

## PROMISSORY NOTE WITH CHATTEL MORTGAGE

**FOR VALUE RECEIVED**, the undersigned, BORROWER/MORTGAGOR and SPOUSE/CO-MAKER, jointly and severally, promised to pay to the order of \_\_\_\_\_ (the "LENDER/MORTGAGEE") at its office, particulars herein below mentioned:

PN No.	:	
VALUE DATE	:	
MATURITY DATE	:	
PLACE OF EXECUTION	:	
AMOUNT OF PN (WORDS)	:	
(FIGURES)	:	
NO. OF INSTALLMENTS	:	
AMOUNT PER INSTALLMENT	:	
FIRST INSTALLMENT DUE	:	
PAYABLE EVERY MONTH ON	:	

Monthly installments shall be payable without need of notice or demand and begins on the first installment and every succeeding months thereafter until the account is fully paid.

In case of default in the payment of any monthly installment, a penalty fee of five percent (5%) of the overdue amount shall be charged for every month or fraction thereof that an installment remains overdue.

In case of pre-payment of this Note, except when due to acceleration upon default, I/We agree to pay a penalty equivalent to five (5%) percent of the net amount to be paid under this Note. The outstanding net obligation under the Note in case of such, prepayment shall be computed on the basis of the 78<sup>th</sup> method or the sum of digits rule as may be determined by the holder.

The outstanding principal amount of the obligation shall be subject to proportionate upward adjustment in the event that the official government Consumer Price Index for Metropolitan Manila increases by at least fifteen per cent (15%) from the date of the execution of this Note as officially declared by the Bangko Sentral ng Pilipinas and shall be regarded as an extraordinary decrease in the effective value of the purchasing power of the Philippine Currency. Similarly, the interest rate on the outstanding balance of the obligation shall be adjusted at the Lender's regular store prevailing rate in case any payment arrangement with the Borrower's employer is terminated by reason of his separation from employment.

All taxes, assessments, fees and other dues, due the government or any of its instrumentalities on the transaction covered by this note, whether the same is based on laws, rules and regulations existing at the time of execution or subsequently imposed during the effectivity of this note shall be for the account of maker(s).

To secure the payment of all obligations under this Note, I/We hereby transfer and convey by way of first mortgage to the Mortgagee, its successors, and assigns, the properties subject of this Mortgage described in the schedule attached as Annex "A" hereof, together with all the equipment, accessories, substitutions or attachments which may now or from time to time be used in connections with or attached to the said properties described, hereinafter collectively referred to as "Mortgaged Properties" and now in the possession of the MORTGAGOR.

ALL OTHER TERMS AND CONDITIONS OF THIS MORTGAGE ARE CONTAINED IN THE REVERSE SIDE HEREOF AS PARAGRAPHS 1 TO 20 WHICH ARE ALSO CONFORME BY ME/US.

The BORROWER/MORTGAGOR is in default within the meaning and contemplation of this Note, without need for a notice or any other act or deed, in case the BORROWER/MORTGAGOR (a) fails to pay any of the installment payments as and when the same fall due or to pay the interest and/or compounded interest that may be due hereunder, or (b) violates any of the terms and conditions of this agreement, or (c) in the event of bankruptcy, insolvency, receivership, levy on execution of his/its property, garnishment or attachment, or in case of conviction or a criminal offense by final judgment carrying with it the penalty of civil interdiction or any cases covered by Article 1198 of the New Civil Code, or (d) should the mortgage property be lost, destroyed, or damaged from any cause whatsoever including fortuitous event (it being considered lost to all intents and purpose, if the BORROWER/MORTGAGOR shall fail to produce the same or any part thereof, on demand by the Lender) or suffers, in the Lender's opinion, any appreciable decline in value, or (e) the security interest of the Lender over mortgaged property, in Lender's opinion, is threatened or contested or in any manner put in jeopardy, or (f) any adverse circumstance occurs which, in the reasonable opinion of the Lender, materially or adversely affects BORROWER/MORTGAGOR's ability to perform the obligations under this Note. The Lender shall have the right, at its option, to declare the entire amount of all the obligation due and payable, and likewise at its option, either cancel the sale or foreclose this mortgage or file an ordinary civil action for the collection and/or such other action or proceedings as may be allowed under the law.

The BORROWER/MORTGAGOR irrevocably appoints the Lender, effective upon the nonpayment of this Note on demand at maturity or upon the happening of any of the Events of Default, but without any obligation on the Lender's part should it choose not to perform this mandate, as the attorney-in-fact of the BORROWER/MORTGAGOR, to sell and dispose of any property of the BORROWER/MORTGAGOR which may be in the Lender's possession by public or private sale, and to apply the proceeds thereof to the payment of this Note. The BORROWER/MORTGAGOR, however, shall remain liable for any deficiency.

If suit be commenced on this note or the same is delivered to a lawyer or agency for collection, I/we, jointly and severally, agree to pay to the holder of said note as and for reasonable attorney's fees an amount equivalent to twenty five percent (25%) of all amounts outstanding and unpaid but not less than P5,000.00 and expenses for collection, whether actually incurred or not, in addition to the costs of suit.

Any legal action arising out of this note shall be brought in the proper courts of the City of Tacurong, Sultan Kudarat or any place where the holder has any branch office, at the option of the holder hereof.

Acceptance by the holder thereof of payment of any installment or any part thereof after due date shall not be considered as extending the time for the payment of any of the installments aforesaid or as a modification of any terms and conditions thereof and shall in no case release the makers of this note from liability for the payment of the herein obligation.

\_\_\_\_\_

By:

Borrower/Mortgagor	Co-Maker	Manager Lender/Mortgagee
--------------------	----------	-----------------------------

Signed in the presence of:

\_\_\_\_\_

**AFFIDAVIT OF GOOD FAITH**

I/We severally swear that the foregoing Chattel Mortgage is made for the purpose of securing the Obligations specified and defined in this instrument and for no other purpose; that the Obligations are just and valid obligations; and that this Chattel Mortgage is not entered into for the purpose of fraud.

\_\_\_\_\_

By:

Borrower/Mortgagor	Co-Maker	Manager Lender-Mortgagee
--------------------	----------	-----------------------------

Signed in the presence of:

\_\_\_\_\_

**ACKNOWLEDGMENT & CERTIFICATE OF OATH**

REPUBLIC OF THE PHILIPPINES)  
S.S.

BEFORE ME, a Notary Public for and in \_\_\_\_\_, personally appeared the following persons and presented their competent identification, as follows:

NAME	Competent Evidence of Identity	DATE/PLACE ISSUED
------	--------------------------------------	-------------------

Known to me and to me known to be the same persons who executed the foregoing instrument and acknowledged to me that the same are their free and voluntary act and deed and of the corporation herein represented, and they further made oath as to the truth of the representation and warranties thereof.

WITNESS MY HAND AND SEAL on the date and at the place first herein above written.

Doc. No.  
Page No.  
Book No.  
Series of

1. **MORTGAGED PROPERTY** – The Mortgagor hereby warrants that he received the Mortgaged Property described in the attached SCHEDULE "A" which is made an integral part hereof, in good running condition and in accordance with this specifications and hereby undertakes and obligates himself to use extraordinary care and diligence in the use, preservation and maintenance of said Mortgaged Property and to keep and maintain the same in running order and condition as of the date of this mortgage, and shall furthermore allow MORTGAGEE or its representatives to inspect said Mortgaged Property at anytime.
2. **USE OF MORTGAGED PROPERTY** – Unless otherwise agreed upon by the parties to this Agreement in a separate instrument, the Mortgaged Property covered by the MORTGAGOR cannot be used for public utility purpose without prior written consent of the MORTGAGEE.
3. **REGISTRATION** – The Mortgagor will undertake: (i) to register at his/her own expense with the Land Transportation Office within five (5) days from date hereof and annually thereafter or as often as may be required by law, and (ii) to submit the original copies of the Certificate of Registration and the corresponding Official Receipt of the motor vehicle(s) to the Mortgagee or its assigns within five (5) days from the date of registration.
4. **DOCUMENTATION** – The Mortgagor shall pay the documentary stamp taxes and all other fees and expenses necessary for the due execution, delivery, notarization, registration and cancellation of this Mortgage. Should the Mortgagor fail to pay the same the Mortgagee may, at its discretion, advance payment therefore, and the Mortgagor shall upon demand of the Mortgagee, reimburse it with interest thereon at the interest rate governing the Obligation, which reimbursement shall likewise be secured by this Mortgage.
5. **INSURANCE** – The Mortgagor will, at his own expense, keep the Mortgaged Properties adequately insured against loss or damage by accident, theft and fire for a period of one (1) year from date hereof and every year thereafter until the Obligations are fully paid with an insurance company acceptable to the Mortgagee. The Mortgagor hereby assigns in favor of the Mortgagee all of its rights, title and interest over the insurance policy or policies presently covering the Mortgaged Properties, to the extent of the Mortgagee's interest in the Mortgaged Properties. Within five (5) days from the date of execution of this Mortgage, the Mortgagor shall deliver to the Mortgagee the insurance policy(ies) covering the Mortgaged Properties, together with: (i) the insurer's endorsement providing for a loss payable clause in favor of the Mortgagee, and (ii) the official receipts evidencing the payment of the premium due under the new policy.

Mortgagor shall immediately notify Mortgagee in case of loss or accident suffered by herein Mortgaged Property and submit proof of such loss, damages or accident. Said loss, damage or accident for any reason including fortuitous event shall not suspend, abate or extinguish Mortgagor's Obligation under the promissory note or sum due under this contract. As and when the contingency insured against occurs before the Obligations are fully paid, the proceeds assigned policies shall be applied in payment or prepayment of the outstanding Obligations which shall then be deemed paid or prepaid to the extent of the amount applied.

In case of loss or damage, the Mortgagor hereby irrevocably appoints the Mortgagee as his/its attorney-in-fact with full power and authority to file, follow-up, prosecute, compromise or settle insurance claims; to sign, execute and deliver the corresponding papers, receipts and documents to the insurance company as may be necessary to prove the claim and to collect from the latter the insurance proceeds to the extent of its interest. Said proceeds shall be applied by the Mortgagee as payment of Mortgagor's outstanding obligation under the Promissory Note and such other sums and charges.

6. **RIGHT OF MORTGAGEE TO PERFORM CERTAIN COVENANTS OF MORTGAGOR** – Upon failure of the Mortgagor to keep, observe and perform any or all of the covenants specified in Paragraph 3, 4, and 5, the Mortgagee may perform or cause to be performed said covenants on behalf of the Mortgagor. Any amount advanced or expended by the Mortgagee in performing or securing the performance of said covenants shall upon billing by the Mortgagee, be immediately reimbursed to it by the Mortgagor with interest thereon at the interest rate governing the Obligations which reimbursement shall likewise be secured by this Mortgage.
7. **RESTRICTIONS TO SELL, ASSIGN OR ENCUMBER** – The Mortgagor shall not sell, assign, lease, dispose of, encumber with the second mortgage, or otherwise subject to any other lien, the Mortgaged Properties or any part thereof, without the prior written consent of the Mortgagee. Any agreement made in violation of this clause shall be null and void. The Mortgagor likewise shall not remove or transport outside and beyond forty (40) kilometer from its location where this Contract is executed. Mortgagee's knowledge or receipt of notice of said fact/s or its receipt, acceptance or demand of payments from person/s other than the Mortgagor, or delay or silence in enforcing its rights herein shall not be construed as a consent, waiver or estoppel, nor of releasing herein Mortgagor, form his/its liability under this agreement unless there is an express written stipulation to this effect provided for in a separate public instrument executed by the MORTGAGEE.
8. **WHEN MORTGAGOR IS IN DEFAULT** – The Borrower is in default within the meaning and contemplation of this Note, without need for a notice or any other act or deed, in the case the Borrower (a) fails to pay any of the installment payments as and when the same fall due or to pay the interest and/or compounded interest that may be due hereunder, or (b) violates any of the terms and conditions of this agreement, or (c) in the event of bankruptcy, insolvency, receivership, levy on execution of his/its property, garnishment or attachment, or in case of conviction or a criminal offense by final judgment carrying with it the penalty of civil interdiction or any cases covered by Article 1198 of the New Civil Code, or (d) should the mortgage property be lost, destroyed, or damaged from any cause whatsoever including fortuitous event (it being considered lost to all intents and purpose, if the Borrower shall fail to produce the same or any part thereof, on demand by the Lender) or suffers, in the Lender's opinion, any appreciable decline in value, or (e) the security interest of the Lender over mortgaged property, in Lender's opinion, is threatened or contested or in any manner put in jeopardy, or (f) any adverse circumstance occurs which, in the reasonable opinion of the Lender, materially or adversely affects Borrower's ability to perform the obligations under this Note. The Lender shall have the right, at its option, to declare the entire amount of all the obligation due and payable, and likewise at its option, either cancel the sale or foreclose this mortgage or file an ordinary civil action for the collection and/or such other action or proceedings as may be allowed under the law.
9. **FORECLOSURE** – At any time after breach or default in the performance of any condition herein stipulated, more particularly his failure to pay any installment as above provided or to pay the obligations when due, or upon the occurrence of any of the contingencies provided for in this contract, the MORTGAGEE may foreclose this mortgage immediately before the expiration of thirty (30) days from the date of default and even before default in the payment of two (2) installments as provided for in Article 1484 of the New Civil Code, the MORTGAGOR by these presents waiving and renouncing expressly in advance whatsoever rights he has or may have to any other law which may be enacted in the future. It is further agreed that the case of the sale of public auction under foreclosure proceedings of the Mortgage Property herein mortgaged, or any part thereof, the MORTGAGEE shall be entitled to bid for Mortgaged Property so sold, or for any part thereof, and to have the amount of his/its bid applied to the payment of the obligations secured by this mortgage without requiring payment in cash of the amount of such bid.

10. **RIGHT OF MORTGAGEE TO BE APOINTED AS MORTGAGEE'S ATTORNEY-IN-FACT** – In case of default on the part of MORTGAGOR, the latter shall, on demand of the MORTGAGEE, deliver said Mortgaged Property to the MORTGAGEE in the same conditions as when received (ordinary wear and tear accepted) in MORTGAGEE'S address given above or other address indicated in the demand, free of all charges; and should the MORTGAGOR not deliver the said Mortgaged Property as aforesaid, the MORTGAGEE is hereby authorized and appointed as an Attorney-in-Fact by the MORTGAGOR with full power and authority to take possession of the said Mortgaged Property wherever it may be found and from any person, by use of force, if necessary without the necessity of any judicial order or permission or power and have the same brought to its office as given above or in city or municipality where the MORTGAGEE may have an office, at the option of the MORTGAGEE, and the expenses of locating and bringing the said Mortgaged Property as well as damages which the mortgaged property may have suffered (ordinary wear and tear excepted) shall be for the account of the MORTGAGOR and form part of the sum secured by this mortgage. PROVIDED, however, that the MORTGAGEE shall have the option of selling the said Mortgaged Property or conducted the foreclosure sale at any place where said Mortgaged Property may be found or stipulated, or at the municipality or city or capital of the province where the MORTGAGEE may have its principal office or branch, or at place designated by the MORTGAGEE, the MORTGAGOR hereby waiving all rights to any notice of said sale.
11. **EXPENSES OF LITIGATION** – If suit be commenced on this note or the same is delivered to a lawyer or agency for collection, MORTGAGOR agrees to pay MORTGAGEE as and for reasonable attorney's fee an amount equivalent to twenty five percent (25%) of all amounts outstanding and unpaid but not less than P5,000.00 and expenses for collection, whether actually incurred or not, in addition to the costs of suit.
12. **NOTICES** – All correspondence relative to this Mortgage, including demand letter, summons, subpoenas or notification of judicial or extra-judicial action shall be sent to the Mortgagor at its/his address herein set forth or at the address that the Mortgagor may hereinafter give in writing to the Mortgagee. The mere act of sending any communication by mail or personal delivery to said address shall be valid and effective notice to the Mortgagor for all legal purposes. The fact that such communication is not actually received by Mortgagor, or has been returned unclaimed to the Mortgagee, or that no person is found of said address or that said address is fictitious or cannot be located, shall not excuse the Mortgagor from the effect of such communication.
13. **EFFECT OF NON-REGISTRATION** – If this Mortgage cannot be registered in the proper Registry of Deeds, for any cause or reason whatsoever, the Obligations shall become immediately due, payable and defaulted.
14. **AMENDMENT, EXTENSION, ETC.** – The Mortgagor shall remain liable under this Mortgage for as long as the Obligations or any portion thereof have not been fully paid and performed and notwithstanding any modification, amendment, or novation of the Promissory Notes and/or any renewal, extension or grace period respecting the Obligations with respect to any and all of which modifications, amendments, novations, renewals, extensions or grace period, the right to any notice to or need for consent of the Mortgagor, is hereby waived.
15. **NO IMPLIED WAIVERS** – The exercise of the rights, privileges and remedies provided in this Mortgage and the Promissory Note shall be at the absolute discretion and option of the Mortgagee. No failure, omission, or delay on the part of the Mortgagee in exercising of any of said rights, privileges or remedies shall operate as a waiver thereof. Neither shall any single partial exercise of any such right, privilege right or remedy preclude any other or further exercise thereof or the exercise of any other privilege, right or remedy. No modification or waiver of any provision and no consent of the Mortgagee to any departure by the Mortgagor therefrom, shall in any event be unless the same shall be in writing and such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Mortgagor in any case shall entitle it to any other or further notice or demand in similar or other circumstances.
16. **JOINT AND SOLIDARY OBLIGATIONS** – Where the Mortgagor herein are two or more persons, their obligations under this Mortgage shall be joint and several with each other.
17. **ASSIGNMENT** – The Mortgagee has the absolute right to assign, encumber or otherwise transfer any or all of its rights, title and interest over the Obligations together with this Mortgage, in favor of any party.
18. **VENUE** – Any legal action arising out of this note shall be brought in the proper courts of the City of Tacurong, Sultan Kudarat or any place where the holder has any branch office, at the option of the holder hereof.
19. **DISCHARGE OF MORTGAGE** – Subject to Section 3 hereof, the condition of this mortgage is such that if the Mortgagor shall well and truly performed all of the Secured Obligations, then this Mortgage shall cease to have force and effect, otherwise, it shall remain in full force and effect.
20. **OTHER PROVISIONS** – The terms and conditions of the promissory note and other instruments of indebtedness secured by this mortgage are herein incorporated and are considered deemed part of this contract.

Mortgagor/Borrower

Mortgagor/Borrower