

Civil Law Review Non-performing Loan Settlement Loans

Revolving Funds National Program for Community

Empowerment in Urban

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ABSTRACT

The purpose of this research is to find out the process of implementing revolving fund loans to PNPMMMP and how the settlement of problem loans in revolving fund loans under PNPMMMP in terms of the credit agreement law and guarantee law. The problem is the process of implementing PNPMMMP revolving loan funds, the obstacles encountered in the process of revolving fund lending and the settlement of problem loans in PNPMMMP revolving loan loans in terms of the credit agreement law and guarantee law. The method used in the writing of this thesis is a normative juridical research method and is supported by a descriptive empirical juridical research method, which expresses legislation relating to implementation in society which is the object of research. The lending goes through several stages namely the loan application stage, the inspection stage, the decision stage, and the loan realization stage. This revolving fund loan is very large, felt useful in helping the progress of people's economic life but is not always going well and smoothly, delinquent loans become a common obstacle in the process of lending because revolving non-current funds into problem loans due to KSM defaults due to substandard debtor business, one of KSM members do not make loan repayments, the joint responsibility system is not implemented. Settlement of problem loans is resolved through deliberation and through 3 approaches, namely collecting arrears, rescuing non-performing loans (rescheduling, reconditioning and restructuring) and billing through legal channels.

Keywords: Civil Law, Credit, Regular Funds.

1. INTRODUCTION

The National Urban Independent Community Empowerment Program (PNPMMP) has a structure in carrying out its activities. The National Community Empowerment Program - Urban Mandiri gives confidence to the Community Self-Reliance Institution (LKM) to manage one of the programs in achieving its goals. The Community Self-Reliance Institution (LKM) is a non-profit organization, but the MFI has a Financial Management Unit (UPK) that aims to earn profits to support the MFI's primary mission of overcoming poverty by providing "revolving loans" that can be used to increase the incomes of the poor. In its management, the government created a program that supports the MFI's mission to overcome poverty, which is called "revolving fund loans" which is one of the National Urban Community Empowerment Programs (PNPMMP). This Revolving Fund Loan is poverty reduction by empowering the community through economic activities, namely micro-scale loans to the poor in rural areas or villages where LKM / UPK is located with the stipulated terms and conditions (Noor, 2014).

Provision of revolving loans to the poor through self-help groups (CBOs), the community itself decides whether to use revolving loan activities in poverty alleviation programs.

Determination of revolving loan activities to the poor is decided by the community itself through the Community Self-Reliance Institution (LKM). The implementation of revolving loans to the community can only meet the criteria of good management and on target if the implementation goes according to the provisions and expectations of the P2KP especially PNPMM Urban Urban (Noor, 2014).

The basic principle of the achievement of revolving loan performance is as a result of the efforts and performance of the manager and the benefits of the recipient of the revolving fund, especially the community. The performance of revolving loan funds due to irregularities in noble values underlying the existence of PNPMM was not justified at all. One form of revolving loan disbursement that can be agreed upon and carried out between UPK and the community is the provision of loan funds, the amount of which has been stipulated in the instructions for implementing the revolving fund loan. In its implementation, UPK as a creditor provides loans to the community as debtors with a predetermined deadline and interest (AR Hadi, Effendi, & Hasanuddin, 2013).

The granting of this loan should naturally follow the relevant rules, among others, the Civil Code (Civil Code) in general as well as contract law and guarantee law in particular. Where in this case will have legal consequences in the form of achievement fulfillment. Achievement is an obligation that must be fulfilled by the debtor in each engagement. Fulfillment of achievement is the essence of an engagement. According to the provisions of Article 1234 of the Civil Code, every achievement is to give something, do something or not do something. Thus the form of achievement is giving something, doing something, or not doing something (A.R Hadi et al., 2013).

In any form the granting of credit is carried out, in all of its essence what happens is a loan agreement as stipulated in the Civil Code Article 1754-1769. Borrowing is an agreement whereby one party gives the other party a certain amount of goods that are used up due to usage, on condition that the latter party will return the same amount of the same type and quality (Article 1754). 4 As with the loan agreement, this money lending is generally considered to be a "real" agreement not a mere "consensueel", because in Article 1754 it is not but that he handed over the money to another party (A.R Hadi et al., 2013).

By using the name "verbruiklening" Civil Code in title 13 Book II (Articles 1754-1769) regulates the terms of the agreement, in which one party hands over to another party an amount of money or items that can be replaced (vervangbare zaken) with a promise from the other party for later days return to the first party the same amount of money or a number of items of the same type and value (Article 1754). Article 1754 of the Civil Code which states the same amount, is not an absolute rule (geendwingendrecht), and Article 1765, in fact, permits expressly, for borrowing

money promising interest payments. Obligations to meet the achievements of the debtor are always accompanied by responsibility (liability), meaning that the debtor risked his assets as collateral for the fulfillment of his debt to the creditor. According to the provisions of Article 1131 and Article 1132 of the Civil Code, all debtors' assets, both movable and immovable, both existing and existing will guarantee the fulfillment of their debts to creditors. Such guarantees are called general guarantees (A.R Hadi et al., 2013).

Legal guarantees, the provision of credit is a gift of money based on trust, in the sense that a bank or non-bank financial institution believes that the debtor is able to return the loan principal and the interest. Likewise the debtor believes that banks or non-bank financial institutions can provide credit to him (Lastianti, Muryani, & Ali, 2018). To maintain that trust, the debtor and the creditor can promise the imposition of collateral. The imposition of collateral carried out by the guarantor aims to obtain credit facilities from banks or nonbank financial institutions (Roesli, Heri, & Rahayu, 2017).

In addition to the term collateral, also known as collateral. The term collateral can be read in Article 1 number 23 of Law Number 10 of 1998 concerning Amendment to Law Number 7 of 1992 concerning Banking. Collateral is: "Additional collateral submitted by the debtor customer to the bank in order to obtain credit or financing facilities based on Sharia principles." Collateral in this construction is an additional guarantee (accessoir). This guarantee is submitted by the debtor to the bank. The revolving fund loan program carried out in the form of lending activities to the community by PNPM Urban Urban which has been ongoing to date is still based on the principle of mutual trust between creditors and debtors. This raises various problems, one of which is the default of loan repayments provided by creditors to the debtor (AR Hadi et al., 2013).

Bad credit or problem loans are loans that have difficulty paying off due to factors or intentional elements or due to conditions beyond the ability of the debtor. A credit is classified as bad credit if the provision of revolving fund loans with the activity of granting loan funds to the Urban PNPM Mandiri is an activity based on the values and objectives of the government to help improve the standard of living of its people, however it must still pay attention to the rules and regulations that apply the objectives to be achieved in the implementation can be fulfilled and increasingly developed in the future. In this study more specifically, the author will discuss revolving fund loans, but in the process this revolving fund loan does not always run smoothly. Departing from the various reasons and reasons above, the title "Juridical Review of Problem Credit Settlement in Revolving Fund Loans is Judged from the Civil Law Aspect of Study in the National Urban Independent Community Empowerment Program (PNPMMP)" (Lestari, 2014)

2. RESEARCH METHOD

The research method used is normative juridical and supported by empirical juridical research methods. Normative juridical research is a method of research conducted by examining mere literature or secondary data that is to search for legal norms contained in applicable laws and regulations, as well as to obtain data and information contained in various library literature.

Whereas empirical juridical research methods, 11 namely research on the laws and regulations governing the topics raised, then see the compatibility between the things specified in the legal regulations with their implementation in the field of enactment and to obtain data and information. The empirical juridical method in this research, namely from the results of the collection and discovery of data and information through studies in the National Urban Empowerment Community Empowerment Program. The empirical juridical research method is conducted by interviewing informants related to this research.

3. RESULTS AND DISCUSSION

3.1. GENERAL REVIEW REGARDING CREDIT AGREEMENT AS WELL AS WARRANTY ASPECT

Article 1313 of the Civil Code which states that an Agreement is an act by which one or more persons commit themselves to one or more persons. According to Handri Raharjo, SH, refinement of the definition of agreement (Article 1313 of the Civil Code) is a legal relationship in the field of assets based on an agreement between one legal subject and another, and between them (the parties / legal subjects) bind themselves to each other so that one legal subject is entitled to achievement and so is another legal subject obliged to carry out his performance in accordance with an agreement agreed upon by the parties and cause legal consequences. 5 According to Apeldoorn the agreement is called a factor that helps the formation of the law, whereas according to Lemaire the agreement is a legal determinant.⁶ Based on the Civil Code Article 1313, it is stated that an act in which one or more people commit themselves to one or more people. One or more promises to another or more or each other promises to do something. This is an event that gives rise to a legal relationship between the people who make it. But there are some weaknesses in the provisions of this article. These weaknesses can be described as follows:

1. There is a will agreement between the parties who made the agreement (consensus).
2. There is the ability of the parties to make agreements (capacity).
3. There is a certain subject (a certain subject matter).
4. There is a halal cause.

The first two conditions, called subjective conditions, because of the person or subject who entered into an agreement, while the last two conditions are called objective conditions because of the

terms of the agreement itself or the object of the legal act carried out. If the subjective conditions are not fulfilled, the agreement is flawed and can be canceled by the Judge by the party who has given permission not to freely or incapable of making the agreement. If the objective conditions are not fulfilled then the agreement is null and void.

3.2. GENERAL REVIEW OF PNPM MANDIRI AND SCROLLING FUNDS

The National Program for Independent Community Empowerment is a national program for poverty reduction, especially based on community empowerment. The understanding contained in PNPM Mandiri is a national program in the form of a policy framework as a basis and reference for the implementation of poverty reduction programs based on community empowerment. PNPM Mandiri is implemented through the harmonization and development of systems and program mechanisms and procedures, providing mentoring and stimulant funding to encourage community initiatives and innovations in efforts to reduce poverty. Community empowerment is an effort to increase community capacity, both individually and in groups, in solving various problems related to efforts to improve the quality of life, independence and welfare (Rubiyannah, Minarsih, & Hasiholan, 2016).

Community empowerment requires great involvement from the regional government apparatus and various parties to provide opportunities and ensure the sustainability of the results achieved.⁵² The Reduction Program Poverty Urban (P2KP) has been implemented since 1999 as a government effort to build community and local government independence in tackling poverty on an ongoing basis. This program is very strategic for preparing the ground for self-reliance in the form of "agency community leadership" representative, rooted and conducive to the development of social capital (social capital) community in the future and set up "community program medium-term poverty reduction" which became binding in partnership society with local government and local care groups.⁵³ Considering the positive development of the P2KP, starting in 2007 it was pioneered to adopt P2KP to be part of the National Community Empowerment Program (PNPM) Mandiri (Rahayuningsih, 2013). PNPM Mandiri, starting in 1999, began with the Kecamatan Development Program (PPK) as a basis for developing community empowerment in rural areas and supporting programs such as PNPM Generasi;

The Urban Poverty Reduction Program (P2KP) as a basis for the development of urban community empowerment; and the Acceleration of Development of Disadvantaged and Special Regions (P2DTK) for the development of disadvantaged, post-disaster and conflict areas. Starting in 2007 the Government of Indonesia developed PPK, P2KP, P2DTK into a National Independent Community Empowerment Program (PNPM) consisting of PNPM Mandiri in Rural Areas (development of PPK), Urban PNPM Mandiri (development of P2KP), and PNPM Mandiri in

Special Areas and Underdeveloped Villages (P2DTK development). In 2008 PNPM Mandiri was expanded by involving the Regional Socio-Economic Infrastructure Development Program (PISEW) to integrate centers of economic growth with the surrounding area. PNPM Mandiri is strengthened by various community empowerment programs implemented by various ministries / sectors and local governments. The implementation of PNPM Mandiri 2008 was also prioritized in underdeveloped villages. The integration of various community empowerment programs into the PNPM Mandiri policy framework that includes development is expected to be extended to remote and isolated areas. The effectiveness and efficiency of activities that have often duplicated between projects are also expected to be realized (AP Hadi, Agribusiness, & Agriculture, 2009).

Since the empowerment process generally takes 5-6 years, PNPM Mandiri will be implemented at least until 2015. This is in line with the time target of achieving the Millennium Development Goals (MDGs). The implementation of PNPM Mandiri based on measurable indicators of success will help Indonesia realize the achievement of the MDGs targets.

MDGs are agreements global to achieve common development targets, namely eradicating poverty and hunger; basic education for all; gender equality and women's empowerment; reduce child mortality; improve maternal health; reduce infectious diseases and other diseases; guaranteeing environmental sustainability; and developing global partnerships for development. Therefore, starting in 2007, PNPM Mandiri P2KP was directed to support efforts to increase the Human Development Index (HDI) and achieve the Millennium Development

Goals (MDGs) so that the reduction of the poor by 50% in 2015.⁸⁴ In 2008 P2KP became a full National Empowerment Program Urban Independent Community (PNPM MP). As part of PNPM Mandiri, the principle objectives and approaches set out in PNPM Mandiri also become the goals, principles and approaches of PNPM Urban Urban (Rahayuningsih, 2013).

PNPM's general objective has been set in the PNPM General Guidelines, namely "increasing the welfare and employment opportunities of the poor independently." Specifically, PNPM MP's goal is "helping urban poor communities in villages / villages participating in the program benefit from improved environmental conditions and good governance. .

The principles set out in the PNPM Mandiri General Guidelines are as follows:

- Focus on development human. The implementation of PNPM has always relied on increasing human dignity and integrity.
- Poor people oriented. All activities carried out give priority to the interests and needs of the poor and disadvantaged communities.
- Community participation is actively involved in every process of development decision making and in mutual cooperation in carrying out development.

- **Autonomy.** In the implementation of PNPM, the community has the authority to independently and participatively determine and manage development activities in a self-managed manner.
- **Decentralization.** The authority to manage sectoral and regional development activities is delegated to the regional government or the community in accordance with their capacity.
- **Gender equality and justice.** Men and women have equality in their roles at each stage of development and in enjoying equally the benefits of development activities.
- **Democratic.** Every development decision making is done through deliberation and consensus while still being oriented to the interests of the poor.
- **Transparency and Accountability** The community must have adequate access to all information and decision making processes so that the management of activities can be carried out openly and held accountable both morally, technically, legally and administratively.
- **Priorities** Governments and communities must prioritize meeting the needs for poverty alleviation by optimizing the use of a limited range of resources.
- **Collaboration** All stakeholders in poverty alleviation are encouraged to realize cooperation and synergy between stakeholders in poverty reduction.
- **Sustainability** Every decision making must consider the importance of improving the welfare of the community not only now but also in the future while maintaining environmental sustainability.
- **Simple.** All rules, mechanisms and procedures in PNPM implementation must be simple, flexible, easily understood, and easily managed by the community.
- **Approaches** needed through comprehensive handling on an adequate regional scale that enables integration between sectoral, regional and participatory approaches in this case the sub-district is chosen as a program locus that is able to bring together planning from the government level district / city and from the community level.
- **The scope of PNPM Mandiri's activities** is basically open to all poverty reduction activities that are proposed and agreed upon by the community, including: 86
- **Provision and improvement of markets / facilities** for settlement, social and economic environments in labor-intensive activities.
- **Provision of financial resources** through revolving funds and micro-credit to develop the economic activities of the poor. Greater attention is given to women to take advantage of this revolving fund.
- **Activities related to improving the quality of human resources**, especially those aimed at accelerating the achievement of the Millennium Development Goals (MDGs) targets.

Enhancing the capacity of the community and local government through critical awareness, business skills training, organizational and financial management, and the application of good governance.

Overview of revolving fund loans The definition of revolving fund loans in the Urban Poverty Reduction Program (P2KP) has been carried out since 1999 as an effort by the government to build community and local government independence in sustainable poverty reduction. This program is very strategic because it prepares the foundation for community independence in the form of representative, rooted and conducive community leadership institutions for the development of social capital in the future and prepares medium-term community programs in poverty alleviation that are binding in community partnerships with local governments and local care groups (Lestari & Djanggih, nd).

PNPM Mandiri (National Community Empowerment Program) Mandiri is committed to tackling existing poverty by empowering communities through infrastructure, social and economic activities (tridaya). In order to encourage the community to build social capital in these three activities, PNPM Mandiri provides financial assistance to communities identified by BLM (Community Direct Assistance) funds channeled through LKM (Community Self-Help Institutions). In economic activities, it is realized by the activities of Revolving Loans, namely lending on a micro scale to the poor in rural areas or villages where LKM / UPK is located with the terms and conditions that have been set. Some of the BLM funds can be used as capital to provide loans to the poor through Revolving Loans. Loans come from stimulant capital BLM funds that are channeled by UPK to the poor in the kelurahan / village as one of the programs provided by PNPM Mandiri to improve welfare their. BLM funds are community assets that must be managed transparently and responsibly, so in the future it is expected that BLM funds will become an endowment fund for urban / rural communities in poverty reduction in a sustainable manner (Yustianti & Roesli, 2018).

Revolving loans are managed by UPK-LKM that have fulfilled the requirements as specified in the cycle formation LKM / UPK. The beneficiaries of this Revolving Loan are basically all the poor people listed in the MFI Medium-Term Program identified through Self-Mapping. Revolving loans must be utilized for productive purposes which can increase their income and / or welfare. Objects and scope of revolving fund loans In order for the implementation of Revolving Loans activities to run properly and in accordance with the stated objectives, basic rules for Loans need to be made Revolving, among others concerning the feasibility agency of a revolving loan management, the eligibility of borrowers, loan funds, Revolving Loan services and assistance that is included in the discussion of the object and scope of revolving fund loans. The institution that directly manages the Revolving Loan activities is the Financial

Management Unit (UPK) (Mahendra, 2017). UPK is one of the Management Units of 3 Management Units under the MFI. The other two management units are the Environmental Management Unit (UPL) and the Social Management Unit (UPS). The complete structure of the MFI is as follows:

Before the revolving loan activity in the relevant kelurahan begins, a feasibility test must be carried out, both for the MFI / UPK, as well as for KSM / members by using the instrument of eligibility criteria that has been prepared. Revolving loan activities can be carried out, only if the actors have met the eligibility criteria as will be explained below. KMW (Regional Management Consultant) is responsible for assisting the achievement of LKM / UPK eligibility criteria. While the Facilitator and local volunteers are responsible for assisting the achievement of the eligibility criteria of the group and its members.

The Community Self-Reliance Institution (LKM) that will manage the revolving loan activities must meet the following minimum requirements: The MFI has been legally formed in accordance with the provisions of Urban PNPM Mandiri and has a Statute in which among other things states that:

1. Revolving Loan Activities will be carried out as incorrect a poverty alleviation tool in the region.
2. Revolving Loan Funds are only intended for Revolving Loan activities. UPK Revenue is only to finance UPK operational activities and cannot be used to finance other activities, including MFI and Supervisor fees. Monitors can only be financed from UPK's annual net profit.
3. LKM has appointed UPK Supervisors (2-3 people) and UPK officers (minimum 2 people). All have received training and Urban PNPM Mandiri and have had a description of their duties and responsibilities.
4. MFIs with community approval have made the basic rules of Revolving Loans containing KSM criteria and members who can receive loans, initial loan size, loan service amount, loan term and loan installment system as well as provisions regarding the joint responsibility of KSM members.
5. For the old kelurahan / villages (which have already run P2KP): The performance of the revolving loan that has been implemented reaches satisfactory criteria; risk borrowers (LAR) <10%, risk loans (PAR) <10%, cost income ratio (CCr) > 125% and investment returns (ROI) > 10%. LAR is an indicator that shows how% of borrowers are in arrears, this figure is obtained from the results of comparing how many KSM borrowers are in arrears 3 months with all KSM borrowers who still have loan balances.

UPK Supervisors who are tasked with overseeing UPK activities in managing Revolving Loans have met the minimum criteria including:

1. Has been appointed by the MFI with community approval of 2-3 people, fulfilling male and female elements.
2. Already have a job description that includes the duties and responsibilities of the supervisor. Has attended training organized by Urban PNPM Mandiri.

PAR is an indicator that shows what% of loans are in arrears, this figure is obtained from the results of comparing the number of loans in arrears 3 months with the total realization of loan balances at UPK. CC is the ability of UPK to cover costs from the income it receives, this figure is obtained from the results of comparing between all the income earned by UPK with all costs incurred by UPK.

ROI is the ability of UPK to generate profits from capital used for carved loans, this figure is obtained from the results of comparing profits obtained by UPK with capital used for revolving loans of the Financial Management Unit (UPK). Revolving Loans are Self-Help Groups (CBOs). Borrowing CBOs and their members as prospective borrowers must meet the eligibility criteria required to obtain a revolving loan from UPK. Only CBOs and members who meet the eligibility criteria can be served by LKM / UPK. In other words, KSM Borrowers and their members who do not or do not meet the eligibility criteria cannot be served and there must be assistance before the KSM Borrower meets the eligibility criteria as prospective borrowers. The KSM Borrower refers to the process of establishing process of establishing KSM in general, only the KSM objectives Borrowers here are to obtain revolving loans from UPK (Hajaroh & Mulyono, 2014).

Source of Revolving Loan Funds Funds from other sources: Funds from other sources in the form of channeling or loans from formal financial institutions both banks and cooperatives in the vicinity of the MFI's location. The purpose of channeling funds or loans is to provide access to loans for KSM who have met the maximum lending limit both in terms of the amount of the loan (has reached Rp 2,000,000.00) or in terms of frequency of lending (has reached 4 times the loan). It is expected that through channeling funds and loans from formal financial institutions, KSM and its members will be able to get access to further loans from these institutions.

3.3. REVIEW OF COMPLETION juridical PERFORMING LOANS IN THE REVOLVING LOAN FUND VIEWED FROM THE ASPECT OF LAW CIVIL

Revolving loan fund that provides financial resources through revolving funds and micro-credit to develop activities the economic of the poor. Revolving loans must be utilized for productive purposes which can increase their income and / or welfare. The variety of types of businesses, also causes a variety of needs for funds and the ability to develop businesses also differ

in each Community Self-help Group (KSM) (Hermansyah & Hum, 2009). In granting these revolving loans / loans, credit agreements become important and fundamental. Before entering into a credit agreement, an agreement is first made, because the agreement is an agreement that binds both or more parties governed by applicable law, so it is called an engagement, in which must be carried out or fulfilled by the parties owing.⁶⁵ Agreement credit is a consensual agreement between the debtor and the creditor that creates a debt and credit relationship, where the debtor is obliged to repay the loan provided by the creditor on the terms and conditions agreed upon by the parties.⁶⁶ Therefore, with a revolving credit agreement between BKM / UPK and This CBO then arises an engagement that causes consequences or legal relationships made by the parties so that it has legal consequences in the form of rights and obligations as a result of an agreement that will be binding on the BKM / UPK that provides loans and CBOs as borrowers.

As this agreement revolving loan / credit fund results in loan repayment obligations in the form of installments resulting from the business carried out by each member of the KSM group for a predetermined period of time so that it can be rolled out to other groups CBO that submit loan applications to BKM / UPK (Sipahutar, nd).

The loan agreement between KSM and BKM / UPK if reviewed through the legal conditions of an agreement has fulfilled the elements of the agreement contained in the 1320 Civil Code:

Agree those who bind themselves. The point is the existence of agreement / consensualism. The credit agreement in the PNPM program is based on an agreement between the two parties, namely BKM as a creditor and KSM members as debtors.

Proficient to make an agreement. The ability to make an agreement, or not under supervision or because of legislation is not prohibited from making an agreement. Both parties namely BKM and KSM in this agreement have no obstacles to enter into an agreement (Salim, 2014). The subjects in this agreement are debtors namely CBOs and creditors namely BKM who are bound in this agreement have the same legal skills to do a legal action that is making an agreement and there is no prohibition from any party for CBOs and BKM to enter into an agreement.

A certain thing In an agreement is the object of the achievement of the agreement that is clear, what, how much and how. This credit agreement is an agreement between the creditor (KSM) and the debtor (BKM) carried out clearly, namely an agreement that has provisions including clear types of business, carried out with clear processes and procedures, the amount of credit in rupiah value clearly stated, the existence how to repay loans that become credit obligations and others.

A lawful cause. The purpose of the agreement is not intended for engineering or for certain crimes. This agreement between KSM and BKM has the aim to help improve the economy of the poor, and is used for purposes that are not illegal (not for crime).

In the PNPM MP revolving credit agreement in the KSM statement there is also a statement regarding the joint responsibility of the KSM members stating "agreed to

implement joint responsibility (bear the arrears of other members if unable or not in good faith) to pay installments to the UPK, which means that in relation to the fulfillment of Article 1282 of the Civil Code that is "no engagement is considered liable, but if it is stated expressly."

The stages of the implementation of the revolving loan activities are divided into three stages namely the preparatory stage, the implementation phase and the termination stage.

Constraints encountered in the process of implementing revolving fund loans to PNPM Mandiri are due to the implementation either intentionally or not the community receiving credit as a KSM (community self-help group) defaults so that the independent PNPM has difficulty in demanding loan repayments. The inability of the debtor in this revolving loan is the Self-Help Group (KSM) in completing and returning the loan can be classified as default. Default is a situation where a debtor (owes) does not fulfill or does not carry out the achievements as stipulated in an agreement.

Defaults due to substandard debtor business that is influenced by various factors, namely because the business undertaken does not get sufficient profits to repay loans, use of loan money for other needs or one of the KSM members does not make loan repayment payments (ATURROHMAH, 2019).

Based on the credit agreement in this case BKM does not apply an analysis of collateral appraisal to all KSM members who have entered into a credit agreement because the credit agreement is based on the trust and characterization of prospective KSM members. This is also the cause of problems in revolving loan loans. Therefore, the majority of credit users are bound by collateral-free agreements, this is what causes defaults.

In the credit agreement contained in the KSM it has been clearly stated that there is a joint responsibility statement in writing between the members of the KSM group, as mentioned above that joint liability savings are considered as collateral in this revolving fund loan, but in the case of KSM formed from different types of businesses that are jointly and jointly bear different meanings, even though it has been agreed separately that the credit is a joint responsibility agreement between KSM members (Subekti, 1989). But the understanding in this case is that when one of the KSM members defaults, the other KSM members in the KSM group, especially the KSM group leader, help remind and collect achievements on the KSM members who commit the default. So that in

implementation if a problem loan occurs, it cannot be resolved and only waits until the CBO is able to repay the loan (Hermansyah & Hum, 2009).

In fact, the weakness of loans through government programs without the use of collateral / collateral requires optimal assistance, moreover the target is poor households, most of which have low levels of human resources so that they are easily affected by issues / incorrect information, for example many people are affected by negative issues so they are principled that loans through PNPM are grants by the government and do not need to be returned (Salim, 2014).

Loans that cannot be returned within the stipulated time period cause revolving funds to become non-current and groups of people who want to borrow must wait to get a loan. This is a common obstacle in the process of implementing revolving fund loans so that the revolving loans / loans are said to be loans / non-performing loans.

Loan collection is not a recommended method of collection under this revolving loan program, with considerations including:

1. There is no collateral;
2. Costs are too expensive, the process is quite long and time-consuming and must be supported by sufficient evidence.

But in the loan agreement it is stated that if there is a difference in the internal understanding of the group or the BKM, if it does not find a way out which is done by deliberation to reach an agreement then it will be resolved by legal means. The settlement of the default can be

carried out by BKM by taking legal action by committing general confiscation of all KSM members' assets. In accordance with the statement of Article 1131 of the Civil Code states that all material debts, both movable and immovable both existing and new will be in the future become dependents for all individual engagement. The meaning contained in this article is that all debtors' assets (meaning KSM, especially KSM members), both movable and fixed objects, both existing and future objects, are guarantees for all KSM members' stomachs. BKM can make an assessment of the economic value of all assets and valuables belonging to members of the KSM that default as repayment of the remaining outstanding achievements.

Based on interviews conducted generally resolved by deliberation to reach a consensus involving the BKM / UPK and the community including the KSM group who have problem loans to discuss what steps should be taken and how to rescue the problem loans so that they can continue to be rolled out to other communities, the method of settlement carried out to the KSM in arrears above (3 KSM) by visiting the KSM party experiencing problem loans and reminding to repay the loan but until before there is payment, so it should be necessary to withdraw the items contained in the list of guarantees in the statement letter KSM (Abdulkadir, 1990).

This is not in accordance with the discussion above regarding the rules in the implementation of revolving loan guidelines regarding the provisions in the settlement of problem loans, which are mentioned in terms of collecting arrears that if after the second visit is carried out and still not produce results (still in the form of a promise to pay) then the CBO arrears are given a warning letter (SP) whose contents so that the arrears complete payment. This is so as to create a warning letter to follow up on the KSM problem loans, but until before there is an action from either BKM or UPK. Cash guarantees that should have been obtained from joint liability funds are also not carried out as functions if there are members who cannot fulfill their obligations. This is not in accordance with the points to disburse joint liabilities in settlement through an arrears collection approach which states that joint liabilities (both cash and book-transfer) are disbursed based on the clause in the loan agreement, by utilizing a power of attorney to disburse joint savings in case of arrears which also arises the regulation is stated in therecognition form debtliability

and joint which examines the debt acknowledgment, joint liability statement and savings bookkeeping authority. With the existence of these points, the system of collective responsibility contained in a statement of agreement KSM in applying for loans that have been agreed between the members of KSM and the BKM / CGU should be adhered to and an obligation to be fulfilled and implemented as defined in Section 1338 of the Civil Code "arrangements made legally valid as a law for those who make it ", but in reality it is not implemented, because if there are members who are in arrears, joint funds from any other member in a CBO that are not experiencing arrears should be used to make loan repayments not run properly and in practice members who are not in arrears are allowed to make other groups make loans so that billing is only made to members who are in arrears (Muhammad, 1982).

As described in the above discussion regarding the efforts to rescue troubled loans, when associated with the theory relating to the settlement of credit 3R are rescheduling (rescheduling), return requirements (reconditioning), and realignment (restructuring). And billing through legal channels is not the preferred solution even though in the KSM statement states that "if there is a difference in the internal understanding of the group or the BKM, it will be resolved by consensus, but if it does not find a way out it will be resolved through legal channels."

4. CONCLUSION

Lending is based on mutual trust, the application of 5C (Character, condition, capacity, capital, and collateral) is also not always appropriate in its implementation, as mentioned above that no material collateral is allowed but in the KSM statement of KSM revolving loan funds there is a list of loan collateral from each KSM member. Delinquent loans cause revolving funds to become non-current and groups of people who want to borrow must wait to get a loan. This has

become a common obstacle in the process of implementing revolving fund loans because KSM defaults due to non-current debtor business influenced by several factors, namely because the business made sufficient profits to repay loans, the use of loan money for other needs or one of the KSM members does not make payments loan installments, loan agreements are based on trust and introduction of the character of prospective KSM members, as well as not implementing a joint responsibility system. The solution is done by going to the CBO who is experiencing problem loans and reminding to repay the loan. Settlement efforts can also be made through three approaches, namely collecting arrears, saving bad loans and collecting them through legal channels.

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