Title: Ramon E. Reyes and Clara R. Pastor vs. Bancom Development Corp.

Facts:
The case stemmed from a Continuing Guaranty executed by a group (referred to as the Reyes Group), including Ramon E. Reyes and Clara R. Pastor, in favor of Bancom Development Corporation (Bancom). This Guaranty was to ensure the full payment of loans by Marbella Realty, Inc. (Marbella) from Bancom. Marbella failed to pay, resulting in a series of replacement Promissory Notes, escalating the debt amount. Due to Marbella's continuous defaults, Bancom initiated a Complaint for Sum of Money against Marbella and the Reyes Group as guarantors. The defense argued that they were coerced into these agreements due to financial difficulties from a failed condominium project, Marbella II, involving Bancom and Fereit Realty Development Corporation (Fereit).

The Regional Trial Court (RTC) ruled against Marbella and the Reyes Group, holding them solidarily liable. On appeal, the Court of Appeals (CA) affirmed the RTC's decision. The CA also noted Bancom's counsel withdrawal due to losing contact with Bancom, hinting at a merger or other corporate change. The CA denied the appellants' motion for reconsideration, leading to the petition for review to the Supreme Court.

Issues:
1. Whether the proceedings should be deemed abated following the revocation of Bancom's Certificate of Registration by the Securities and Exchange Commission.
2. Whether the CA correctly found petitioners liable for Marbella's debts and attorney's fees as guaranteed under the Promissory Notes and Continuing Guaranty.

Court's Decision:
The Supreme Court denied the petition, affirming the CA's ruling with modifications regarding liability amounts and interest rates, thereby holding the petitioners liable for the guaranteed loans. The Court clarified that the revocation of Bancom's Certificate of Registration does not necessitate the abatement of proceedings, with the firm's directors acting as trustees by legal implication. On the merits, the Court affirmed the petitioners' solidary liability alongside Marbella, based on the clear and unchallenged execution of the Promissory Notes and the Guaranty.

Doctrine:
The revocation of a corporation's Certificate of Registration does not automatically abate legal proceedings involving said corporation. The corporation can continue through its

directors acting as trustees. Additionally, guarantors are solidarily liable for the obligations they guarantee, provided these obligations are clear and undisputed.

Class Notes:
– Under Philippine law, a corporation's dissolution or revocation of registration does not impair rights or remedies in its favor or against it, as per Section 145 of the Corporation Code.
– A Continuing Guaranty makes the guarantors solidarily liable for the debts of the principal borrower when specific conditions, as outlined in the guaranty, are met.
– Legal and stipulated interest rates apply to unpaid debts from the date of demand until full payment, subject to modifications by the court in the interest of equity.

Historical Background:
This case underscores the intricate legal challenges stemming from failed real estate ventures and the interpretation of financial instruments like promissory notes and guarantees. It illustrates the courts' handling of corporate dissolution, their approach to contracts' binding nature, and the principle of solidary liability among guarantors in the context of the Philippine legal system.