

SUPERMAX PHILIPPINES, INC., NIKKO SOURCES INTERNATIONAL CORPORATION, AND CHARLES H.C. YANG, PLAINTIFFS-APPELLANTS, VS. PDCP DEVELOPMENT BANK, INC. AND 1ST E BANK, DEFENDANTS-APP...

Ponente: DE GUIA-SALVADOR, R., J.

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DE GUIA-SALVADOR, R., J.:

At bench is an appeal[*] from the Decision dated March 28, 2008[1] of the Regional Trial Court (RTC) of Makati City, Branch 62, in Civil Case No. 01-1473, the dispositive portion of which states:

WHEREFORE, premises considered, judgment is hereby rendered as follows:

1) The varying interest rates EXCEPT the expressly stipulated rate of twenty one (21%) per cent per annum imposed on the principal loan obligation of the plaintiffs amounting to P21,864,296.99 are hereby NULLIFIED. In sum, the principal amount so adjudged shall be charged, on top of the stipulated twenty one (21%) per cent per annum with the following: a) the mitigated amount representing twelve (12%) per cent per annum by way of penalty charges; b) legal interest of twelve (12%) per cent per annum from date of judicial demand until fully paid pursuant to 2212 New Civil Code and; c) Five (5%) per cent of the total amount due by way of attorney's fees. In accordance with this conclusion, the 1[st] E BANK through its successor-in-interest Philippine Deposit Insurance Corporation is ordered to re-compute plaintiffs' account subject of this suit;

2) Plaintiffs SUPERMAX PHILIPPINES, INC., NIKKO SOURCES INTERNATIONAL CORPORATION, AND CHARLES H.C. YANG are held solidarily liable for the payment of the sum as finally computed in No. 1 less payments already made by the plaintiffs;

3) Each party to bear the cost of their own lawyers;

4) No mention as to costs.

SO ORDERED.[2]

The Facts

The case arose out of a Complaint for Declaratory Relief, Accounting and Reformation of Contracts, and Damages filed by plaintiffs-appellants Supermax Philippines Inc., Nikko Sources International Corporation and Charles H.C. Yang ("Supermax" / "Nikko" / "Yang" / "plaintiffs-appellants") against defendants-appellants PDCP Development Bank, now known as 1[st] E Bank ("PDCP" / "1[st] E Bank" / "defendants-appellants").[3] The facts, as summarized by the trial court, are as follows:

Plaintiffs SUPERMAX PHILIPPINES, INC. and NIKKO SOURCES INTERNATIONAL CORPORATION are both corporations duly organized under Philippine laws while CHARLES H.C. YANG is the executive vice-president and general manager of Supermax. Nikko is the sister company of Supermax.

On the other hand, 1[st] E BANK is a banking corporation duly registered under Philippine laws and is the same corporate entity pertaining to the previous name PDCP Development Bank. The change of corporate

name from PDCP to 1[st] E Bank took place sometime May 2000.

In the course of operation then as PDCP, plaintiff (sic) extended a loan to the plaintiff Supermax in the total amount of P21,864,296.29 covered by Promissory Note bearing number 99-4326. To guarantee the same, plaintiffs Nikko and Yang executed an Assumption of Solidary Liability in favor of plaintiff Supermax. Apart from this guarantee, defendant required Supermax to issue post dated checks. Plaintiffs defaulted in the payment of the obligations thus prompting the defendant to send demand letters dated January 11, and September 2001 for the payment of the amount of P62,032,447.11.

Thereafter, defendant assigned the subject amount to Philippine Deposit Insurance Corporation.

Plaintiffs' contention:

Plaintiffs maintain that the interest rate that defendant should apply in their loan obligations should only be 16% per annum and any subsequent interest thereon should bear the written approval and consent of the plaintiffs. Further, they asserted that they are not bound by the terms of the loan agreement on the ground that Plaintiff Yang signed the purported promissory note in blank and they were never furnished with a copy thereof.

Notwithstanding the difficulties the plaintiffs encountered in meeting up (sic) its (sic) obligations, plaintiffs tried religiously paying (sic) the same. Plaintiffs insisted that the interest rate as well as the penalty rate that defendant had been charging is grossly unconscionable and exorbitant making it a void stipulation. Moreover, they contend that the unilateral increase of the interest rate and the exorbitant penalty charges without the consent of the plaintiffs is contrary to law and whatever had been paid by reason thereof should be returned to the plaintiffs. Lastly, plaintiffs opine that they cannot be in default since PDCP has yet to send demand upon them on the theory that PDCP is not 1[st] E Bank.

To support the foregoing theses, witnesses for the plaintiffs testified that the plaintiff Supermax was extended a Credit Line Agreement in the amount (of) 55 million pesos by the defendant. Several loans were obtained by plaintiffs and the total amount of P21,864,296.99 covered by the note subject of this suit is a capitalization of these several promissory notes and trust receipts. Witness claimed that plaintiffs were not furnished with a copy of the note and that despite negotiations for the settlement of the reduced interest and waiver of penalties, defendant immediately demanded for the payment of the amount of P48,629,988.09. Moreover, witness declared that the note subject of this suit was signed by him in blank and was assured that it is the normal practice and their copy will be furnished them but that did not happen. Upon receipt of this demand, plaintiffs were shocked with what defendant had done in unilaterally imposing exorbitant interest rates contrary to their original agreement of 16% per annum. They confirmed that (a) proposal for settlement was made by plaintiffs but it was not responded to by the defendant. They are now demanding for 1 million peso(s) for (sic) nominal and temperate damages and P500,000.00 by way of attorney's fees.

Defendant's contention:

Defendant advanced that plaintiff Supermax is deemed to have consented to the terms and conditions of the note when it caused it to be signed by its duly authorized representative and co-plaintiff, Charles Yang. So, too, the interest and other charges that may have been collected by defendant have all been disclosed and consented to by Supermax. In fact, plaintiff Supermax made a proposal for the restructuring of its past due loan obligations with a proposed schedule of payment. In that proposal, plaintiff Supermax acknowledged that it is indebted to pay the sum of P31,297,525.46 to defendant.

Defendant 1[st] E Bank assigned the accounts covering the subject promissory note to the PDIC by virtue of a Deed of Assignment executed on December 29, 2004. PDIC's witness testified based on records in their custody pertaining to the account of the plaintiffs. He further adduced proof that the interest rate agreed upon and consented to by the plaintiffs was at 21% per annum as shown in the note subject of the suit. Likewise, the

twin evidence attesting Assumption of Solidary Liability by the plaintiffs Yang and Nikko were presented. Demands were made upon plaintiffs but to no avail. The outstanding due obligations of plaintiff Supermax to defendant as of April 30, 2007 has amounted to P169,283,279.38, inclusive of interest and penalty charges.[4]

Incidentally, the claims and defenses of PDCP and 1[st] E Bank have been handled by their successor-in-interest, the Philippine Deposit Insurance Corporation (PDIC), through the latter's legal department.[5] Such stems from the assignment of the loan in question by 1[st] E Bank to PDIC, per a Deed of Assignment dated December 29, 2004.[6]

The RTC's Ruling

After trial, the RTC rendered the appealed decision in favor of the defendants-appellants. It ruled that the loan executed by the parties is undisputed, and the only remaining dispute is regarding the terms thereof. The court did not give credence to plaintiffs-appellants' assertion that the promissory note was signed in blank. It found their assertion implausible since the signatory, appellant Yang, was not illiterate and is an experienced businessman who knows the import of a loan document. The court also found that the plaintiffs-appellants, in fact, respected the terms of the note for three years.[7] It held that the contract is the law between the parties and must be complied with in good faith. As for Yang and Nikko, their solidary liability is likewise established by the public documents they signed assuming such responsibility.[8] Further, the court held that the escalation clause must be struck down as unenforceable because it does not provide for increase in interest rates that may be permitted "should a law or Monetary Board resolution intervene;" rather, it merely provided that any increase in interest rate is left to the sole determination of the bank.[9] Therefore, the court held that the stipulated interest rate of 21% per annum should prevail over the varying interest rates imposed by defendants-appellants; it should apply until the full payment of the P21,864,296.99 loan.[10]

Finally, the trial court found the penalty charges of 2.5% per month or 30% per annum as unconscionable and excessive, and reduced the same to 12% per annum of the overdue amount. It also found the late interest charges not to have been stipulated pursuant to the Truth in Lending Act, hence, nullified them. It further granted defendants-appellants' claim for attorneys fees but set it at 5% of the obligation that is due and demandable. Nominal, temperate and exemplary damages were denied, as the defendants-appellants bank did not act in bad faith.[11]

From this decision, both parties filed their respective notices of appeal.[12]

Plaintiffs-appellants seek the reversal of the appealed decision on the following grounds:

- THE HONORABLE PRESIDING JUDGE OF THE REGIONAL TRIAL COURT OF MAKATI, BRANCH 62, COMMITTED GROSS, REVERSIBLE ERROR IN HOLDING THAT PLAINTIFFS-APPELLANTS' LOAN INTEREST IS TWENTY-ONE (21%) PER CENT PER ANNUM.

- THE SAME HONORABLE PRESIDING JUDGE COMMITTED SERIOUS, REVERSIBLE ERROR IN AWARDING PENALTY AND ADDITIONAL INTEREST IN FAVOR OF THE DEFENDANT[S]-APPELL[ANTS] CONTRARY TO HER DECISION NULLIFYING THE VARYING INTEREST, ADDITIONAL INTEREST AND PENALTY CHARGES, HENCE, THE PLAINTIFFS-APPELLANTS CANNOT BE CONSIDERED IN DEFAULT TO JUSTIFY THE SAID AWARD.

- THE SAME HONORABLE PRESIDING JUDGE COMMITTED GROSS, REVERSIBLE ERROR IN

HOLDING THAT DEFENDANT[S]-APPELL[ANTS] IS ENTITLED TO ATTORNEY'S FEE.

- THE SAME HONORABLE PRESIDING JUDGE COMMITTED SERIOUS, REVERSIBLE ERROR IN NOT HOLDING THAT, PLAINTIFFS-APPELLANTS ARE ENTITLED TO DAMAGES PRAYED FOR IN THEIR COMPLAINT.[13]

On the other hand, in support of their appeal, defendants-appellants ascribe to the trial court the following errors:

- X X X WHEN IT NULLIFIED THE ESCALATION CLAUSE ON THE PROMISSORY NOTE DATED SEPTEMBER 30, 1998 AND FIXED THE INTEREST RATE TO TWENTY ONE (21%) PER CENT PER ANNUM.

- X X X WHEN IT REDUCED THE PENALTY CHARGES AND ATTORNEY'S FEES FROM 30% TO 12% PER ANNUM AND FROM 25% TO 5% OF THE AMOUNT DUE.[14]

Plaintiffs-appellants argue that the agreement between the parties as to the interest rate on the loan was only at 16%.[15] Though they admit such agreement to be “verbal,” plaintiffs-appellants contend that it is valid and binding between the parties.[16] They likewise assert that it is “general practice in the banking industry” that promissory notes are signed in blank. They further contend that the contract is a “pro-forma contract of adhesion” so that any ambiguity or doubt in it should be resolved against the bank.[17]

Plaintiffs-appellants assert that the court should have awarded the damages prayed for in their complaint and not ordered them to pay attorney's fees, considering its ruling “nullifying the varying interest and declaring the additional interest and penalties unconscionable and iniquitous.”[18] They insist that the bank acted fraudulently in “unilaterally imposing excessive rates of interest” akin to unjust enrichment and, therefore, should be found liable for damages.[19]

For their part, defendants-appellants argue that the trial court should not have invalidated the escalation clause, as the anti-usury law has been lifted by Central Bank Circular No. 905. They insist that the de-escalation provision does not allow for one-sidedness. Allegedly, there is also a provision which says that “adjustment in the rate shall take effect automatically on the effectivity date of the increase or decrease in the maximum interest rate.”[20] They went on to cite CB Circular No. 905 and jurisprudence stating that the 21% per annum interest rate (repriceable monthly) is valid.[21] They also argue that the 2.5% surcharge or penalty for every 30-day period stipulated on the loan is in the nature of liquidated damages that is allowed under Article 2227 of the Civil Code. Likewise, the 25% in attorney's fees is legal as it was part of the promissory note that was freely and voluntarily signed by Yang, which makes it the law between the parties.[22]

Furthermore, defendants-appellants contend that plaintiffs-appellants are now estopped from questioning the stipulated interest, since their letters dated September 12, 2000, February 5, 2001 and February 10, 2005 do not even refute such interest rate. They, in fact, asked for the restructuring of the loan in a series of negotiations; but no written evidence was presented wherein they questioned the interest rate.[23]

The Issues

Are plaintiffs-appellants bound by the interest rate of 21% as stipulated in the loan with defendants-appellants?

Is the escalation clause valid?

Are the 21% per annum interest rate (repriceable monthly), the 2.5% penalty charges (for every 30-day period /

30% per annum) and the 25% attorney's fees reasonable and valid?

The Court's Ruling

We deny the appeals and affirm the trial court's rulings.

On the issue of the governing interest rate, plaintiffs-appellants argue that the trial court erred in imposing the 21% interest rate per annum, as the parties merely agreed to a rate of 16%.

We disagree.

The agreement between the parties, the Promissory Note No. 4326 dated September 30, 1998 evidencing a loan amount of P21,864,296.29, clearly states that the governing interest rate is 21% per annum, not 16%.[24] Although appellant Yang testified that they were not given copies of the note and that the bank only presented him with a "blank form" meant to be signed by him and later to be picked up by the bank as was "normal practice,"[25] the trial court correctly found that such defense lacks credence as Yang described himself as a 55-year-old businessman,[26] who is not a stranger to bank transactions,[27] and who also knew the importance of a document like the promissory note that he signed.[28] Yang also conceded that the agreement on the 16% interest rate was not reduced in writing,[29] and that the letters he wrote requesting for the restructuring of the loan did not question the interest rate nor mention of the failure to deliver the loan documents.[30] To be credible, testimonial evidence should not only come from the mouth of a credible witness but it should also be credible, reasonable, and in accord with human experience; it should be positive and probable such that it is difficult for a rational mind not to find it credible.[31]

Between Yang's assertion of a verbal agreement and a signed, written one as to the interest rate, the latter prevails. For one, Article 1956 of the Civil Code states that "no interest shall be due unless it has been expressly stipulated in writing." [32] For another, conformable to the parol evidence rule, the general rule is that when the terms of an agreement have been reduced to writing, it is considered as containing all the terms agreed upon and there can be , as between the parties and their successors-in-interest, no evidence of such terms other than the contents of the written agreement.[33] Such rule therefore, forbids any addition to, or contradiction of, the terms of a written agreement by testimony or other evidence purporting to show that different terms were agreed upon by the parties, varying the purport of the written contract.[34] Hence, the trial court correctly sustained the stipulated interest rate of 21% per annum over the "verbally" agreed 16% per annum interest rate.

Moreover, the foregoing issue is a factual one over which We put high respect on the findings of the trial court. It is well-settled that findings of fact of the trial court should not be disturbed on appeal unless the trial court has ignored or overlooked certain facts or circumstances of weight and significance which, if considered, would alter the result of the case, for trial judges are in the best position to weigh conflicting declarations of witnesses in the light of the court's opportunity to observe and examine the witnesses' conduct and attitude on the witness chair.[35]

Further, the interest rate set in the promissory note is an obligation arising from contracts which has the force of law between the contracting parties and should be complied with in good faith.[36] When the terms of a contract are clear and leave no doubt as to the intention of the contracting parties, the literal meaning of its stipulations governs; in such cases, courts have no authority to alter the contract by construction or to make a new contract for the parties; a court's duty is confined to the interpretation of the contract the parties made for themselves without regard to its wisdom or folly, as the court cannot supply material stipulations or read into the contract words the contract does not contain.[37] It is only when the contract is vague and ambiguous that courts are permitted to resort to the interpretation of its terms to determine the parties' intent.[38]

As to whether or not the interest rate of 21% per annum is reasonable and enforceable in this jurisdiction, We rule in the affirmative. In *Spouses Mallari v. Prudential Bank*,^[39] the Supreme Court has upheld an interest rate of even a higher amount, which is 23% per annum, thus:

Parties are free to enter into agreements and stipulate as to the terms and conditions of their contract, but such freedom is not absolute. As Article 1306 of the Civil Code provides, “The contracting parties may establish such stipulations, clauses, terms and conditions as they may deem convenient, provided they are not contrary to law, morals, good customs, public order, or public policy.” Hence, if the stipulations in the contract are valid, the parties thereto are bound to comply with them, since such contract is the law between the parties. In this case, petitioners and respondent bank agreed upon on a 23% p.a. interest rate on the P1.7 million loan. However, petitioners now contend that the interest rate of 23% p.a. imposed by respondent bank is excessive or unconscionable, invoking our ruling in *Medel v. Court of Appeals*, *Toring v. Spouses Ganzon-Olan*, and *Chua v. Timan*.

We are not persuaded.

In *Medel v. Court of Appeals*, we found the stipulated interest rate of 66% p.a. or a 5.5% per month on a P500,000.00 loan excessive, unconscionable and exorbitant, hence, contrary to morals if not against the law and declared such stipulation void. In *Toring v. Spouses Ganzon-Olan*, the stipulated interest rates involved were 3% and 3.81% per month on a P10 million loan, which we find under the circumstances excessive and reduced the same to 1% per month. While in *Chua v. Timan*, where the stipulated interest rates were 7% and 5% a month, which are equivalent to 84% and 60% p.a., respectively, we had reduced the same to 1% per month or 12% p.a. We said that we need not unsettle the principle we had affirmed in a plethora of cases that stipulated interest rates of 3% per month and higher are excessive, unconscionable and exorbitant, hence, the stipulation was void for being contrary to morals.

In this case, the interest rate agreed upon by the parties was only 23% p.a., or less than 2% per month, which are much lower than those interest rates agreed upon by the parties in the above-mentioned cases. Thus, there is no similarity of factual milieu for the application of those cases.

We do not consider the interest rate of 23% p.a. agreed upon by petitioners and respondent bank to be unconscionable.

In *Villanueva v. Court of Appeals*, where the issue raised was whether the 24% p.a. stipulated interest rate is unreasonable under the circumstances, we answered in the negative and held:

In *Spouses Zacarias Bacolor and Catherine Bacolor v. Banco Filipino Savings and Mortgage Bank, Dagupan City Branch*, this Court held that the interest rate of 24% per annum on a loan of P244,000.00, agreed upon by the parties, may not be considered as unconscionable and excessive. As such, the Court ruled that the borrowers cannot renege on their obligation to comply with what is incumbent upon them under the contract of loan as the said contract is the law between the parties and they are bound by its stipulations.

Also, in *Garcia v. Court of Appeals*, this Court sustained the agreement of the parties to a 24% per annum interest on an P8,649,250.00 loan finding the same to be reasonable and clearly evidenced by the amended credit line agreement entered into by the parties as well as two promissory notes executed by the borrower in favor of the lender.

Based on the above jurisprudence, the Court finds that the 24% per annum interest rate, provided for in the subject mortgage contracts for a loan of P225,000.00, may not be considered unconscionable. Moreover, considering that the mortgage agreement was freely entered into by both parties, the same is the law between them and they are bound to comply with the provisions contained therein.

Clearly, jurisprudence establish that the 24% p.a. stipulated interest rate was not considered unconscionable, thus,

the 23% p.a. interest rate imposed on petitioners' loan in this case can by no means be considered excessive or unconscionable. (Bold underscoring supplied for emphasis)

In the case at bar where the interest rate imposed by the trial court is even lower, at 21% per annum, We find no reason to consider it excessive or unconscionable.

As for the escalation clause in the promissory note, the trial court also correctly invalidated it. The subject clause states:

PDCP BANK may increase the above interest rate at any time even without advance notice to me/us in the event PDCP BANK deems it proper and/or is required by the exigencies of its business to increase the interest rates on loans; Provided, that the interest rate on this Note shall be correspondingly decreased in the event that the applicable maximum interest rate is reduced by law or by the Monetary Board; Provided, further, that such adjustment in the rate shall take effect automatically on the effectivity date of the increase or decrease in the maximum interest rate.[40]

Defendants-appellants argue that the escalation clause is valid as there is no more anti-usury law. They cite the de-escalation provision which they say does not allow for one-sidedness. There is also the clause which says that “adjustment in the rate shall take effect automatically on the effectivity date of the increase or decrease in the maximum interest rate.”

Defendants-appellants' argument is untenable.

In another recent case, it was held that although an escalation clause is not void per se, nevertheless, when it “grants the creditor an unbridled right to adjust the interest independently and upwardly, completely depriving the debtor of the right to assent to an important modification in the agreement,” it is void.[41] This is because such a stipulation violates the principle of mutuality of contracts.[42] In fact, there were several instances wherein the Highest Court has nullified the unilateral determination and imposition by creditor banks of increases in the rate of interest provided in loan contracts.[43] Settled is the rule that an escalation clause is void where the creditor unilaterally determines and imposes an increase in the stipulated rate of interest without the express conformity of the debtor.[44] The fact that the Usury Law ceiling on interest rates was lifted by C.B. Circular No. 905 is not a grant to any bank of carte blanche authority to raise interest rates to levels which would either enslave its borrowers or lead to a hemorrhaging of their assets.[45] Borrowing represents a transfusion of capital from lending institutions to industries and businesses in order to stimulate growth.[46] The opposite would be achieved if the bank's unilateral and lopsided policy regarding the interest rates of the borrowings in the instant case are upheld.[47]

On the contention that a de-escalation provision prevents one-sidedness, or that adjustments shall only take effect automatically on the effectivity date of the increase or decrease in the maximum interest rate, similar provisions were also found in the jurisprudence cited above, but as long as the main feature of the escalation clause is still one that gives the creditor a unilateral power to determine and impose an increase in the stipulated rate of interest without the debtor's express conformity, such was still voided, even with the presence of de-escalation and other clauses.[48]

Anent the penalty charge at a rate of 2.5% for every 30-day period (30% per annum), the trial court correctly reduced it to 12% per annum. In one recent case, the Supreme Court has found a penalty charge rate of 36.5% per annum as excessive and unconscionable, and reduced the same to 12% per annum.[49] In another case, the penalty charge rate of 12% is also found to be correct and reasonable.[50]

Finally, as for the attorney's fees of 25% of the loan amount, the trial court correctly found it to be excessive and

unconscionable. In recent jurisprudence, damages at such rate or amount have been equitably reduced.[51] Therefore, the reduction to 5% made by the trial court is upheld.

WHEREFORE, the foregoing premises considered, the appeal is DENIED and the appealed Decision dated March 28, 2008 of the Regional Trial Court of Makati City, Branch 62, in Civil Case No. 01-1473, is AFFIRMED.

SO ORDERED.

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, it is hereby certified that the conclusions in the above decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.

Garcia, R.R., amd Bueser, D.Q., JJ., concur.

[*] Unloaded to undersigned ponente on July 25, 2013 pursuant to the Memorandum re: Zero Backlog Project (ZBP) 2013 of Presiding Justice Andres B. Reyes, Jr. dated July 1, 2013.

[1] Rollo, pp. 14-23; RTC records, pp. 223-232; penned by Judge Selma Palacio Alaras.

[2] Id. at 23; id. at 232.

[3] Both parties filed notices of appeal, id. at 233-234, 235-237.

[4] RTC records, pp. 224-226.

[5] Id. at 47-49, 223.

[6] Id. at 225, note 21; Exhibit "1," id. at 173-174.

[7] Id. at 227.

[8] Id. at 228.

[9] Id. at 229.

[10] Id. at 230.

[11] Id. at 231.

[12] Id. at 233-234, 235-237; PDCP, now 1[st] E Bank filed a Notice of Partial Appeal.

[13] Rollo, pp. 69-70.

[14] Id. at 40.

[15] Id. at 78.

[16] Id.

[17] Id. at 79.

[18] Id. at 81-82.

- [19] Id. at 82-83.
- [20] Id. at 40-41.
- [21] Id. at 42-43.
- [22] Id. at 43.
- [23] Id. at 44.
- [24] Exhibit “4,” id. at 179.
- [25] Direct examination of Charles Yang, TSN, January 24, 2007, p. 16.
- [26] Id. at 6.
- [27] Cross-examination of Yang, id. at 25-27.
- [28] Id. at 28.
- [29] Id. at 30.
- [30] Id. at 31-33.
- [31] Tamayo v. Señora, G.R. No. 176946, November 15, 2010.
- [32] Spouses Almeda v. Court of Appeals, G.R. No. 113412, April 17, 1996.
- [33] Sec. 9, Rule 130, Rules of Court; ACI Philippines, Inc. v. Coquia, G.R. No. 174466, July 14, 2008.
- [34] SeaOil Petroleum Corporation v. Autocorp Group, G.R. No. 164326, October 17, 2008.
- [35] Far East Bank and Trust Co. v. Court of Appeals, G.R. No. 123569, April 1, 1996.
- [36] CIVIL CODE, Art. 1159.
- [37] Ramos v. Philippine National Bank, G.R. No. 178218, December 14, 2011.
- [38] Id.
- [39] G.R. No. 197861, June 5, 2013.
- [40] RTC records, p. 179.
- [41] Spouses Juico v. China Banking Corporation, G.R. No. 187678, April 10, 2013.
- [42] Id., citing CIVIL CODE, Art. 1308.
- [43] Id.
- [44] Id.
- [45] Spouses Almeda v. Court of Appeals, *supra*.
- [46] Id.
- [47] Id.
- [48] Spouses Juico v. China Banking Corporation, *supra*, citing Sps. Florendo v. Court of Appeals, 333 Phil. 535, 348, 354-355 & 358, Banco Filipino Savings and Mortgage Bank v. Navarro, No. L-46591, July 28, 1987, 152

SCRA 346, 353, *Insular Bank of Asia and America v. Spouses Salazar*, No. L-82082, March 25, 1988, 159 SCRA 133, 137, *Philippine National Bank v. Court of Appeals*, 328 Phil. 54, 61-62 (1996), *Floirendo v. Metropolitan Bank and Trust Company*, G.R. No. 148325, September 3, 2007, 532 SCRA 43.

[49] *Spouses Juico v. China Banking Corporation*, *supra*.

[50] *Spouses Mallari v. Prudential Bank*, *supra* note 37, citing *Ruiz v. CA*, 449 Phil. 419 (2003).

[51] *Rosario v. De Guzman*, G.R. No. 191247, July 10, 2013; *Gobonseng v. Unibancard Corporation*, G.R. No. 160026, December 10, 2007

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