

**LINA SYLVIA S. LACSON, FOR HERSELF AND AS ADMINISTRATRIX
OF THE INTESTATE ESTATE OF ALFREDO S. LACSON,
PLAINTIFF-APPELLANT, VS. REPUBLIC PLANTERS BANK, DEPT. OF
AGRARIAN REFORM ...**

Ponente: QUIJANO-PADILLA, J.

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QUIJANO-PADILLA, J.:

On June 20, 2013, this Court promulgated its Decision[1] denying the appeals lodged by both parties and consequently, affirming with modification the February 14, 2006 Decision of the RTC of Silay City in Civil Case No. 1919-69. The dispositive portion[2] thereof reads:

“WHEREFORE, premises considered, the instant appeals by both contending parties are DENIED. The February 14, 2006 Decision of the Regional Trial Court of Silay City in Civil Case No. 1919-69 is AFFIRMED with MODIFICATION as to the award of moral damages which is increased from P500,000.00 to P1,000,000.00. The awards for exemplary damages and attorney's fees are sustained.

All damages shall accrue legal interest of six percent (6%) computed from finality of this Decision.”

Aggrieved, defendant-appellant Republic Planters Bank moved for a reconsideration[3] of the aforesaid Decision on July 29, 2013, arguing that there is no basis for the award of moral damages as well as exemplary damages and attorney's fees.

Pending resolution thereof, this Court received on December 3, 2013, a Joint Motion for Judgment Based on Compromise Agreement[4] with the attached Compromise Agreement[5] from the parties, through their respective counsels.

On February 3, 2014, this Court resolved[6] to direct the plaintiffs-appellants to file a Manifestation declaring that the Compromise Agreement was executed freely, voluntarily and duly assisted by counsel and a Joint Motion for Judgment Based on Compromise Agreement with the assistance and signature of their counsel within an non-extendible period of fifteen (15) days from notice.

On March 14, 2014, this Court received compliance by plaintiffs-appellants of the aforesaid Resolution.[7]

A careful perusal of the Compromise Agreement reveals that the terms and conditions thereof are not contrary to law, morals and public policy and the same bears the conformity of both parties. The salient portions of the agreement provides, to wit:

“SECTION 1. TERMS OF THE SETTLEMENT

1.01 The Settlement. In settlement of the Cases and the outstanding loan obligations of the Borrowers under the Credit Facilities, including the Deficiency Claim transferred by MPI/PPI to PNB, the parties hereby agree as follows:

(a) Payment. The Borrowers shall pay MPI/PPI the amount of PESOS: THREE MILLION FIVE HUNDRED

THOUSAND (P3,500,000.00) [the “Compromise Amount”] payable as follows:

(i) Downpayment equivalent to five percent (5%) of the Compromise Amount in the amount of P175,000.00 paid on December 20, 2012; and

(ii) Balance equivalent to ninety-five percent (95%) of the Compromise Amount in the amount of P3,325,000.00 (the “Balance”) payable within fifty (50) days from receipt by PNB of the court order approving this Agreement and terminating with prejudice the Cases.

Moreover, the Borrowers acknowledge and agree that the Balance which shall be payable in one tranche via direct payment from Land Bank of the Philippines to MPI/PPI. In this connection, PNB and MPI/PPI shall agree on the sharing on the Compromise Amount and attorney's fees under a separate agreement.

(b) Repurchase of the Properties. As part of the settlement and in consideration for the Compromise Amount, MPI/PPI hereby assigns all their rights and interests on the Properties in favor of the Borrowers. Consequently, the Borrowers shall, at their own cost and expense, hereafter be responsible for:

(i) the cancellation of the annotations, and its attendant costs, on the Properties under Entry Nos. 383914 (Notice of Adverse Claim) and 384118 (Notice of Lis Pendens);

(ii) the ejectment of occupants, if any, on the Properties and its attendant costs;

(iii) any and all claims/legal actions of whatever kind and nature that may be instituted against or affecting the Properties. As such, the Borrowers hereby hold MPI/PPI and PNB, their subsidiaries, affiliates, directors, stockholders, officers, employees and agents, free and harmless from any claim, liability or action for damages brought about by any third party as a result of this compromise settlement;

(iv) the processing and obtaining from the DAR and any other person or entity whomsoever, all necessary documents in connection with the VOS proceeds. All costs and expenses in obtaining said documents shall be for the account of the Borrowers. In this connection, the Borrowers hereby hold MPI/PPI and PNB free and harmless from any and all claims and liabilities if such documents are not obtained/issued/granted;

(v) any unpaid and subsequent real property taxes on the Properties;

(vi) payment of any unpaid and subsequent utilities on the Properties; and

(vii) all taxes, fees, costs and expenses, including, but not limited to, value-added tax, withholding tax, documentary stamps tax, business tax, notarial fees, registration and transfer fees, and such other charges as may be incurred or imposed by the Bureau of Internal Revenue or any appropriate government agency arising from this Agreement and the transactions contemplated hereby.

(c) Waiver and Quitclaim. The Borrowers hereby waive their right to collect against MPI attorney's fees, moral and exemplary damages awarded to them by the RTC on February 14, 2006 in the total amount of P650,000.00, which is under appeal to the CA. Furthermore, the parties hereby waive and renounce the judgment, claims and awards in the Cases rendered in favor of each party as well as any and all causes of action, claims and counterclaims against each other that may have arisen or will arise against each other in relation with, incident to or in connection with the Cases. In this connection, each party hereby fully and comprehensively releases, forgives, quitclaims, and discharges the other party from any claims, demands, obligations, liabilities, indebtedness, causes of action and expenses of whatever kind, nature, description or character, whether known or unknown, real or contingent, arising out of, incident to or in connection therewith. For the avoidance of doubt, the term party/parties as used herein shall refer to MPI, PPI, PNB and the Borrowers.

The parties understand that this is a general release of any and all their claims against the other parties and may be pleaded for the dismissal of any pending case and as a bar to future suits which they may bring in any court, office

or agency of whatever jurisdiction, as a result of or in connection therewith.

(d) Termination of Cases. The parties shall, upon execution hereof, immediately cause the termination with prejudice of the Cases by filing with the RTC and the Court of Appeals the necessary pleading/s or motion/s for the rendition of judgment/s on the Cases based on this Agreement, and secure the pertinent Certificate/s of Finality.

1.02 Effective date. This Agreement shall take effect on the date of signing of this Agreement (the “Effective Date”) by the parties hereto.”

A compromise agreement is a contract between the parties, which if not contrary to law, morals or public policy, is valid and enforceable between them.[8] Article 2037 of the Civil Code of the Philippines specifically prescribes that a compromise has upon the parties the effect and authority of res judicata.

WHEREFORE, under these circumstances, the Joint Motion for Judgment Based on Compromise Agreement is hereby NOTED and the attached Compromise Agreement is hereby APPROVED. The parties are enjoined to comply faithfully with their obligation under said Agreement. Accordingly, the Motion for Reconsideration filed by defendant-appellant Republic Planters Bank is deemed WITHDRAWN and this case is now CLOSED AND TERMINATED.

The Division Clerk of Court (DCC) is hereby DIRECTED to let an Entry of Judgment be issued in this case.

SO ORDERED.

Hernando, and Azcarraga-Jacob, JJ., concur.

[1] Rollo, pages 295-317.

[2] Rollo, pages 316-317.

[3] Rollo, pages 345-353.

[4] Rollo, pages 406-409.

[5] Rollo, page 410-416.

[6] See Resolution, rollo, pages 422-426.

[7] See Manifestation and Joint Motion for Judgment Based on Compromise Agreement, rollo, pages 427-442.

[8] Spouses Abinujar v. Court of Appeals, G.R. No. 104133, April 18, 1995; Municipal Board of Cabanatuan City v. Samahang Magsasaka, Inc., 62 SCRA 435 (1975).

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