



Republic of the Philippines  
Supreme Court  
Office of the Court Administrator  
Manila

CIRCULAR NO. 32-2001

**TO : ALL EXECUTIVE JUDGES AND CLERKS OF  
COURT IN THE REGIONAL TRIAL COURTS**

**SUBJECT: EXTRAJUDICIAL FORECLOSURE OF PLEDGE**

For the guidance and information of all concerned is a resolution of the Third Division of this Court dated 21 February 2001 in A.M. No. 01-1-01-0:

“Administrative Matter No. 01-1-01-0 ( Letter of Atty. Juan de Zuñiga, Jr., General Counsel of the Bangko Sentral ng Pilipinas [BSP] relative to the procedure in the foreclosure of pledge) – Considering the Court Administrator’s Report dated January 9, 2001 on the query posed by Atty. Juan de Zuñiga, Jr., General Counsel, Bangko Sentral ng Pilipinas, on whether foreclosure of pledge before a notary public will require the submission of a petition for extrajudicial foreclosure before the Executive Judge of the appropriate Regional Trial Court [through the Clerk of Court/ Ex-Officio Sheriff] following the procedure for extrajudicial foreclosure of real estate mortgage and chattel mortgage, submitting that:

‘Circular No. 1-00 provides, thus:

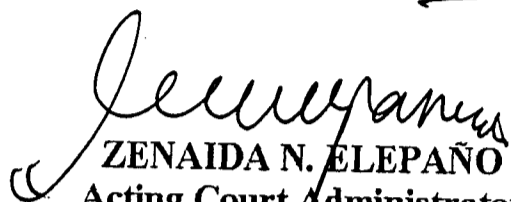
‘1. All applications for extra-judicial for extra-judicial foreclosure of mortgage whether under the direction of the sheriff or a notary public, pursuant to Act 3135, as amended by Act 4118, and Act 1508, as amended, shall be filed with the Executive Judge, through the Clerk of Court who is also the Ex-Officio Sheriff.’

Based on the above-quoted provision, it is explicit that Circular No. 1-00, quoting the Supreme Court’s resolution in A.M. No. 99-10-05-0, exclusively pertains to the procedure in the extrajudicial foreclosure of mortgage, either real estate [Act 3135] or chattel [Act 1508]. The foreclosure of pledge is clearly not covered by the resolution.

It must be noted that pledge is governed by the provisions of the New Civil Code [Articles 2093 to 2123] and the procedure for its foreclosure is set forth under Article 2112 of the same code. What is only required in the foreclosure of a pledged item is a public auction conducted by the notary public,"

In view of the foregoing, all concerned are informed that extrajudicial foreclosure of pledge is not covered by A.M. No. 99-10-05-0, subject of Circular No. 1-00.

18 May 2001

  
ZENAIDA N. ELEPAÑO  
Acting Court Administrator

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