

Legal Review of Default in Housing Ownership Credit (Kpr) Agreement

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Abstract. *The purpose of this study is to determine and analyze the causes of default in the Home Ownership Credit (KPR) agreement, as well as how to determine the occurrence of default in the implementation of the Home Ownership Credit (KPR) agreement. This type of research is normative legal research with a statute approach. In this study, data collection was carried out by means of document study, namely by studying, reviewing and examining legal materials related to this research. The data that has been collected both from library research and from field research are then analyzed qualitatively with descriptive methods. The results of the study indicate that the implementation of the Home Ownership Credit (KPR) agreement implemented by several banks, both government banks and private banks, is based on agreements between the bank as the creditor and the customer as the debtor which are stated in the Home Ownership Credit (KPR) agreement that has been mutually agreed upon. The factors that cause default in a Home Ownership Credit (KPR) agreement can be grouped into two groups, namely default that occurs due to the debtor's negligence in carrying out his obligations and default that occurs due to weak credit supervision by the bank which causes the debtor to deliberately default. The method of determining whether a debtor has defaulted on a Home Ownership Credit (KPR) agreement is based on an agreement between the bank and the debtor which is stated in the Home Ownership Credit (KPR) agreement. Based on the agreement, a clause is determined regarding the debtor's actions that can result in the debtor being declared in default. These actions include the debtor not paying installments according to the agreement, the debtor being in arrears on installment obligations by two installments, the debtor violating the provisions in the agreement and not carrying out his obligations as agreed in the agreement.*

Keywords: Agreement; Default; Mortgage.

1. Introduction

One of the main elements in people's welfare is the fulfillment of people's needs in the field of housing. Based on Article 1 paragraph (1) of Law No. 4 of 1992

concerning Housing and Settlements, it is determined that what is meant by a house is a building that functions as a place of residence and dwelling for family development.¹ The need for housing at present is a national problem, especially in urban areas, which must be solved by the government together with the community as entrepreneurs and as consumers of housing itself.

Home Ownership Credit offered by the developer company supported by its funding by the bank is one solution for prospective housing consumers to be able to own a house immediately. In the process of owning a house with a home ownership credit (KPR) system, various problems arise that need to be resolved. One of the problems that arises in the home ownership credit agreement is the issue of collateral for the credit that will be given by the bank and the procedures for binding it. Collateral in a home ownership credit (KPR) is the house that will be purchased by the customer. The problem that arises in terms of the collateral is that when the credit has been realized, meaning that the bank has disbursed funds to pay for the house, the ownership rights to the land and house have not been transferred to the credit recipient customer, so the bank must wait for the name change process and the process of binding the credit collateral for the house and land.

Another problem that arises in the implementation of home ownership credit is default. This default is carried out by the credit recipient in various forms and reasons why the credit recipient defaults. One form of default carried out by the credit recipient is not making payments on their debts or paying installments on the grounds that the quality of the building of the house does not match the specifications offered by the developer/developer at the time before the transaction occurred. Based on this reason, the credit recipient then defaults in the form of not making installment payments.

2. Research Methods

This type of research is normative legal research, namely legal research conducted by examining library materials or secondary data.², also called doctrinal research, where law is often conceptualized as what is written in statutory regulations (law in books) or conceptualized as rules or norms which are benchmarks for human behavior which are considered appropriate³.

The approach method in this study is the statute approach. This means that researchers use Statutory Regulations as the initial basis for conducting

¹ *Mariam Darus*, 1994, *Various Business Laws*, Alumni Publisher, Bandung, p. 183.

² *The Greatest Showman* And *Sri Mamuji*, 2013, *Normative Legal Research, A Brief Review*, Raja Grafindo Persad, Jakarta, p. 13.

³ *Amiruddin and H Zainal Asikin*, 2006, *Introduction to Legal Research Methods*, Raja Grafindo Persada, Jakarta, p. 118.

analysis.⁴ Approach Legislation - this invitation is made by reviewing all Regulation Legislation relating to the legal issue being researched.⁵ In addition, in this research the author also uses a conceptual approach.

In this study, data collection was carried out by means of document study, namely by studying, reviewing and examining legal materials related to this study. Data that has been collected both from library research and from field research are then analyzed qualitatively with descriptive methods.

1) Literature Review

a. Overview of the Agreement

The definition of an agreement in Book III of the Civil Code is regulated in Article 1313 of the Civil Code, which states that an agreement is an act by which one or more persons bind themselves to one or more other persons. This definition is considered by legal scholars to have weaknesses because on the one hand it is incomplete and on the other hand it is too broad. It is considered incomplete because it only formulates a unilateral agreement, whereas in everyday life, in addition to unilateral agreements, an agreement can also be found where the parties have rights and obligations. This agreement is called a reciprocal agreement. This reciprocal agreement is also an agreement that should be included in the limitations of the agreement in Article 1313 of the Civil Code.⁶

b. Overview of Bank Credit

Credit comes from the Roman word "credere" which means to believe, therefore the basis of credit is trust. The party providing credit (creditor) believes that the recipient of the credit (debtor) will be able to fulfill everything that has been agreed, both regarding the time period, as well as its achievements and counter-achievements. Basic conditions like this are required by the Bank, because the funds in the Bank are mostly owned by third parties. For this reason, the bank requires wisdom in the use of these funds in it to determine the provision of credit.⁷ The definition of credit according to Article 1 number II of Law No. 10 of 1998 concerning Banking determines 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, which requires the borrower to pay off his debt after a certain period of time with the provision of interest.

c. Home Ownership Credit (KPR)

⁴ Mukti Fajar and Yulianto Achmad, 2015, Dualism of Normative and Empirical Legal Research, 3rd Edition, Pustaka Pelajar, Yogyakarta, p.185

⁵ *Ibid.*, p.186

⁶ Purwahid Patrik, 1994, Basics of Contract Law (Contracts Arising from Agreements and from Law), Mandar Maju, Bandung, p.45

⁷ Djumhana M., 1996, Banking Law in Indonesia, Citra Aditya Bakti, Bandung, p.229

Housing and settlements are one of the basic human needs and for Indonesian society, housing is a reflection of human identity, both individually and in unity and togetherness with the natural environment. Housing and settlements also have a very strategic role in the formation of the character and personality of the nation so that it needs to be fostered and developed for the sake of the continuity and improvement of the life and livelihood of the community.

Based on the provisions of Article 1 number 1 of Law Number 4 of 1992 concerning Housing and Settlements, it is stated that a house is a building that functions as a place to live or a residence and a means of fostering a family. Furthermore, in the explanation of Article 1 number 1, it is stated that in addition to functioning as a place to live or a residence used by humans to take shelter from climate disturbances and other living things, a house is also the initial place for developing family life and livelihood, in a healthy, harmonious and orderly environment.

3. Results and Discussion

3.1. Procedures and Methods for Implementing a Home Ownership Credit (KPR) Agreement

According to the law, a credit agreement can be made orally or in writing as long as it meets the requirements of Article 1320 of the Civil Code. However, from the perspective of proof, an oral agreement is difficult to use as evidence, because the essence of making an agreement is as evidence for the parties who make it. In this complex modern world, oral agreements are certainly no longer recommended for use even though they are theoretically allowed because oral is difficult to use as evidence if a problem occurs in the future. For that, every transaction must be made in writing which is used as evidence. We save savings or deposits in a bank, then we will get a savings book or deposit slip as evidence. To provide credit, a credit agreement must be made as evidence.

The legal basis for a written credit agreement can refer to Article 1 paragraph 11 of Law Number 10 of 1998 concerning amendments to Law Number 7 of 1992 concerning Banking. In that article there are the words: provision of money or bills based on an agreement or loan agreement between the bank and another party. This sentence indicates that the provision of credit must be made in an agreement. Although in that article there is no emphasis that a credit agreement must be made in writing, in the author's opinion in a modern and established business organization, for the sake of neat and orderly administration and for the sake of proof so that the creation of written evidence of a legal act becomes a necessity, then the credit agreement must be written. The source of this data is Primary Legal Material, namely legal material which is binding.

Another legal basis that requires a written credit agreement is Cabinet Presidium Instruction No. 15/EK/IN/10/1966 dated October 10, 1966. The instruction emphasized that "it is prohibited to provide credit without a clear credit

agreement between the Bank and the debtor or between the central bank and other banks. Bank Indonesia letter addressed to all Foreign Exchange Banks No. 03/1093/UPK/KPD dated December 29, 1970, especially point 4 which states that a credit agreement must be made for the provision of credit. With these decisions, the provision of credit by the Bank to its debtors becomes certain that:

- 1) The agreement is called a credit agreement
- 2) Credit agreements must be made in writing

A credit agreement is a written bond or proof between the bank and the debtor, so it must be prepared and made in such a way that it is easy for everyone to know that the agreement made is a credit agreement. Credit agreements are one type/form of deed made as evidence. It is said to be a form of deed because there are many other agreements which are deeds, for example sale and purchase agreements, rental agreements and so on.

Home Ownership Credit (KPR) facilities provided by several banks can be grouped into 2 types, namely:

- 1) KPR RSH (Simple Healthy House)

This mortgage has a maximum building area limit of 28.8 m² with a maximum selling price of IDR 42,000,000,

- 2) Commercial mortgages, which consist of:
 - a. Mortgage with a house selling price above IDR 42,000,000,
 - b. Mortgage for old house

The general requirements for prospective debtors to obtain Home Ownership Credit (KPR) facilities are:

- 1) Indonesian citizens (WNI) domiciled in Indonesia
- 2) Minimum age 21 years and at the time the credit is paid off, maximum age 55 years (for employees) and 60 years (for self-employed/professionals)
- 3) Have a steady job and income
- 4) Submit an application for a Home Ownership Credit facility by attaching the following documents:
 - a. Photocopy of Applicant's ID card and Husband/Wife's ID card
 - b. Photocopy of Family Card
 - c. Photocopy of Marriage/Divorce Certificate

- d. Photocopy of personal or company NPWP with a statement that the tax is paid/borne by the company
- e. Photocopy of savings/current account in the applicant's name
- f. Photocopy of the last employee salary certificate and income statement of the applicant and husband/wife
- g. Photocopy of SIUP/TDP/Professional Practice Permit for entrepreneurs/professionals

After all the above requirements are submitted by the applicant to the bank, the bank will then verify the applicant's eligibility and if the applicant is deemed eligible and meets the requirements, the next step is signing the credit agreement, then the credit is realized in the form of credit disbursement by way of cash payment to the debtor or by making a transfer to an account designated by the debtor, namely the account belonging to the development company that sells the house to the debtor.

Based on the provisions contained in the credit agreement, there are several things that need to be explained further, namely, among others, regarding the rights and obligations of the parties, credit collateral and its binding, collateral insurance, and choice of law in the credit agreement.

In accordance with the agreement that has been stated in the credit agreement, each party will obtain their rights and obligations. What is the right of the debtor is the obligation of the bank and what is the obligation of the debtor is the right of the bank. The rights of the debtor in the Home Ownership Credit (KPR) agreement are:

- 1) Withdraw and use the principal amount of credit for home purchase purposes
- 2) Submit an objection/claim to the bank if you feel that the bank's bookkeeping/recording of installment payments is incorrect.
- 3) Make extra payments, advance payments and or accelerated settlements
- 4) Receive return of proof of home ownership from the bank if the credit has been declared paid off
- 5) If all debtors' debts have been paid off, they are entitled to receive a statement of payment from the bank for the purposes of paying off the mortgage rights imposed on the collateral.
- 6) Granting power to another party to collect letters and documents relating to collateral.

Meanwhile, the debtor's obligations in the Home Ownership Credit (KPR) agreement are:

- 1) Paying costs incurred for the purposes of Home Ownership Credit (KPR) such as: provisions, notary and PPAT fees, insurance premiums and other costs arising from the credit agreement.
- 2) Make credit repayments in installments according to the agreement
- 3) Keep all proof of installment payments
- 4) Submit the collateral along with the collateral ownership documents to the bank.
- 5) Provide additional collateral, if necessary
- 6) Take out insurance on collateral and pay the insurance premium
- 7) Occupying and living in a house that is used as collateral for credit
- 8) Maintain and repair the house at your own expense
- 9) Pay electricity, water and telephone bills regularly and consistently
- 10) Paying land and building tax and other levies
- 11) Extend the term of the rights to the land that is being pledged, starting from 2 (two) years before the end of the term of the rights to the land.
- 12) Create and provide a power of attorney to the bank in order to fulfill the provisions of the home ownership credit agreement.

Furthermore, regarding credit collateral and its binding, the credit agreement stipulates that in order to guarantee the repayment of the credit that has been received, the debtor is required to submit the collateral along with evidence of original collateral ownership to the bank to be bound in accordance with applicable laws and regulations, in this case the binding is with a mortgage. All costs required in binding the collateral are the debtor's obligation. In addition, the debtor is also required to close insurance on the collateral for the value and type of fire risk and its extension (landslides, earthquakes, floods) during the credit period or the entire debt has not been paid off by the debtor.

Another important thing in this credit agreement is about the choice of law. In the agreement it is stated that regarding the implementation and interpretation of the agreement, civil law applies as stated in the Civil Code (KUH Perdata) and the laws and regulations in force in Indonesia.

Based on the results of research on the procedures and methods of Home Ownership Credit (KPR) agreements at several banks as described above, according to the author, the procedures and methods are in accordance with the provisions of Law Number 7 of 1992 as amended and supplemented by Law Number 10 of 1998 concerning Banking. Assessment of the eligibility of

prospective KPR debtors is carried out by creditworthiness analysis as applicable in the banking world, namely based on credit principles often referred to as the 5 C concept or five Cs of Credit.

Based on the assessment of the prospective debtor's policy, it is expected that when the KPR has been realized, the possibility of default can be anticipated in advance by the Bank. Likewise, several important matters have been regulated and agreed upon between the Bank and the prospective debtor which are then stated in the credit agreement.

According to the author's analysis, the provisions contained in the credit agreement between the Bank and the debtor have been made in such detail that all aspects relating to Home Ownership Credit have been mutually agreed upon by both parties, both regarding the meaning of terms, the rights and obligations of each party, handling of defaults, and other important matters relating to Home Ownership Credit (KPR).

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 relevant debt agreement or other agreement that gives rise to the debt.

Granting of Mortgage Rights is carried out by making a Deed of Granting of Mortgage Rights by PPAT in accordance with applicable laws and regulations. If the object of the Mortgage Rights is in the form of land rights originating from the conversion of old rights that have met the requirements for registration, but the registration has not been carried out, the granting of Mortgage Rights is carried out simultaneously with the application for registration of the land rights concerned.

According to the applicable laws and regulations, PPAT is a public official who is authorized to make deeds of transfer of land rights and other deeds in the context of encumbrance of land rights, the form of which is determined, as evidence of the implementation of certain legal acts regarding land located in their respective work areas. In the position as mentioned above, the deeds made by PPAT are authentic deeds.

The definition of the legal act of encumbrance of land rights, the making of which is the authority of the PPAT, includes the making of a deed of encumbrance of Building Use Rights on Freehold land as referred to in Article 37 of the Basic Agrarian Law and the making of a deed in the context of encumbrance of Mortgage Rights as regulated in this law.

In granting Mortgage Rights, the Mortgage Grantor must be present before the PPAT. If for some reason he cannot be present himself, he must appoint another party as his attorney, with a Power of Attorney to Charge Mortgage Rights, abbreviated as SKMHT, which is in the form of an authentic deed. The making of

SKMHT is not only assigned to a Notary, but also to a PPAT whose presence reaches the sub-district level, in order to facilitate the provision of services to parties in need.

At the time of making the SKMHT and the Deed of Granting of Mortgage Rights, there must be certainty from the Notary or PPAT concerned that the grantor of the Mortgage Rights has the authority to carry out legal acts against the object of the Mortgage Rights that is charged, although certainty regarding the possession of such authority is only required at the time the granting of the Mortgage Rights is registered.

At the stage of granting Mortgage Rights by the Mortgage Grantor to the creditor, the Mortgage Rights in question have not yet been born. The Mortgage Rights are only born when they are recorded in the land book at the Land Office. Therefore, certainty regarding when the Mortgage Rights are registered is very important for the creditor. That time not only determines their priority position over other creditors, but also determines their ranking in relation to other creditors who are also Mortgage Rights holders, with the same land as collateral. To obtain certainty regarding the time of registration, this law stipulates that the date of the Mortgage Rights land book in question is the seventh day after the receipt of the complete letters required for registration by the Land Office, and if the seventh day falls on a holiday, then the land book in question is given a date on the following working day.

In order to obtain certainty regarding the priority position for the creditor holding the Mortgage Right, it is also determined that the Deed of Granting of Mortgage Right along with other letters required for its registration, must be sent by the PPAT to the Land Office no later than 7 (seven) working days after its signing. Likewise, the implementation of the power to encumber the Mortgage Right referred to above is subject to a time limit, namely 1 (one) month for registered land rights and 3 (three) months for unregistered land rights. Because the Mortgage Right by its nature is an accessory to a certain receivable, which is based on a debt agreement or other agreement, its birth and existence are determined by the existence of a receivable whose implementation is guaranteed.

In the receivables in question are transferred to another creditor, the Mortgage Rights that guarantee it, because of the law, are also transferred to the creditor. Recording the transfer of the Mortgage Rights does not require a PPAT deed, but is sufficient based on the deed of transfer of the guaranteed receivables. Recording the transfer is carried out in the land book and the relevant Mortgage Rights certificate, as well as in the land book and land rights certificate used as collateral.

Likewise, the Mortgage Right becomes extinguished by law, if due to settlement or other reasons, the receivables guaranteed by it become extinguished. In this case, the recording of the extinguishment of the relevant Mortgage Right is

sufficient based on a written statement from the creditor that the receivables guaranteed by it are extinguished.

In the land book of the relevant Mortgage Rights, a note is made regarding the deletion of the rights, while the certificate is canceled. Similar recording, called a deletion or better known as "roya", is also carried out on the land book and land rights certificate that was originally used as collateral. The land rights certificate that has been noted is returned to the rights holder.

Without ignoring legal certainty for the interested parties, the simplicity of the administration of Mortgage Right registration, apart from in terms of the transfer and deletion of the guaranteed receivables, is also seen in the deletion of said rights due to other reasons, namely because they are released by the creditor concerned, the cleaning of the Mortgage Right object based on the determination of the ranking by the Head of the District Court and the deletion of rights to land used as collateral.

Based on the research results as described above, the form and procedures for binding collateral in a Home Ownership Credit (KPR) agreement are basically in accordance with the provisions of Law Number 4 of 1996 concerning Mortgage Rights on Land and objects related to Land (often abbreviated as UUHT).

According to the provisions in the UUHT, the process of imposing Mortgage Rights is carried out in two stages, namely the stage of granting Mortgage Rights by the Land Deed Official and the Mortgage Registration Stage by the Land Office. Likewise, the form and procedure for binding collateral in the Home Ownership Credit (KPR) agreement between the Bank and the debtor have been carried out in accordance with the provisions in the UUHT, namely at the time of signing the credit agreement, a Power of Attorney to Charge Mortgage Rights (SKMHT) is made by the PPAT with the grantor being the debtor and the recipient of the power of attorney being the Head of the Bank providing the Home Ownership Credit (KPR) facility.

Based on this, the form and procedure for binding collateral in Home Ownership Credit (KPR) at several Banks have been implemented in accordance with the provisions of Law Number 4 of 1996 concerning Mortgage Rights (UUHT). The above is based on Secondary Legal materials, namely legal materials that provide instructions and explanations for primary legal materials, consisting of literature books, papers, articles, research results, and scientific works.

3.2. How to Determine Default in the Implementation of a Home Ownership Credit (KPR) Agreement

Based on the agreement between the debtor and the bank stated in the credit agreement (Article 15 paragraph 1), there are several actions by the debtor that can result in default. These actions are:

- 1) The debtor does not pay installments or the amount of installments paid is less than the amount stipulated in the credit agreement and/or does not pay off installment obligations within the time limit stipulated in the credit agreement.
- 2) The debtor is in arrears on his installment obligations of 2 (two) installments
- 3) The debtor violates the provisions and/or does not carry out his/her obligations as agreed regarding collateral and its binding, additional collateral, insurance of collateral and regarding occupancy and maintenance of the house.
- 4) The debtor does not properly fulfill his obligations or violates the provisions in the credit agreement according to the determination or consideration of the bank.

Based on Article 15 paragraph (2) of the credit agreement, it is determined that if the debtor has been declared in default as specified above, the bank has the right to take the following actions:

- 1) Providing a warning in the form of a statement of negligence/breach of contract in the form of a letter or other similar deed sent to the debtor's address
- 2) Installing warning signs (planks, stickers or whatever is considered common) on houses and land that are used as collateral for credit
- 3) Provide a warning/reprimand letter for the second and third, if the previous warning/reprimand is not heeded by the debtor
- 4) Give a summons, if the warning/reprimand I to warning III is not heeded by the debtor
- 5) If after receiving a warning from the bank, the debtor does not want to pay the outstanding installments plus fines and other fees, then the bank has the right to end the credit period and can collect payment at once for all the remaining debt of the debtor.
- 6) If the debtor cannot pay off the entire remaining debt by paying it immediately and at once, then the bank has the right to order the debtor to vacate the house and land that has been pledged to the bank no later than 30 (thirty) days from the date of the bank's order, without any conditions or compensation.
- 7) If it turns out that the debtor does not vacate the house and land within the specified time period, the bank has the right to ask for assistance from the authorities to remove the debtor from the house.
- 8) If the bank exercises its right to collect the debtor's debt in full and the debtor is unable to fulfill its obligation to pay the debt despite having received warnings from the bank, then the bank has the right to exercise its execution rights at any time on the sale of collateral in a manner and at a price deemed good by the bank, including and without exception the bank has the full right to take the method of

finding a new debtor to take over or transfer the debtor's debt. This is based on Primary Legal Material, namely legal material that is binding.

Based on the description of the steps or actions that can be taken by the bank if the debtor has been declared in default, basically the bank will take the best ways for all parties in the sense that the settlement of this problematic credit will in principle be carried out through deliberation. The bank's actions in the form of an order to empty and execute the collateral are the last resort if other efforts have been made by the bank, but have not been successful.

Furthermore, after the order to vacate and execute the collateral in the form of houses and land was issued, Bank BTN handed over the management of the receivables to the Branch State Receivables Affairs Committee.

3.3. Factors Causing Default in Home Ownership Credit (KPR) Agreements

Credit activities are the process of forming Bank assets. Credit is a risk asset for the Bank because the Bank's assets are controlled by parties outside the Bank, namely debtors. Every Bank wants and strives hard to ensure that the quality of this risk asset is healthy in the sense of being productive and collectible. However, credit given to debtors always has a risk in the form of credit that cannot be returned on time, which is called a problematic credit or Non Performing Loan (NPL). Problematic credit always exists in Bank credit activities because the Bank cannot avoid problematic credit. The Bank only tries to minimize the amount of problematic credit so that it does not exceed the provisions of Bank Indonesia as a banking supervisor. Bank Indonesia through the Decree of the Board of Directors of Bank Indonesia Number 31/147/KEP/DIR dated November 12, 1998 provides a classification regarding credit quality, whether the credit given by the Bank is a performing loan (not problematic) or a problematic credit (non-performing loan).

Credits that fall into the current and special attention categories are assessed as performing loans, while credits that fall into the substandard, doubtful and bad loans are assessed as non-performing loans. To determine the quality of credit that falls into the current, special attention, substandard, doubtful and bad loans, it can be assessed from three aspects, namely: Business prospects, Financial conditions with an emphasis on cash flow, Ability to pay.

The three assessment aspects are a unity to assess credit quality, not partially, for example, only from the ability to pay. Although the ability to pay is smooth, if there is no business prospect, the credit can be considered a non-performing loan. However, assessing credit quality from business prospects and financial conditions is rather difficult compared to assessing the ability to pay.

To avoid problematic loans or non-performing loans, the Bank has actually carried out preventive security by conducting an in-depth analysis of the debtor's business and income as well as the ability. Analysis from the legal aspect has also been carried out, for example, the legality of the debtor, the legality of the debtor's

business, the authority of the person acting on behalf of the company, the legal validity of the goods that are collateral, guarantors/borgtocht and continuous monitoring and supervision. Although preventive security has been carried out, it is not uncommon for debtors to be unable to settle their debts on time according to the credit agreement so that they become problematic loans. There are many causes of problematic loans, for example because the debtor is unable or because of a decline in business and business failure which results in a decrease in the debtor's business income or the debtor deliberately does not want to pay because the debtor's character is not good.

Bank actions in an effort to save and resolve problematic credit will vary depending on the condition of the problematic credit. For example, whether the debtor is cooperative in an effort to resolve the problematic credit. If the debtor is cooperative in seeking a solution to resolve problematic credit and the debtor's business still has prospects, then credit restructuring is carried out. On the other hand, for debtors who have bad intentions (not cooperative) for credit settlement will depend on the strength of the legal aspects of the credit agreement, the binding of collateral, the physical condition of the collateral and the value of the collateral because this collateral is the only source of credit repayment. For debtors who have bad intentions and are strong from a legal aspect, legal action is an unavoidable option.

Default that occurs as a result of negligence on the part of the debtor in the form of arrears in credit installment payments from the debtor and this is the cause of the most defaults in Home Ownership Credit (KPR). However, based on information from several customers who have been in arrears in paying installments, it was obtained that they were in arrears in paying installments because they experienced financial difficulties caused by sudden family needs such as a sick family member requiring large costs. In addition, there are indeed several customers who deliberately do not pay credit installments for several months because they feel they have never been reprimanded or warned by the bank. This shows that supervision of Home Ownership Credit by the bank is still weak because customers who do not pay installments should be reprimanded or warned. This is included in secondary legal materials.

4. Conclusion

The implementation of the Home Ownership Credit (KPR) agreement implemented by several banks, both government banks and private banks, is based on agreements between the bank as the creditor and the customer as the debtor as stated in the Home Ownership Credit (KPR) agreement that has been mutually agreed upon. The factors that cause default in the Home Ownership Credit (KPR) agreement can be grouped into two groups, namely default that occurs due to the debtor's negligence in carrying out their obligations and default that occurs due to weak credit supervision by the bank which causes the debtor to deliberately default. The method of determining whether a debtor has

defaulted on the Home Ownership Credit (KPR) agreement is based on an agreement between the bank and the debtor as stated in the Home Ownership Credit (KPR) agreement. Based on this agreement, a clause is determined regarding the debtor's actions that can result in the debtor being declared in default. These actions include the debtor not paying installments according to the agreement, the debtor being in arrears on installment obligations by two installments, the debtor violating the provisions of the agreement and not carrying out his obligations as agreed in the agreement.

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