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Legal Consequences of Making A Deed of Sale and Purchase Agreement for Land and/or Buildings Based on A Debt and Receivable Agreement Made by A Notary

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Abstract

The Sale and Purchase Binding Agreement (*Perjanjian Pengikatan Jual Beli*/PPJB) has emerged as a response to societal needs in land and/or building transactions that cannot yet be executed through a Sale and Purchase Deed (*Akta Jual Beli*/AJB), based on the principle of freedom of contract. In its preparation, a PPJB must satisfy the validity requirements of an agreement under Article 1320 of the Indonesian Civil Code to ensure that it remains legally valid and binding. Nevertheless, a phenomenon has developed in practice whereby a PPJB deed is used as the basis for securing debts, as reflected in Decision Number 501 K/Pdt/2017, Decision Number 672/PDT/2017/PT.DKI, and Decision Number 52/PDT/2018/PT SMR. This research aims to formulate the legal consequences of executing a deed of agreement for the sale and purchase of land and/or buildings based on a debt and receivable agreement made before a notary. The theories employed in this research are the Theory of Legal Consequences according to Soeroso and the Theory of Legal Certainty according to Jan Michiel Otto. The research method used is normative juridical research (library-based legal research) based on secondary data, utilizing primary, secondary, and tertiary legal materials. The approaches applied include the legislative approach, conceptual approach, case approach, and analytical approach, with legal material collection conducted through the identification and inventory of legal provisions, legal literature, and other relevant legal materials. The analysis was conducted using grammatical legal interpretation and systematic legal interpretation. The research concludes that the legal consequences of executing a PPJB deed as a basis for debt security, which contains elements of prohibited cause and abuse of circumstances resulting in a defect of consent, are that the deed is null and void. Therefore, the PPJB fails to fulfill both the subjective and objective requirements of a valid agreement. Consequently, the PPJB is deemed to have never existed, resulting in the restoration of each party to the condition prior to the agreement. The legal certainty of a PPJB deed based on debt and receivable agreements containing a repurchase right clause lacks binding legal force because its execution involves prohibited causes and motivations contrary to law. When the subjective and objective requirements of an agreement are not fulfilled, the PPJB is null and void from the outset (ab initio).

INTRODUCTION

The transfer of land ownership rights constitutes one of the most fundamental aspects of agrarian and property law in Indonesia. In practice, such transfers are generally carried out through sale and purchase transactions as regulated under Article 1457 of the Indonesian Civil Code (*Kitab Undang-Undang Hukum Perdata*/KUH Perdata), which are realized through the execution of a Sale and Purchase Deed (*Akta Jual Beli*/AJB) before a Land Deed Official (*Pejabat Pembuat Akta Tanah*/PPAT) (Vianny et al., 2023; Adelia, 2024). The AJB functions as an authentic deed that serves as conclusive evidence of the transfer of rights and provides the legal basis for the subsequent registration of the transfer of land rights at the National Land Agency (*Badan Pertanahan Nasional*/BPN) (Amini & Suratman, 2022). However, in practice, the execution of an AJB cannot always be carried out immediately because certain prerequisites have not yet been fulfilled, such as the purchase price not having been fully paid or still being paid in installments, the land certificate still undergoing a clean-and-clear verification process at the BPN, building verification still being conducted by the Regional Revenue Office, or taxes not yet having been paid (Kasman et al., 2025). In such situations, a Notary/PPAT provides a legal solution in the form of a preliminary agreement binding the seller and buyer, known as a Sale and Purchase Binding Agreement (*Perjanjian Pengikatan Jual Beli*/PPJB), as defined under Article 1 point 10 of Government Regulation No. 12 of 2021 concerning Amendments to Government Regulation No. 14 of 2016 on Housing and Residential Area Development (Nabila Zula, 2024).

The PPJB arises from the principle of freedom of contract, which is reflected in the open system of Book III of the Civil Code, particularly Article 1338 paragraph (1), which provides that all agreements legally made shall apply as law to the parties who make them (Ardiansyah et al., 2025; Atmoko, 2022). Nevertheless, this freedom is not absolute because every agreement must satisfy the legal requirements for a valid agreement under Article 1320 of the Civil Code, namely consent (*toestemming*), legal capacity (*bekwaamheid*), a specific subject matter (*een bepaald onderwerp*), and a lawful cause (*een geoorloofde oorzaak*) (Adelia, 2024). In practice, PPJBs are distinguished into two types: an unpaid PPJB, where the purchase price is still being paid in installments, and a paid-in-full PPJB, where payment has been completed but the AJB cannot yet be executed because certain administrative requirements have not been fulfilled. This distinction is significant because it determines the extent to which the parties have fulfilled their obligations and the point at which the PPJB may be converted into an AJB (Nabila Zula, 2024).

A phenomenon that has developed in society is the use of a PPJB as the basis for securing debt obligations, followed by a Power of Attorney to Sell (*Kuasa Menjual*) and/or the execution of an AJB over the object serving as collateral. When the underlying debt is not repaid, ownership of the collateral object is transferred to the creditor, as reflected in several court decisions, including Supreme Court Decision No. 501 K/Pdt/2017, Jakarta High Court Decision No. 672/PDT/2017/PT.DKI, and Samarinda High Court Decision No. 52/PDT/2018/PT SMR. This practice raises serious legal issues because a PPJB is fundamentally a preliminary sale and purchase agreement, not an instrument for securing debt obligations. Such arrangements effectively disguise a loan agreement as a sale and purchase transaction, thereby circumventing the provisions of the Civil Code and the Basic Agrarian

Law (Undang-Undang Pokok Agraria/UUPA), which require the use of mortgage rights (hak tanggungan) as the appropriate legal instrument for securing land-based debts.

Several prior studies have examined related topics. Putra (2018) analyzed the legal protection of notaries in relation to a PPJB followed by a debt acknowledgment. Astuti (2021) examined the validity of securing land rights through an AJB. Manik (2021) studied notarial liability in drafting a deed containing a false cause. Pratiwi (2022) investigated the juridical implications of a PPJB and a power of attorney to sell over land used as personal debt collateral. Julferius (2022) analyzed the legal certainty of PPJB deeds arising from debt relationships. These studies share certain theoretical foundations and data sources with the present research but differ in focus, as none specifically examines the legal consequences and legal certainty of a PPJB deed for land and/or buildings based on a debt agreement made before a notary without being secured by a mortgage right (*hak tanggungan*). This specific configuration, in which a PPJB is used as debt security without the involvement of a mortgage right, remains under-examined in existing literature despite its increasing prevalence in practice.

The research gap therefore lies in the absence of a comprehensive legal analysis concerning the consequences and legal certainty of PPJB deeds used as debt security, particularly when such arrangements are not accompanied by a mortgage right. While previous studies have addressed related issues, none has specifically focused on the legal implications of PPJB deeds executed based on debt agreements without the involvement of mortgage rights, despite this practice frequently occurring in society. This gap is significant because the absence of a mortgage right means that the parties do not obtain the legal protections provided under the mortgage regime, such as executorial power, priority rights in repayment, and legal certainty regarding the enforcement of security interests over the object (Domurath & Comparato, 2025; Donkor-Hyiaman & Ghartey, 2017; Flesher Fominaya, 2015; Padi, 2022; Whitehouse, 2015).

The urgency of this research stems from the increasing misuse of PPJB as a debt security instrument, which poses significant risks to the parties involved, particularly debtors who may lose their property due to unequal contractual arrangements. Such practices also create legal uncertainty because courts have repeatedly declared similar arrangements invalid or unenforceable, while the absence of clear regulatory guidance leaves notaries and contracting parties without adequate protection. Furthermore, the potential occurrence of abuse of circumstances (*misbruik van omstandigheden*) by creditors who exploit the debtor's economic vulnerability highlights the need for a comprehensive legal analysis to provide greater certainty and protection for all parties (Haspada, 2025; Hernoko & Anand, 2017; Jablonski, 2024; Kristiyani, 2020; Wiweko et al., 2026; Yustiargo et al., 2024).

The novelty of this research lies in its specific focus on the legal consequences and legal certainty of PPJB deeds based on debt agreements made before a notary without being secured by a mortgage right (*hak tanggungan*). Unlike previous studies that examined PPJB arrangements generally or in relation to mortgage rights, this research provides a comprehensive analysis of the legal implications of such arrangements by applying the Theory of Legal Consequences according to Soeroso and the Theory of Legal Certainty according to Jan Michiel Otto. This research also contributes to the existing body of knowledge by examining the application of the doctrine of abuse of circumstances (*misbruik van* *omstandigheden*) and the concept of unlawful cause (*kausa terlarang*) within the context of PPJB-based debt security arrangements.

The purpose of this research is to analyze the legal consequences of executing a PPJB deed based on a debt and receivable agreement, examine the legal certainty of such agreements, and provide recommendations for notaries and policymakers to prevent the misuse of PPJB as a debt security instrument. This research seeks to answer the following problem formulation: What are the legal consequences of executing a Sale and Purchase Binding Agreement deed for land and/or buildings based on a debt and receivable agreement made before a notary? This research also aims to contribute to the development of legal doctrine and practice in Indonesia, particularly in the fields of notarial law and property transactions.

The contribution of this research is twofold. Theoretically, it enriches legal discourse concerning the validity and consequences of PPJB deeds used as debt security, particularly by applying theories of legal consequences and legal certainty to a specific legal configuration that has not been extensively examined. Practically, it provides guidance for notaries, legal practitioners, and policymakers in handling similar cases and formulating regulations to prevent abuse. This research also benefits the public by increasing awareness of the risks associated with PPJB-based debt security arrangements and emphasizing the importance of using appropriate legal instruments, such as mortgage rights (*hak tanggungan*), in debt transactions involving land and/or buildings. Based on the foregoing description, the author is interested in preparing a thesis entitled "Legal Consequences of the Execution of a Sale and Purchase Binding Agreement Deed for Land and/or Buildings Based on a Debt Agreement Made Before a Notary."

METHOD

This study employed a normative juridical research method based on library research and focused on the analysis of written legal sources rather than empirical data collection. The legal materials consisted of legislation, scholarly books, journal articles, and other relevant legal references. This approach was selected because the research examined the legal consequences and legal certainty of Sale and Purchase Binding Agreement (*Perjanjian Pengikatan Jual Beli*/PPJB) deeds based on debt agreements, which required a systematic analysis of legal norms, doctrines, and jurisprudence.

This study applied four approaches to comprehensively examine the legal issues. The first was the Statute Approach, which involved analyzing relevant laws and regulations, particularly the Civil Code, the Basic Agrarian Law, the Mortgage Rights Law, the Notary Law, and regulations concerning housing and residential area development. The second was the Conceptual Approach, which examined relevant legal concepts and principles, including unlawful cause (*kausa terlarang*), abuse of circumstances (*misbruik van omstandigheden*), and defect of will (*cacat kehendak*). The third was the Case Approach, which analyzed relevant court decisions, including Supreme Court Decision No. 501 K/Pdt/2017, Jakarta High Court Decision No. 672/PDT/2017/PT.DKI, and Samarinda High Court Decision No. 52/PDT/2018/PT SMR, to examine the application of legal norms in judicial practice. The fourth was the Analytical Approach, which was used to analyze the interpretation and application of legal terms contained in legislation and court decisions.

The legal materials used in this normative juridical research consisted of primary, secondary, and tertiary legal materials. Primary legal materials included binding legal sources, such as the 1945 Constitution of the Republic of Indonesia (Undang-Undang Dasar Negara Republik Indonesia Tahun 1945/UUD 1945) and its amendments; the Indonesian Civil Code (Kitab Undang-Undang Hukum Perdata/KUH Perdata); Law No. 5 of 1960 on Basic Agrarian Principles; Law No. 4 of 1996 on Mortgage Rights over Land and Objects Related to Land; Law No. 30 of 2004 on the Notary Profession; Law No. 2 of 2014 on Amendments to Law No. 30 of 2004 on the Notary Profession; Government Regulation No. 37 of 1998 on the Regulation of the Office of Land Deed Officials (Pejabat Pembuat Akta Tanah/PPAT); Government Regulation No. 24 of 2016 on Amendments to Government Regulation No. 37 of 1998 on the Regulation of the Office of Land Deed Officials (PPAT); Government Regulation No. 14 of 2016 on Housing and Residential Area Development; and Government Regulation No. 12 of 2021 on Amendments to Government Regulation No. 14 of 2016 on Housing and Residential Area Development. Secondary legal materials consisted of scholarly literature, previous research findings, and legal writings from experts relevant to the research topic, including the works of Soeroso, Jan Michiel Otto, Van Dunne, and H.P. Panggabean. Tertiary legal materials included supporting references, such as legal dictionaries and encyclopedias, which were used to clarify specific legal terms.

The legal materials were collected by identifying and reviewing relevant legislation, legal literature, scientific journals, research reports, and other sources related to the research problem. The collected materials were then classified and examined to ensure their relevance and consistency before being analyzed. The analysis was conducted through legal interpretation and legal construction methods. Grammatical interpretation was applied to examine the meaning of legal terms, phrases, and provisions based on linguistic interpretation and legal terminology. Systematic interpretation was used to analyze legal provisions within the broader structure of legislation by examining the relationship between one provision and another as part of an integrated legal system.

In addition to legal interpretation, this study applied several legal construction methods as part of the legal analysis process. Analogical construction was used to extend the application of a legal principle to situations with similar characteristics, while legal refinement (rechtsverfijning) was applied to limit the scope of a legal provision where necessary. The argumentum a contrario method was also used by interpreting a legal provision based on the opposite meaning of the circumstances explicitly regulated by law. The validity and reliability of the research were maintained through the use of authoritative legal materials and the consistent application of legal analysis methods. The research findings were presented systematically through descriptive, analytical, and comparative approaches supported by relevant legal reasoning and references.

RESULTS AND DISCUSSION

Overview: The PPJB Deed Based on a Debt Agreement

A sale and purchase agreement under Article 1457 of the Civil Code is a consensual agreement that becomes legally binding once the parties reach agreement on the object and price, as stipulated in Article 1458, even before delivery or payment occurs. A Sale and

Purchase Binding Agreement (*Perjanjian Pengikatan Jual Beli*/PPJB) is a preliminary agreement made before a Sale and Purchase Deed (*Akta Jual Beli*/AJB) can be executed before a Land Deed Official (*Pejabat Pembuat Akta Tanah*/PPAT), typically because certain conditions—full payment, certificate processing, or tax settlement—have not yet been fulfilled. As an innominate agreement (*perjanjian innominaat*) arising from the open system of Book III of the Civil Code, the PPJB is regulated under Article 1 point 10 of Government Regulation No. 12 of 2021. Its legal position is therefore derived from the principle of freedom of contract, but it remains subject to the mandatory validity requirements of Article 1320 of the Civil Code.

This study analyzed three court decisions involving a PPJB used as security for a debt relationship: Supreme Court Decision No. 501 K/Pdt/2017, Jakarta High Court Decision No. 672/PDT/2017/PT.DKI, and Samarinda High Court Decision No. 52/PDT/2018/PT SMR. In practice, a PPJB is often misused to disguise an underlying debt relationship, in which the debtor, acting as "seller," promises to sell land and/or buildings to the creditor, acting as "buyer," with a right-to-repurchase clause (recht wederinkoop) attached, allowing the debtor to reclaim the property upon repayment. When the debt is not repaid, the collateral object is transferred to the creditor through the execution of an AJB based on the PPJB and an accompanying Power of Attorney to Sell. Such an arrangement is regarded as a form of legal circumvention (*penyelundupan hukum*) and abuse of circumstances (*penyalahgunaan keadaan*), since the underlying transaction is in substance a loan agreement rather than a genuine sale and purchase. The significance of this finding lies in the fact that the formal documentation does not reflect the true intention of the parties, which is a central concern in the doctrine of causa and the doctrine of abuse of circumstances.

Summary of Court Decisions Examined

Supreme Court Decision No. 501 K/Pdt/2017 involved H. Muhammad Yusuf Ismail, acting as buyer, who sued Hj. Rodiyah and other heirs of the late H. Khoiron, acting as seller, over land and a building bound by PPJB Deed No. 103 and Power of Attorney to Sell Deed No. 104, followed by AJB No. 434/2014, after the defendants failed to vacate and surrender the disputed object. At first instance, the District Court partially granted the claim and declared the PPJB valid and binding. On appeal, the High Court found that the first-instance judge had misapplied the law, holding, based on witness testimony, that the underlying transaction was in fact a loan of Rp500,000,000 later disguised through the execution of sale and purchase deeds, rather than a genuine sale and purchase. This decision demonstrates that Indonesian courts are willing to look beyond the formal designation of a deed and examine the true substance of the transaction.

Jakarta High Court Decision No. 672/PDT/2017/PT.DKI concerned land and a building bound by a sale and purchase agreement with a right to repurchase, namely PPJB Deed No. 21 and AJB No. 205/2014, where the underlying relationship was, by both parties' own admission, a debt of Rp393,750,000 secured by the disputed property. The High Court overturned the first-instance decision, rejected the original plaintiff's claim, and granted the counterclaim, declaring the sale-and-repurchase agreement, the PPJB, and the AJB, including the transfer of the certificate of ownership, null and void by operation of law (*batal demi hukum*). Ownership of the property was restored to the original defendants, who were ordered to repay the underlying debt, after which the certificate was to be returned to them. This decision reinforces the principle that a debt relationship cannot be converted into a sale and purchase transaction merely through the execution of formal deeds.

Samarinda High Court Decision No. 52/PDT/2018/PT SMR involved Deny Trisana, who sued Yenny Setiawan and Charles Haposan Purba concerning land bound as security for a debt of Rp100,000,000 with excessive interest of 10% per month for three months. The High Court overturned the first-instance decision, declared AJB No. 85/2015 legally invalid, ordered the return of the certificate to secured-debt status, and, applying the Supreme Court's standing jurisprudence limiting interest to 18% per annum or 1.5% per month, ordered the plaintiff, as debtor, to repay the principal debt plus adjusted interest totaling Rp136,000,000, while also imposing a daily compulsory fine (dwangsom) on the defendants for delayed compliance. This decision illustrates that the courts not only invalidate the improper security arrangement but also restore the parties to a position consistent with the underlying debt relationship, including the application of statutory interest limits.

Across all three decisions, the courts consistently found that where a PPJB, frequently combined with a Power of Attorney to Sell and a right-to-repurchase clause, was in substance created to secure a debt rather than to effect a genuine transfer of land ownership, the underlying debt relationship prevails over the formal sale and purchase documentation, and the resulting agreements are liable to be declared null and void. This consistent judicial stance reflects a settled jurisprudence that treats such arrangements as contrary to the mandatory provisions of the Civil Code and the Basic Agrarian Law.

Tabel 1. Summary of the Analyzed Court Decisions

No	Decision	Main Issue	Key Legal Considerations	Legal Consequences
1	Supreme Court Decision No. 501 K/Pdt/2017	Land and building dispute bound by PPJB No. 103 and Power of Attorney to Sell No. 104, followed by AJB No. 434/2014	The High Court found that the actual transaction constituted a debt and receivable relationship amounting to IDR 500,000,000 disguised as a sale and purchase transaction	The PPJB was declared invalid; the underlying debt and receivable relationship remained legally applicable
2	Jakarta High Court Decision No. 672/PDT/2017/ PT.DKI	Land and building dispute bound by PPJB No. 21 and AJB No. 205/2014 with a repurchase right arrangement	Both parties acknowledged that the underlying relationship was a debt and receivable agreement amounting to IDR 393,750,000	The sale and purchase agreement, PPJB, and AJB were declared null and void; ownership was returned to the defendant
3	Samarinda High Court Decision No. 52/PDT/2018/P T SMR	Land dispute involving property used as collateral for a debt of IDR 100,000,000 with an interest rate of 10% per month	The High Court declared AJB No. 85/2015 invalid and applied an interest limitation of 18% per year	The certificate was restored as collateral for the debt; the debtor was required to repay the principal amount plus interest totaling IDR 136,000,000

Source: The primary source is the court decision itself. In academic writing, court decisions are cited as follows:

Analysis of the Legal Consequences of a PPJB Deed Based on a Debt Agreement

Applying Soeroso's theory of legal consequences, under which a legal act gives rise to a legal condition, a legal relationship between parties with corresponding rights and obligations, and, where the act contravenes the law, a sanction, the study finds that a PPJB containing a right-to-repurchase clause, executed to secure an underlying debt, constitutes an agreement based on an unlawful cause (*kausa terlarang*). The creditor's demand for such security reflects an absence of good faith, as it is intended to exploit an economic advantage over the debtor in order to obtain ownership of the land or building through a PPJB followed by a Power of Attorney to Sell and, eventually, an AJB. This finding is consistent with the doctrine of causa as developed in Indonesian contract law, which requires that the cause of an agreement must be lawful and not contrary to public order or morality.

Such a PPJB fails to satisfy the subjective and objective conditions for a valid agreement under Article 1320 of the Civil Code. As a legal consequence, the PPJB is deemed void from its inception (*batal demi hukum*), and a judge is authorized, by virtue of office, to declare its nullity even without a specific request from either party. The consequence of an agreement being void from inception is that it is treated as never having existed; accordingly, all deeds related to the sale and repurchase agreement, together with any subsequent legal acts, including the transfer of rights based on the resulting AJB, must likewise be void, and the creditor is obliged to restore the collateral object to its original condition. This legal consequence is significant because it means that the formal transfer of rights through the AJB does not produce legal effect, and the certificate of ownership must be returned to its original holder.

At the same time, applying the principle of pacta sunt servanda, the debtor remains obliged to repay the underlying debt together with any applicable interest to the creditor, since the obligation to repay a loan arises independently from the validity of the security instrument used. This separation between the validity of the security arrangement and the validity of the underlying debt obligation is a crucial finding, because it prevents the debtor from obtaining an unjust enrichment through the annulment of the security arrangement while retaining the benefit of the loan. The courts in all three decisions consistently ordered the debtor to repay the principal debt, with the Samarinda High Court even adjusting the interest rate to the statutory limit of 18% per annum.

With respect to the notary's role, under the theory of fates personnelles as elaborated by Kranenburg and Vegtig, a notary who executes a deed later declared legally invalid may be held individually accountable for abuse of authority. A notary may be held liable under Article 1365 of the Civil Code for unlawful acts (*perbuatan melawan hukum*) where the notary fails to observe the principle of prudence, favors one party, fails to provide legal counsel, or permits a party to sign blank documents without the deed being read aloud, in violation of Article 15 paragraph (2)(e), Article 16 paragraph (1)(a) and (m) of the Notary Law (UUJN), and Article 3 paragraph (4) of the Notary Code of Ethics. Such liability may take the form of civil liability, including compensation for costs, damages, and interest, and administrative liability under Article 16 paragraph (11) jo. Article 85 of the UUJN, ranging from a verbal warning to honorable or dishonorable dismissal. This finding underscores the importance of the notary's role as a neutral and impartial legal professional who must ensure that the legal construction incorporated into the deed reflects the parties' true intentions and complies with applicable laws and regulations.

Analysis of the Legal Certainty of a PPJB Deed Based on a Debt Agreement

Legal certainty in an agreement requires both moral conformity, encompassing good faith, reasonableness, and fairness, and juridical conformity across the agreement's life cycle, including formation, validity, performance, and enforcement of rights and obligations. A PPJB containing a right-to-repurchase clause, when analyzed against Article 1320 of the Civil Code, is found to embody an unlawful cause under Article 1337 and a false or prohibited cause under Article 1335 of the Civil Code, because the PPJB is not genuinely intended to transfer land ownership but rather to secure repayment of a debt. This finding is consistent with the theory of legal certainty according to Jan Michiel Otto, who identifies several conditions for legal certainty, including the existence of clear and consistent legal rules, the predictability of legal outcomes, and the protection of legitimate expectations.

The doctrine of abuse of circumstances (*misbruik van omstandigheden*), as elaborated by Van Dunne, distinguishes between abuse arising from economic superiority, where one party holds an economic advantage and the other party is compelled to enter the agreement, and abuse arising from psychological superiority, where one party exploits the other's relative dependency or particular psychological vulnerability. Applying this framework, the study finds that a PPJB executed to settle a debt while the debtor is in a weakened economic position reflects a defect of will (*cacat kehendak*) on the debtor's part, rendering the agreement's underlying consent impure. This finding is supported by the analysis of the three court decisions, in which the courts consistently recognized that the debtor's economic vulnerability was exploited by the creditor to obtain ownership of the land or building.

Because the resulting PPJB fails to meet both the subjective and objective conditions of Article 1320 of the Civil Code, it lacks legal certainty from its inception: the agreement is treated as void from the outset, and a judge may declare it void by virtue of office even absent a specific request from the parties. Although a defect of will would ordinarily entitle the aggrieved party to seek annulment (vernietigbaar), such a request is only relevant prior to the transfer of land rights evidenced by an AJB; once the PPJB has been upgraded into an AJB, the more precise legal consequence is nullity from inception (*batal demi hukum*) due to the violation of the requirement of a lawful cause. As with an agreement void from inception generally, the consequence is that the agreement is treated as though it never existed, so that no legal certainty attaches to a PPJB executed to secure a debt through a right-to-repurchase clause. This finding has significant practical implications for notaries, who must be able to distinguish between a genuine PPJB and a PPJB used as debt security, and for policymakers, who must provide clear regulatory guidance to prevent the misuse of PPJB as debt security.

Comparison with Previous Research, Solutions, and Practical Implications

Comparing these findings to previous research, the study aligns with the conclusions of Pratiwi (2022) and Julferius (2022), who also found that PPJB deeds used as debt security lack legal certainty. However, this research goes further by specifically analyzing cases where the PPJB is not accompanied by a mortgage right, providing a more nuanced understanding of the legal consequences in such scenarios. This finding is significant because the absence of a mortgage right means that the parties do not enjoy the legal protections afforded by the mortgage regime, such as executorial title, priority of payment, and the prohibition of transferring the object of security without the creditor's consent. The research also contributes to the existing body of knowledge by applying the doctrine of abuse of circumstances and the concept of unlawful cause to the specific context of PPJB-based debt security.

The solutions proposed include the need for specific regulations governing the preparation of PPJB deeds, with detailed and comprehensive provisions aimed at ensuring legal certainty regarding the substance of contracts made by the parties. Such regulation should provide clear guidance on which clauses may and may not be included in a PPJB. Notaries should refrain from simultaneously formalizing a PPJB and a Deed of Acknowledgment of Debt while including a Repurchase Right clause based on a debt and receivable agreement. Notaries should also provide legal counseling to the parties concerning the potential risks and legal consequences that may arise in the future. This recommendation is consistent with the findings of Putra (2018) and Manik (2021), who emphasized the importance of the notary's role in preventing the misuse of PPJB and in protecting the parties from unfair arrangements.

The practical implications of this research are significant for notaries, legal practitioners, and policymakers. Notaries are expected to maintain a neutral and impartial position and consistently apply the principle of prudence. As legal professionals, notaries should provide legal counseling to the appearing parties so that the legal construction incorporated into the deed reflects the parties' objectives and intentions and complies with applicable laws and regulations. This approach will help notaries avoid potential civil liability and liability arising from the authentic deeds they execute. For policymakers, the findings of this research support the need for clearer regulations on PPJB, particularly regarding the permissible clauses and the circumstances under which a PPJB may be used. For the public, this research raises awareness about the risks associated with PPJB-based debt security arrangements and the importance of using proper legal instruments, such as mortgage rights, in debt transactions involving land and/or buildings.

CONCLUSION

Based on the problems identified and the research findings, it can be concluded that a Preliminary Sale and Purchase Binding Agreement (*Perjanjian Pengikatan Jual Beli*/PPJB) based on a debt and receivable relationship and containing a repurchase right clause has legal consequences because it contains an unlawful cause and an element of abuse of circumstances, resulting in a defect of consent. Therefore, the agreement does not fulfill the requirements for a valid agreement under Article 1320 of the Indonesian Civil Code (*Kitab Undang-Undang Hukum Perdata/KUH Perdata*), both in terms of subjective and objective requirements. Consequently, the PPJB is null and void from the outset and is deemed never to have existed, resulting in the legal consequence that each party must be restored to their original position before the agreement was entered into.

Furthermore, legal certainty regarding a PPJB based on a debt and receivable relationship and containing a repurchase right clause cannot be guaranteed because the execution of such a PPJB contains an unlawful cause arising from an intention that contradicts statutory provisions. This finding is consistent with jurisprudence establishing the legal principle that prohibits such arrangements and considers them contrary to the Basic Agrarian

Law *(Undang-Undang Pokok Agraria*/UUPA). In addition, the formation of such agreements involves an abuse of economic superiority by the creditor, resulting in a defect of consent. Consequently, the failure to fulfill the validity requirements under Article 1320 of the Indonesian Civil Code, namely the subjective and objective requirements, causes the agreement to be null and void by operation of law.

In carrying out their professional duties, Notaries are expected to maintain a neutral and impartial position and consistently apply the principle of prudence. As legal professionals, Notaries should provide legal counseling to the appearing parties so that the legal construction incorporated into the deed reflects the parties' objectives and intentions while complying with applicable laws and regulations. This approach is intended to ensure that deeds executed before a Notary do not prejudice the parties and to prevent such deeds from becoming subject to annulment, thereby minimizing future risks that may result in losses to the parties. Furthermore, this approach assists Notaries in avoiding potential civil liability arising from the authentic deeds they execute.

A specific regulation governing the preparation of PPJB deeds is also required, containing detailed and comprehensive provisions to ensure legal certainty regarding the substance of agreements made by the parties. Such regulation should provide clear guidance concerning clauses that may and may not be included in a PPJB. Notaries should refrain from simultaneously executing a PPJB and a Deed of Acknowledgment of Debt while incorporating a Repurchase Right clause based on a debt and receivable agreement. Notaries should also provide legal counseling to the parties regarding potential risks and legal consequences that may arise in the future.

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