

AN ACT RELATIVE TO RECOGNIZANCES, STIPULATIONS, BONDS, AND UNDERTAKINGS, AND TO ALLOW CERTAIN CORPORATIONS TO BE ACCEPTED AS SURETY THEREON.

Act No. 536, November 25, 1902

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/0f0812f23239/>

By authority of the United States, be it enacted by the Philippine Commission, that:

SECTION 1. Whenever any recognizance, stipulation, bond, or undertaking conditioned for the faithful performance of any duty or of any contract made with any public authority, Insular, provincial, municipal, or otherwise, or of any undertaking, or for doing or refraining from doing anything in such recognizance, stipulation, bond, or undertaking specified, is, by the laws of the Philippine islands or by the regulations or resolutions of any public authority therein, required or permitted to be given with one surety or with two or more sureties, the execution of the same or the guaranteeing of the performance of the condition thereof shall be sufficient when executed or guaranteed solely by a corporation incorporated under the laws of the United States or of any State thereof having power to guarantee the fidelity of persons holding positions of public or private trust, and to execute and guarantee bonds and undertakings in judicial proceedings, and to agree to the faithful performance of any contract or undertaking made with any public authority: Provided, That such recognizance, stipulation, bond, or undertaking be approved by the head of Department, court, judge, officer, board, or body executive, legislative, or judicial required to approve or accept the same. But no officer or person having the approval of any recognizance, stipulation, bond, or undertaking shall exact that it shall be furnished by a guarantee company, or by any particular guarantee company: Provided, further, That no head of Department, Bureau, court, judge, officer, board, or body executive, legislative, or judicial shall approve or accept any corporation as surety on any recognizance, stipulation, bond, contract, or undertaking, unless such corporation has been authorized to do business in the Philippine Islands in the manner provided by the subsequent sections of this Act, nor unless such corporation has by contract with the Government of the Philippine Islands been authorized to become a surety upon official recognizances, stipulations, bonds, and undertakings.

SEC. 2. No such company shall do business under the provisions of this Act within the Philippine Islands until it shall by a written power of attorney appoint some person residing at the city of Manila, Island of Luzon, upon whom may be served all lawful process against such company, and who shall be authorized to enter an appearance in its behalf. A copy of such power of attorney, duly certified and authenticate, shall be filed with the clerk of the Supreme Court of the Philippine Islands, which copy, or a certified copy thereof, shall be legal evidence in all controversies arising under this Act. If any such agent shall be removed, resign, or die, become insane, or otherwise incapable of acting, it shall be the duty of such company to appoint another agent in his place as hereinbefore prescribed, and until such appointment shall have been made, or during the absence of any agent of such company from said city of Manila, service of process may be upon the clerk of said Supreme Court, with like effect as upon such agent appointed by the company. The officer executing such process upon such clerk shall immediately transmit a copy thereof by mail to the company and state such fact in his return. A judgment, decree, or order of a court entered or made after service of process as aforesaid shall be as valid and binding on such company as if such company's said agent had been personally served with process in said city. The

provisions of this section shall also be applicable to all actions brought upon any official undertaking and obligations made by such corporation in the Philippine Islands.

SEC. 3. Every company before transacting any business under this Act shall deposit with the Attorney-General of the Philippine Islands a copy of its charter or articles of incorporation, and a statement signed and sworn to by its president and secretary showing its assets and liabilities. If the said Attorney-General shall be satisfied that such company has authority under its charter to do the business provided for in this Act, and that it has a paid-up capital of not less than five hundred thousand dollars, in cash or its equivalent, and is able to keep and perform its contracts, he shall grant authority in writing to such company to do business under this Act.

SEC. 4. Every such company shall, in the months of January, April, July, and October of each year, file with the said Attorney-General a statement, signed and sworn to by its president and secretary, showing its assets and liabilities, as is required by section three of this Act. And the said Attorney-General shall have the power, and it shall be his duty, to revoke the authority of any such company to transact any new business under this Act whenever in his judgment such company is not solvent or is conducting its business in violation of this Act. He may institute inquiry at any time into the solvency of said company and may require that additional surety be given at any time by any principal when he deems such company no longer sufficient security.

SEC. 5. Any surety company doing business under the provisions of this Act may be sued in respect thereof in any court of the Philippine Islands which has now or hereafter may have jurisdiction of actions or suits upon such recognizance, stipulation, bond, or undertaking, in the judicial district in which such recognizance, stipulation, bond, or undertaking was made or guaranteed. And for the purposes of this Act such recognizance, stipulation, bond, or undertaking shall be treated as made or guaranteed in the judicial district in which the office is located to which it is returnable, or in which it is filed, or in the judicial district in which the principal in such recognizance, stipulation, bond, or undertaking resided when it was made or guaranteed.

SEC. 6. If any such company shall neglect or refuse to pay any final judgment or decree rendered against; it upon any such recognizance, stipulation, bond, or undertaking made or guaranteed by it under the provisions of this Act, from which no appeal, writ of error, or supersedeas has been taken for thirty days after the rendition of such judgment or decree, it shall forfeit all right to do business under this Act.

SEC. 7. Any company which shall execute or guarantee any recognizance, stipulation, bond, or undertaking under the provisions of this Act shall be estopped in any proceeding to enforce the liability which it shall have assumed to incur, to deny its corporate power to execute or guarantee such instrument or assume such liability.

SEC. 8. Any company doing business under the provisions of this Act which shall fail to comply with any of its provisions shall forfeit to the Government of the Philippine Islands, for every such failure, not less than five hundred dollars nor more than five thousand dollars, to be recovered by suit in the name of the United States in the same courts in which suit may be brought against such company under the provisions of this Act, and such failure shall not affect the validity of any contract entered into by such company. In actions to enforce the forfeiture in this section provided, service upon the attorney or agent specified in the second section, or, in lieu thereof, upon the clerk of the Supreme Court in the manner provided in said section, shall be sufficient service to bind the company.

SEC. 9. The sums of money mentioned in this Act are in United State currency.

SEC. 10. The public good requiring the speedy enactment of this bill, the passage of the same is hereby expedited in accordance with section two of "An Act prescribing the order of procedure by the Commission in the enactment of laws," passed September twenty-sixth, nineteen hundred.

SEC. 11. This Act shall take effect on its passage.

Enacted, November 25, 1902.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.