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783. — If the pledge is a right represented by a written instrument, the contract of pledge is void ~~nn~~[un]less such instrument be delivered to the pledgee and the contract of pledge be notified in writing to the debtor of the right.

784. — Instruments to bearer may also be pledged by mere delivery.

785. — If the instrument is transferable by indorsement, the contract of pledge is void unless the pledgor indorses such instrument to the pledgee and the indorsement shows that it was made for the purpose of pledge.

No notification to the debtor of such instrument is necessary.

786. — If the instrument is a share certificate or other such instrument issued to a named person and not transferable by indorsement, the contract of pledge is void unless such instrument is pledged by making on it a statement to that effect.

No notification to the debtor of such instrument is necessary.

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787.—If a pledged right becomes due before the obligation for which it is security is due, the debtor of

such right must deliver to the pledgee the property due. The property delivered constitutes a pledge in lieu of the pledged right. If the property delivered is money, it shall be appropriated to the performance of the obligation.

ILLUSTRATION. — I. — On April 1st. 2455, A lets out to B a steam launch for a period of 6 months. A document of lease is made, in which it is provided that on October 1st. 2455 B shall return the launch to A. On the 1st. of June 2455, A borrows from C 1,000 baht to be returned on the 1st. of January 2455 and wishes to give to C as security his rights over the steam launch. A delivers to C the document of lease and gives to B a notice in writing of the contract. On the 1st. of October, B must deliver the steam launch to C. The steam launch becomes a pledge in the hands of C as security for the return of the 1,000 baht.

II. — On April 1st. 2455, A borrows from B 1,000 baht to be returned on April 1st. 2456. A endorses to B as pledge a promissory note of 500 baht made by C to the order of A and payable on January 1st. 2455. On January 1st. 2455, C must pay the 500 baht to B, who shall appropriate them as part payment of the 1,000 baht due to him.

788. — If a right is pledged, it cannot be extinguished or modified to the injury of the pledgee without the consent of the pledgee.

789. — In the cases when a property is pledged by a person other than its owner, the contract is voidable unless the pledgee has received the pledge believing

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II.—On April 1st. 2455, A borrows from B 1000 baht to be returned on April 1st. 2456. A endorses to B as pledge a promissory note of 500 baht made by C to the order of A and payable on January 1st. 2455. On January 1st. 2455, C must pay the 500 baht to B, who shall appropriate them as part payment of the 1000 baht due to him.

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789.—In the cases when a property is pledged by a person other than its owner, the contract is voidable unless the pledgee has received the pledge believing

in good faith that the pledgor is the owner, or unless the owner authorizes or ratifies the contract, or unless the pledgor becomes owner of the property.

If the property pledged is a property lost or a property obtained through an offence or the pledging of which constitutes an offence, the contract of pledge is void.

790. — If a person who has pledged property as a security for the performance of an obligation by another person performs the obligation, he is entitled to recover from that person the amount of the performance.

ILLUSTRATION. — *A owes 500 baht to B. C agrees to pledge to B gold ornaments as security for payment of A's debt. On the debt of A becoming due, C pays 500 baht to B and withdraws the gold ornaments. C is entitled to recover 500 baht from A.*

791. — If a person has pledged property as a security for the performance of an obligation by another person and the pledge is enforced, the owner of the pledge is entitled to recover from such person the amount up to which the pledgee has been satisfied by such enforcement.

ILLUSTRATION. — *A owes 500 baht to B. C agrees to pledge to B gold ornaments as security for the payment of A's debt. A does not pay the debt. The pledge is enforced and the ornaments are sold by auction. The nett proceeds of the auction are 400 baht, which are appropriated by B. C is entitled to recover 400 baht from A.*

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