

**DOMINADOR T. ALMEDA AND JOSEFA MENDOZA-ALMEDA,
PLAINTIFFS AND APPELLEES, VS. CONCEPCION A. RUBIO AND
CLEMENTE S. RUBIO, DEFENDANTS AND APPELLANTS.**

G.R. No. L-21451. July 30, 1965

Ponente: PAREDES, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/20b69bb20889/>

PAREDES, J.:

In a complaint for the Consolidation of Ownership presented with the CPI of Camarines Sur, by plaintiffs-appellees herein, said Court rendered judgment, the pertinent portions of which read:

"There are other circumstances showing that the transaction was a mortgage and not a sale with right of repurchase. The Rubios have remained in possession of the property as lessees. This gives rise to the presumption that the contract is an equitable mortgage (Par. 2, Art. 1602, Civil Code; *Dorado & Vista vs. Virina*, 34 Phil., 264). There is also inadequacy of price. The present market value of the house and lot in question is conservatively estimated at P20,000.00. The purchase price is P5,000.00, or only one-fourth (1/4) of the value. This great inadequacy of the price also gives rise to the presumption that the land was offered merely as security for a loan (*Cabugao vs. Lim*, 50 Phil. 844; Par. 1, Art. 1602, Civil Code).

"All the foregoing show that Exhibit A is only an equitable mortgage and not a sale with right to repurchase and that the actual amount of the loan is only P5,000.00.

"Wherefore, decision is (rendered declaring Exhibit A an equitable mortgage and ordering the defendants to pay Josefa Almeda the sum of P5,000.00 plus interest at 12% per annum from the date of the execution of Exhibit A until full payment is made, with costs against the plaintiff."

Defendants appealed to the Court of Appeals, claiming that the trial court erred in holding—(1) that the principal obligation of P5,000.00 must bear interest of 12% per annum; and (2) that the interest shall begin to accrue from the date of the execution of the contract. The Court of Appeals finding that the two issues are purely legal in nature, certified the case to this Court.

Appellants lay great emphasis on Article 2209, of the new Civil Code, which provides—

"If the obligation consists in the payment of a sum of money, and the debtor incurs in delay, the indemnity for damages, there being no stipulation to the contrary, shall be the payment of the interest agreed upon, and in the absence of stipulation, the legal interest, which is six percent per annum."

and on certain cases, enunciating that when there is no stipulation as to the rate of interest, the same should be computed at the legal rate. They also contend that interest becomes due only when there is demand, judicial or otherwise.

Appellees, upon the other hand, argue that if there was no stipulation as to the rate of interest in the contract, it was because such stipulation has no place in a Deed of Sale with Repurchase.

We find the stand of appellees untenable. Having admitted that there was no stipulation, as to the payment of

interest, it becomes apparent that Article 2209 of the Civil Code, comes into play. The said article mandates that in the absence of stipulation as to interest, the rate is the legal one, which is 6%. It results, therefore, that the imposition of 12% interest on the P5,000.00 by the trial court, has no legal basis.

On the point, as to when the imposition of interest should commence, we also agree with the appellants that it should be when demand for the payment was made. In the case at bar, since there is nothing on record to show when demand was made upon the appellants, the computation of interest should be reckoned from the presentation of the complaint on January 17, 1957 (Article 1169, N.C.C.; *Gutierrez Hermanos vs. Mariano Fuentebella*, 13 Phil., 78; *Juaneza vs. Palu-ay*, 55 Off. Gaz., No. 43, 9050).

Premises considered, the decision appealed from is modified, as herein indicated. All portions of the decision on appeal, not inconsistent with this ruling, are affirmed. No pronouncement as to costs.

Bengzon, C. J., Bautista Angelo, Concepcion, Reyes, J. B. L., Dizon, Regala, Makalintal, Bengzon, J. P., and Zaldivar, JJ., concur.

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.