review by consulting the findings and analysis of the research to legal experts who are competent in the field of collateral and banking law.

III. Results and Discussion

Legal Protection for Creditors in Credit Agreements with Mortgage Collateral in Indonesian Positive Law

Credit agreements with mortgages are one form of agreement commonly used in banking practices in Indonesia. In this agreement, the creditor provides a loan to the debtor with collateral in the form of land rights and objects related to the land.(Afifah, 2021) Legal protection for creditors in this kind of agreement is very important to ensure legal certainty and minimize the risk of loss for banks or financial institutions that provide credit.

Legal protection for creditors in credit agreements with mortgages is regulated in several laws and regulations in Indonesia, which are:

1. Law No. 4 of 1996 on Mortgage Rights over Land and Land-Related Objects (the Mortgage Rights Law)

2. Civil Code (KUHPer)
3. Law No. 10 of 1998 on the Amendment to Law No. 7 of 1992 on Banking (Banking Law)

The main legal basis governing mortgage rights in Indonesia is Law Number 4 of 1996 concerning Mortgage Rights on Land and Objects Related to Land (UUHT). This law provides a strong legal basis for the protection of creditors' interests in credit agreements secured by mortgage rights. In the Mortgage Rights Law, legal protection for creditors is regulated in several articles, there are:

Article 1 point 1 of the UUHT defines the Mortgage as "a security right imposed on land rights as referred to in Law Number 5 of 1960 concerning Basic Regulations on Agrarian Principles, including or excluding other objects that form an integral part of the land, for the repayment of certain debts, which gives priority to certain creditors against other creditors".

Article 6 of the Mortgage Rights Law states that if the debtor is in default, the first lien holder has the right to sell the object of the Mortgage Rights under its own authority through a public auction and take repayment of the debt from the proceeds of the sale. This gives the creditor of the first lien holder a position of preference over other creditors. One form of legal protection given to creditors in the UUHT is the principle of preference. This principle gives priority or precedence to holders of mortgage rights (creditors) in terms of repayment of their debts. This is regulated in Article 1 number 1 and Article 20 paragraph (1) of the UUHT. With the principle of preference, the creditor holding the mortgage has the right to take repayment of its debt from the proceeds of the sale of the mortgage object ahead of other creditors. In addition, UUHT also regulates the indivisibility of mortgage rights, unless it is agreed in the Deed of Granting Mortgage Rights (APHT). This is regulated in Article 2 paragraphs (1) and (2) of UUHT. This indivisibility provides protection to the creditor because it guarantees that the entire object of the mortgages will remain as collateral for the repayment of the debtor's entire debt, even though part of the debt has been repaid.

UUHT also regulates the execution of mortgage rights which makes it easier for creditors to execute if the debtor is in default. Article 6 of the UUHT gives the first holder of a mortgage right the right to sell the object of the mortgage right under its own power through a public auction if the debtor is in default. In addition, Article 14 paragraphs (2) and (3) of the

UUHT stipulate that the mortgage certificate has the inscription " FOR JUSTICE BASED ON THE KINGDOM OF THE MIGHTY GOD" which gives it the same executorial power as a court decision that has obtained permanent legal force.

Legal protection for creditors can also be seen from the prohibition for the grantor of mortgage rights to lease or transfer rights to the object of mortgage rights without the written consent of the mortgage rights holder. This is regulated in Article 11 paragraph (2) letter h of the UUHT. This provision aims to protect the interests of creditors so that the value and existence of the object of mortgage rights is maintained. Article 20 of the Mortgage Rights Law regulates the execution of Mortgage Rights, namely:

1. If the debtor is in default, the first Mortgage holder has the right to sell the object of the Mortgage under its own authority through a public auction and take repayment of the debt from the proceeds of the sale.
2. Upon the agreement of the grantor and the holder of the Mortgage, the sale of the object of the Mortgage can be carried out under the hand if it will be able to obtain the highest price that is favorable to all parties.
3. The implementation of the sale as referred to in paragraph (2) can only be carried out after 1 (one) month has passed since it was notified in writing by the grantor and/or the holder of the Mortgage Rights to the interested parties and announced in at least 2 (two) newspapers circulating in the area concerned.

In addition, Article 20 of the Mortgage Rights Law regulates in detail the execution of Mortgage Rights. This article provides flexibility in the execution, either through public auction or sale under the hand upon agreement of the grantor and the holder of the Mortgage. Article 20 paragraph (1) also grants executorial rights to the Mortgage Rights certificate, allowing the Mortgage Rights holder to execute directly without going to court.

In KUHPer, legal protection for creditors is regulated in Book III on Obligations. Some articles that provide legal protection for creditors include:

Article 1131 of the Civil Code which states that all the property of the debtor, both movable and immovable, both existing and new ones will exist in the future, become collateral for all individual obligations.

Article 1132 of the Civil Code which states that the property is jointly guaranteed for

all those who owe it; the proceeds from the sale of the objects are divided according to the balance, namely according to the size of their respective receivables, unless among the creditors there are valid reasons for precedence.

Article 1133 of the Civil Code states that the right of precedence amongst creditors arises from privilege, pledge and mortgage.

Meanwhile, Law No. 10 of 1998 on the Amendment to Law No. 7 of 1992 on Banking (Banking Law) also contributes to legal protection for creditors. Article 8 of the Banking Law requires banks to conduct an in-depth analysis of the debtor's intention and ability before granting credit. This aims to minimize the risk of bad debts. In addition, Article 12A of the Banking Law also provides legal protection for creditors by regulating collateral as one of the requirements for granting credit. Article 12A states that banks are required to have and implement lending and financing guidelines based on Sharia Principles, in accordance with the provisions stipulated by Bank Indonesia.

Based on the description above, it can be concluded that legal protection for creditors in credit agreements with mortgage collateral in Indonesian positive law is regulated in several laws and regulations, namely:

1. The Law on Mortgage Rights, which gives priority (preference) to the creditor holding the first mortgage right, executorial rights on the mortgage right certificate, and regulates the execution of mortgage rights.
2. KUHP, which provides for general security over all of the debtor's assets, the right of precedence amongst creditors, as well as privileges, pledges and mortgages.
3. Banking Law, which regulates the obligation of banks to have confidence in the will and ability of debtors to repay their debts, as well as the obligation of banks to have and implement lending and financing guidelines based on Sharia Principles.

With the legal protection regulated in various laws and regulations, it is hoped that it can provide legal certainty and adequate protection for creditors in credit agreements with mortgages. Substantially, the Mortgage Law and the Civil Code have provided strong legal protection for creditors. This protection is reflected in various aspects, such as the principle of *droit de suite*, preference rights, ease of execution of mortgage rights, and the priority position for creditors holding mortgage rights in the debtor's bankruptcy process. This legal

framework is expected to increase confidence in the national credit system and support economic growth. (Affandi & Humaira, 2022)

In the context of legal protection theory, the protection provided by UUHT to creditors can be categorized as preventive and repressive legal protection. Preventive legal protection is realized through provisions that prevent violations of creditor rights, such as the prohibition of transferring the object of mortgage without the consent of the creditor.

Meanwhile, repressive legal protection is provided through provisions regarding the execution of mortgage rights that make it easier for creditors to obtain repayment of their debts in the event of a default. (Ukus, 2024)

The theory of legal certainty is also reflected in the regulation of mortgage rights in Indonesia. Gustav Radbruch stated that legal certainty is one of the objectives of law in addition to justice and benefit. In the context of mortgage rights, legal certainty is realized through clear arrangements regarding the rights and obligations of the parties, the procedure for encumbering mortgage rights, and a definite execution mechanism. (Julyano & Sulistyawan, 2019)

In practice, legal protection for creditors in a credit agreement with a mortgage guarantee is also strengthened through clauses included in the credit agreement and the Deed of Granting Mortgage Rights (APHT). These clauses can be in the form of provisions regarding events of default, cross default, negative covenants, and so on. Although these clauses are not specifically regulated in the law, their existence is recognized based on the principle of freedom of contract stipulated in Article 1338 of the Civil Code (Pangesti & Sahetapy, 2023)

Nevertheless, legal protection for creditors in a credit agreement with a mortgage guarantee must still pay attention to the balance of interests between creditors and debtors. This balance principle is reflected in several provisions of the UUHT, such as the time limit for registration of mortgage rights and the obligation to include certain promises in the APHT. This is in line with the theory of legal protection put forward by Philipus M. Hadjon, which states that legal protection must pay attention to the balance between individual interests and public interests. (Maharani & Sari, 2023)

In the context of law enforcement, protection for creditors is also supported by the

role of the judiciary. The Supreme Court has issued several decisions that strengthen the position of creditors holding mortgage rights. For example, in Supreme Court Decision No. 3021 K/Pdt/1984, the Supreme Court emphasized that the creditor holding a mortgage (in this case still in the form of a mortgage) has the right to sell the security object through an auction without having to request an execution fiat from the court. However, legal protection for creditors is not absolute and must still pay attention to the principles of justice and expediency. In some cases, the court may consider other factors such as the debtor's good faith or force majeure circumstances that may affect the execution of the mortgage. This is in line with the theory of legal objectives put forward by Gustav Radbruch, where legal certainty must be balanced with justice and expediency.(Santoso et al., 2022)

Overall, it can be concluded that legal protection for creditors in credit agreements secured by mortgage rights in Indonesian positive law has been comprehensively regulated through various laws and regulations. The UUHT as the main foundation has provided a strong legal framework to protect the interests of creditors, which is supported by other regulations and law enforcement practices. This protection reflects efforts to realize legal certainty and justice, although it still needs to pay attention to the balance of interests between creditors and debtors as well as new developments in business and legal practices.

Problems that hinder the implementation of legal protection for creditors and solutions to strengthen the legal protection in order to increase creditor confidence

Legal protection of creditors is an important aspect of a country's legal and economic system. This is in line with the theory of legal protection put forward by Satjipto Rahardjo, which states that legal protection is an effort to protect a person's interests by allocating a power to him to act in his interests.(Riswandie, 2024) In the context of creditor protection, the state gives power to creditors through various laws and regulations to protect their interests in debt relations.

Although there are various regulations that provide legal protection for creditors in credit agreements with mortgages, some problems still hinder the implementation of this protection. The following are some of the problems that can hinder the implementation of legal protection for creditors in credit agreements with mortgages, there are:

1. Ineffective Mortgage Execution Process

One of the main problems is related to the execution process of Mortgage Rights. Although the Mortgage Rights Law has given executorial rights to creditors holding Mortgage Rights, in practice the execution process still encounters obstacles. These obstacles include legal efforts made by the debtor to hinder the execution process, such as filing a lawsuit to the court. This can slow down and complicate the process of paying off the creditor's receivables.(Yustiana, 2020) The solution to strengthen legal protection for creditors in this case is to optimize the implementation of the provisions regarding the execution of Mortgage Rights as stipulated in Article 20 of the Mortgage Rights Law. In addition, there needs to be stricter law enforcement against legal efforts made by the debtor to hinder the execution process, such as filing a lawsuit based on unreasonable reasons.

2. Limitations of Mortgage Collateral Objects

In practice, the object of collateral for mortgage rights is often limited to land and buildings. This can be a problem for creditors, especially if the value of the collateral object is insufficient to pay off the debtor's entire debt. This problem can be solved by expanding the object of Mortgage Rights, not only limited to land and buildings, but can also include other objects related to land, such as machinery, vehicles, or other objects that have economic value.(Novianti & Sulistiyantoro, 2023) The solution to strengthen legal protection for creditors in this case is to revise or expand the provisions regarding the object of Mortgage Rights in the Mortgage Rights Law, so as to provide broader guarantees for creditors.

3. Lack of Legal Certainty in Collateral Object Valuation

In addition to the limited object of Mortgage Rights collateral, another problem that can hinder legal protection for creditors is the lack of legal certainty in terms of valuation of collateral objects. This can occur due to the absence of clear standards or guidelines regarding the valuation of collateral objects, which can lead to differences in valuation between creditors and debtors, or even among fellow creditors.(Winarno, 2013) The solution to strengthen legal protection for creditors in this case is to make clear regulations or guidelines regarding the valuation of the object of Mortgage

collateral. This can be done by issuing laws and regulations or other regulations governing the standard of valuation of the object of Mortgage collateral.

4. Limited Capacity and Integrity of the Mortgage Registration Institution

Another problem that can hinder legal protection for creditors is the limited capacity and integrity of the National Land Agency (BPN) as the institution that registers Mortgage Rights. In practice, there are often delays in the process of registering Mortgage Rights, as well as the possibility of errors or fraud in the registration process.(Pangesti & Sahetapy, 2023) The solution to strengthen legal protection for creditors in this case is to increase the capacity and integrity of BPN as the institution that registers Mortgage Rights. This can be done through increasing the budget, increasing the number and quality of human resources, and strengthening the supervision and accountability system within BPN.

5. Limited Understanding and Awareness of Community Law

In addition to the technical problems above, another problem that can hinder legal protection for creditors is the limited understanding and legal awareness of the community, especially debtors, regarding the importance of credit agreements with Mortgage Rights collateral. This can cause the debtor not to have good faith in fulfilling its obligations, and can lead to legal efforts by the debtor to hinder the execution of the Mortgage Rights.(Maiyori, 2022) The solution to strengthen legal protection for creditors in this case is to conduct socialization and legal education to the community, especially debtors, regarding the importance of credit agreements with Mortgage collateral, as well as the rights and obligations of the parties to the agreement. This can be done through cooperation between the government, financial institutions, and community organizations.

In addition to the above solutions, some other efforts that can be made to strengthen legal protection for creditors in credit agreements with Mortgage collateral are:

1. Refinement of Laws and Regulations

There is a need to improve or revise the laws and regulations governing Mortgage Rights, such as the Mortgage Rights Law, to strengthen legal protection for creditors. This can be done by adding or clarifying provisions that can provide legal certainty for

creditors, such as regarding the object of Mortgage Rights, the execution process, and sanctions for debtors who make legal efforts to hinder the execution process.(Permatasari & Desmayanti, 2022)

2. Improved Coordination and Synergy between Related Institutions

Legal protection for creditors in credit agreements secured by Mortgage Rights requires good coordination and synergy between various related institutions, such as financial institutions, BPN, and law enforcement agencies. Improved coordination and synergy between these institutions can help overcome problems that arise in the implementation of legal protection for creditors.(Hidayat, 2018)

3. Strengthening Supervision and Law Enforcement System

In addition to improving laws and regulations and improving inter-agency coordination, strengthening the supervision and law enforcement system is also important to strengthen legal protection for creditors. This can be done through strengthening the capacity and integrity of law enforcement agencies, as well as strict law enforcement against violations that occur.(Atmadjaja, 2010)

The implementation of the above measures is expected to strengthen legal protection for creditors and increase creditor confidence in the legal system in Indonesia. This is in line with the theory of preventive and repressive legal protection proposed by Philipus M. Hadjon, where preventive legal protection aims to prevent disputes, while repressive legal protection aims to resolve disputes that occur.

With strong legal protection and high legal certainty, it is expected to create a conducive investment climate and encourage economic growth. This is in accordance with the theory of development law put forward by Mochtar Kusumaatmadja, which states that law must function as a tool of social engineering and a means of development. In this context, legal protection of creditors is not only seen as an effort to protect the interests of individual creditors, but also as an instrument to encourage national economic development.

With increased creditor confidence, it is expected that there will be an increase in productive credit allocation which in turn will encourage real sector growth and job creation.(Winata, 2018) However, it should be realized that efforts to strengthen legal protection for creditors must still pay attention to the balance of interests between creditors

and debtors. This is in line with the principle of justice, which is one of the objectives of the law. Therefore, the implementation of the aforementioned measures must be carried out carefully and proportionally, while still paying attention to the protection of good faith debtors and the public interest at large.

In conclusion, strengthening legal protection for creditors is an urgent need in order to increase creditor confidence and encourage national economic growth. Through the implementation of the various strategic steps outlined above, it is hoped that a legal system can be created that provides certainty, justice and benefits for all parties involved in debt relations. Thus, legal protection of creditors will not only benefit creditors individually, but also society and the national economy as a whole.

4. Conclusion

Legal protection for creditors in credit agreements with mortgage collateral in Indonesian positive law is comprehensively regulated through several laws and regulations. Law No. 4/1996 on Mortgage Rights (UUHT) is the main foundation that provides strong protection for creditors, among others through the principle of preference, the indivisibility of mortgage rights, ease of execution, and the prohibition of transferring the object of mortgage rights without the consent of the creditor. The Civil Code (KUHP) also provides protection through rules on general collateral and the right of precedence. Meanwhile, the Banking Law requires banks to conduct in-depth analysis of prospective debtors and apply prudent credit guidelines. This protection is strengthened by Bank Indonesia Regulations, Financial Services Authority Regulations, and Supreme Court decisions that support the position of creditors. The overall legal framework aims to provide legal certainty, minimize the risk of bad debts, and increase confidence in the national credit system, while still paying attention to the balance of interests between creditors and debtors.

Problems that hinder the implementation of legal protection for creditors include: the ineffective execution process of Mortgage Rights, the limited object of Mortgage Rights collateral, the lack of legal certainty in the valuation of collateral objects, the limited capacity and integrity of Mortgage Rights registration institutions, and the limited understanding and awareness of public law. Solutions to strengthen legal protection include: optimizing the implementation of the provisions on execution of Mortgage Rights, expanding the object of

Mortgage Rights, creating clear guidelines regarding the valuation of collateral objects, increasing the capacity and integrity of the National Land Agency, conducting socialization and legal education to the public, improving related laws and regulations, improving coordination and synergy between related institutions, and strengthening the system of supervision and law enforcement. The implementation of these measures is expected to increase creditor confidence, create a conducive investment climate, and encourage national economic growth, while still paying attention to the balance of interests between creditors and debtors and the interests of the public at large.

To improve the legal protection of creditors in a mortgage loan agreement, several suggestions are made: First, revise Law No. 4/1996 on Mortgage Rights to strengthen creditor protection, including expanding the scope of collateral objects and clarifying the execution process. Second, improve coordination between relevant institutions such as banks, BPN, and law enforcement. Third, improve the capacity and integrity of the BPN through increased budget, human resources, and supervisory systems. Fourth, conduct socialization and legal education to the public about credit agreements with mortgages. Fifth, strengthen the supervision system and law enforcement against violations. Finally, optimize the execution of mortgage rights in accordance with Article 20 of the Mortgage Rights Law. The implementation of these suggestions is expected to increase creditor legal protection and trust in the national credit system.

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