

**PHILIPPLNE COMMERCLAL AND INDUSTRIAL BANK,
ADMINISTRATOR OF THE TESTATE ESTATE OF THE DECEASED
PLAINTIFF C. N. HODGES, PLAINTIFF AND APPELLANT, VS. JUN
GRIÑO, DEFENDANT AND APPE...**

G.R. No. L-27205. August 15, 1968

Ponente: DIZON, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/adbf9cf8ec60/>

DIZON, J.:

The decision rendered by the Court of First Instance of Iloilo in Civil Case No. 3926 states the issue raised therein as follows:

"The pivotal question to be determined in this case is whether the true contract between plaintiff and defendant is that embodied in the 'contract to sell' (Exh. A) wherein it appears that plaintiff agreed to sell, and defendant agreed to buy, Lots Nos. 1368 and 1536-, for the sum of P13,200 payable by defendant to plaintiff in installments with 1% monthly interest until fully paid, as claimed by plain-tiff, or that of loan of P11,000 secured by an equitable mortgage on the aforesaid lots with 20% interest, or the sum of P2,200, immediately added to the capital plus 1% monthly interest until the whole amount of P13,200 is fully paid by defendant to plaintiff, as claimed by de-fendant and intervenors."

After an exhaustive review of the evidence the Court held that the transaction involved was usurious, and that the document marked as Exhibit A was a mere subterfuge conceived by the original plaintiff the now deceased C. N. Hodges; to conceal the true nature thereof. As a result it rendered judgment as follows:

"(a) Declaring that the contracts evidenced by Annex A of the complaint and Annexes 3, 4 & 5 of the answer (Exhs. A of plaintiff and Exhs. 1, 2, & 4 of defendant, respectively) were all re-latively simulated to conceal a usurious loan of P11,000 with equitable mortgage on the two lots above mentioned;

"(b) Declaring that plaintiff is not entitled to recover from defendant the stipulated usurious interest;

"(c) Declaring that plaintiff has been fully paid by defendant the total sum of P11,000 loaned to the latter;

"(d) Ordering defendant to pay plaintiff the sum of P79.07 representing real estate taxes paid by plaintiff for end in behalf of defendant on Lot No. 1536-A for the years 1953 to 1956, in-clusive, and on Lot No. 1368 for part of the year 1958, with the legal interest thereon from the filing of the complaint until fully paid;

"(e) Ordering plaintiff to forthwith re-convey the aforesaid Lots Nos. 1536 A and 1368 of the Cadastral Survey of Sta. Barbara, Iloilo, to defendant and his wife, Anunciacion C. Griño, upon full payment by them of the said sum of P79.07 with the corresponding legal interest thereon.

"Without pronouncement as to costs."

On appeal, while the Court of Appeals also held that the contract Exhibit A was "fictitious and simulated to conceal the usurious transaction of the parties", it modified the above decision as follows:

"It has been admitted that at the time complaint was presented by the plaintiff to the court, defendant had already paid the former sum of P1,997.10 (p. 14 t.s.n. I). On January 13, 1959, defendant further paid the plaintiff, who accepted such payment with-out prejudice to his claim, another sum of P9,002.90. Thus, the full amount of the principal obligation, P11,000.00, has now been fully paid.

"However, we do not agree with the trial court that plaintiff is entitled to recover from the defendant only the amount loaned with-out interest. In the case of *Sajo V. Gustilo* (supra) the Supreme Court held:

'The Usury Law, as construed by this court, permits the creditor to recover the principal but not the stipulated usurious interest. This could well be taken to mean forfeiture of the right to any interest so as not to arrive at a contradiction in terms. Nevertheless, the court has fallen into the habit in cases of this character of allowing the creditor the legal rate of interest on the judgment from the date of the filing of the complaint.'

Consequently, defendant should be ordered to pay interest at the legal rate, on the amount of P9,002.90 to be computed from the filing of the complaint up to the time the same had been paid.

"WHEREFORE, with the modification that defendant should be ordered to pay interest to the plaintiff at a legal rate on the amount of P9,002.90 from the filing of the complaint up to the time the same had been paid, the appealed judgment is hereby affirmed in all other respects, with costs against plaintiff-appellant."

After the decision of the Court of Appeals had become final and executory the record of the case was remanded below where on August 23, 1965, the appellee Juan Griño filed a motion for entry of satisfaction of judgment and for conveyance of Lots 1536-A and 1368, alleging, among other things, that on December 14, 1965 the lower court in Special Proceedings No. 1307 and 1672, involving the settlement of the Testate Estate of Mr. and Mrs. C. N. Hodges issued an order directing the Philippine Commercial and Industrial Bank - hereinafter referred to as PCIB administrator of the Testate Estate of C. N. Hodges - to reconvey the abovementioned parcels of land to the spouses Juan Griño and Anunciacion C. Griño upon payment by them of the sum of P79.07, with legal interest from the filing of the complaint in Civil Case No. 3926 of the Court of First Instance of Iloilo, until fully paid, and the legal interest on the amount of P9,002.90 from the filing of the complaint in the same civil case until the date of payment of the said sum of P9,002.90; that on August 8, 1966 appellant had tendered to the PCIB, in its capacity as Administrator of the Hodges Estate, the sum of P1,556.27 in full satisfaction of the amount due to said estate under the final judgment rendered in this case, with a request for the conveyance of the parcels of land already mentioned, but that the PCIB refused to accept said payment and to make the conveyance, alleging that the amount due from the defendant to the Hodges estate was P2,549.67 as of August 8, 1966, and no the sum tendered; that the sum of P1,556.27 was deposited by said defendant with the Clerk of Court in satisfaction of said judgment.

The PCIB objected to the motion as follows:

"When the complaint was filed on May 22, 1956, the principal of the loan in the sum of P9,002.90 started to bear interest at the rate of 6%, per annum. On January 13, 1959, the accrued interest amounted to P1,426.96. When on this date the defendant paid P9,002.90, this payment was applied first to the accrued interest and then to the principal, in accordance with the Civil Code which provides -

'If the debt produces interest, payment of the principal shall not be deemed to have been made until the interests have been covered' (Art. 1253)'

"After such application of payment on January 13, 1959, there remained an unpaid balance of the principal in the sum of P1,426.96 which continued to bear interest at the rate of 6% per annum. Said remaining balance of the principal remains unpaid up to the present time, and the decision of the Court of Appeals holds that interest will continue to run 'up to the time the same had been paid'. This amounts to P2,080.50 as of August 27, 1966.

"The PCIB is also entitled to collect additional amounts for taxes and interest thereon, and miscellaneous expenses, which should be reimbursed by the defendant.

'Necessary expenses shall be refunded to every possessor; x x x' (Art. 546).

'Any person who is constrained to pay the taxes of another shall be entitled to reimbursement from the letter' (Art. 2175).

"The total amount due, therefore, is not only P1,556.27 as the defendant contends but P2,562.51 as of August 27, 1966.

"The computation of the defendants is clearly erroneous because it ignores miscellaneous expenses as well as the land taxes and interest thereon for part of the year 1958 up to the present. With respect to the principal of the loan, it computes interest only up to January 30, 1959 (?), which is clearly contrary to Art 1253 of the Civil Code above-cited as well as the decision of the Court of Appeals.

"It is the defendant, contrary, to what he would make the court believe who is 'altering and misconstruing' the decision of the Court of Appeals. Said court did not say that the interest shall run only 'up to January 13, 1959', but on the contrary it did not set a cut-off date because it did not know when the entire obligation (accrued interest and principal) would be finally paid by the defendant. Why should the PCIB are for re-consideration of something which it believes to be correct? Contrary to what he would make the court believe, the PCIB does not contend that the Court of Appeals 'deviates from the rule on the application of payments under Art. 1253, new Civil Code' but rather that said decision should be understood in the light of such plain, obvious, and simple provision of law. The PCIB agrees that said judgment is final end beyond recall; that the defendant's (not administrator's) attempt to revise it now is improper; and that it should be executed strictly in accordance with its terms."

The matter having been submitted for resolution, the lower court, under date of September 21, 1966, issued the order appealed from, whose dispositive part reads as follows:

"WHEREFORE, the entry of satisfaction of judgment in this case by defendant Juan is hereby ordered and the PCIB is hereby directed to execute the conveyance of Lots Nos. 1526-A and 1368 of the cadastral survey of Sta. Barbara, Iloilo, in favor of defendant Juan Griño and his wife Anunciacion C. Griño within ten (10) days from receipt hereof and in the event of its refusal then the Clerk of Court shall execute the conveyance of the aforesaid lots in favor of defendant Juan Griño and his wife Anunciacion C. Griño which instrument shall be effective and registerable as if it were a conveyance executed in due form of law by plaintiff in this case."

As grounds for the reversal of the above order, appellant submits that the lower court erred, firstly, in not applying the provisions of Article 1253 of the Civil Code so that the sum of P9,002.90 paid by appellee on January 13, 1959 should be applied first to the accrued interest and then to the principal of the judgment debt; and secondly, in not ordering appellee to pay the unpaid balance of the principal amounting to the sum of P1,426.96, with legal interest from January 13, 1959 until fully paid, and in not ordering appellee to pay to appellant real estate taxes and miscellaneous expenses.

We find appellant's contentions unmeritorious.

We must not lose sight of the fact that appellee's motion of August 23, 1965 involved nothing more than the satisfaction of the decision rendered by the Court of Appeals quoted heretofore. Indeed, after the same had become final and executory, there was no other question left but its faithful execution. Under its plain terms appellee was under obligation to pay to the estate of Hodges the following amounts, and no more:

(a) 6% interest on the sum of P9,002.90 from the filing of the complaint (May 21, 1956) up to the time payment thereof is made;

(b) P79.07 representing real estate taxes paid by Hodges and/or the PCIB for and on behalf of appellant on Lot No. 1536-A for the years 1953-1956, inclusive, and on Lot No. 1368 for part of the year 1958, with legal interest thereon from the filing of the complaint until full payment thereof.

The record discloses that on August 8, 1966 appellee tendered to appellant the sum of P1,556.27 representing the 6% accrued interest on the amount of P9,002.90 from May 22, 1956 (the date when the action was commenced) up to January 13, 1959, the date of payment of the aforesaid sum of P9,002.90, and the sum of P79.07 representing the real estate taxes paid by appellant for and on behalf of appellee on Lot No. 1536-A for the years 1953 to 1956, inclusive, and on Lot No. 1368 for part of the year 1958, with legal interest thereon from the filing of the complaint until the date when the tender of payment was made. That was all that appellee was under obligation to pay in satisfaction of the final judgment rendered in favor of appellant. Any other amount allegedly due to, and payable to the latter are not included in the aforesaid judgment.

WHEREFORE, the order appealed from is affirmed, with costs.

Concepcion, C.J., Reyes, Makalintal, Zaldivar, Sanchez, Castro, Angeles and Fernando, 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.