

VICTOR YAM & YEK SUN LENT, DOING BUSINESS UNDER THE NAME AND STYLE OF PHILIPPINE PRINTING WORKS, PETITIONERS, VS. THE COURT OF APPEALS AND MANPHIL INVESTMENT CORPORATION, RESPON...

G.R. No. 104726. February 11, 1999

Ponente: MENDOZA, J.

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MENDOZA, J.:

This is a petition for review of the decision[1] of the Court of Appeals affirming in toto the decision of the Regional Trial Court of Manila (Branch 149), ordering petitioners to pay private respondent the amount of P266,146.88 plus interest, service charge, penalty fees, and attorney's fees and the costs, otherwise the chattel mortgage given to secure payment of the loan would be foreclosed.

The following are the facts:

On May 10, 1979, the parties in this case entered into a Loan Agreement with Assumption of Solidary Liability whereby petitioners were given a loan of P500,000.00 by private respondent. The contract provided for the payment of 12% annual interest, 2% monthly penalty, 1 1/2% monthly service charge, and 10% attorney's fees.[2] Denominated the first Industrial Guarantee and Loan Fund (IGLF), the loan was secured by a chattel mortgage on the printing machinery in petitioners' establishment.[3]

Petitioners subsequently obtained a second IGLF loan of P300,000.00 evidenced by two promissory notes, dated July 3, 1981 and September 30, 1981. For this purpose, a new loan agreement[4] was entered into by the parties containing identical provisions as the first one, except as to the annual interest which was increased to 14% and the service charge which was reduced to 1% per annum. The deed of chattel mortgage was amended correspondingly.[5]

By April 2, 1985, petitioners had paid their first loan of P500,000.00. On November 4, 1985, private respondent was placed under receivership by the Central Bank and Ricardo Lirio and Cristina Destajo were appointed as receiver and in-house examiner, respectively.

On May 17, 1986, petitioners made a partial payment of P50,000.00 on the second loan. They later wrote private respondent a letter, dated June 18, 1986, proposing to settle their obligation. On July 2, 1986, private respondent, through its counsel, replied with a counter-offer, namely, that it would reduce the penalty charges up to P140,000.00, provided petitioners can pay their obligation on or before July 30, 1986.[6]

As of July 31, 1986, petitioners' total liability to private respondent was P727,001.35, broken down as follows:[7]

Principal - P295,469.47

Interest - 165,385.00

Penalties - 254,820.55

Service Charges - 11,326.33

TOTAL P 727,001.35

On this date, petitioners paid P410,854.47 by means of a Pilipinas Bank check, receipt of which was acknowledged by Destajo.[8] The corresponding voucher for the check bears the following notation: "full payment of IGLF LOAN." [9]

The amount of P410,854.47 was the sum of the principal (P295,469.47) and the interest (P165,385.00) less the partial payment of P50,000.00. The private respondent sent two demand letters to petitioners, dated September 4, 1986 and September 25, 1986, seeking payment of the balance of P266,146.88. As petitioners did not respond, private respondent filed this case in the Regional Trial Court of Metro Manila for the collection of P266,146.88 plus interests, penalties, and service charges or, in the alternative, for the foreclosure of the mortgaged machineries.

In their Answer, petitioners claimed that they had fully paid their obligation to private respondent. They contended that some time after receiving private respondent's letter of July 2, 1986 (concerning the conditional offer to reduce their penalty charges), petitioner Victor Yam and his wife, Elena Yam, met with Carlos Sobrepeñas, president of respondent corporation, during which the latter agreed to waive the penalties and service charges, provided petitioners paid the principal and interest, computed as of July 31, 1986, less the earlier payment of P50,000.00. This is the reason why according to them they only paid P410,854.47. Petitioners added that this fact of full payment is reflected in the voucher accompanying the Pilipinas Bank check they issued, which bore the notation "full payment of IGLF loan."

On April 30, 1990, the lower court rendered a decision, the dispositive portion of which reads:

WHEREFORE, in view of the foregoing, the defendants Victor Yam and Yek Sun Lent are hereby ordered to pay jointly and severally, the principal loan balance of P266,146.88 as of September 4, 1986 plus interest at 14% per annum, service charge at 1% per annum and penalty fees at 2% per month and to pay plaintiff attorney's fees equivalent to 10% of the amount to be recovered, and to pay the costs of suit, failing in which, the chattel mortgage instituted on the printing machineries and equipment described in the Deed of Chattel Mortgage dated May 10, 1979, as amended, is hereby declared foreclosed and the subject thereof sold in accordance with law to satisfy the judgment herein rendered.

SO ORDERED.[10]

On appeal, the Court of Appeals affirmed the decision of the trial court in toto. Hence, this petition. Petitioners reiterate the same assignment of errors made by them before the Court of Appeals, to wit:[11]

FIRST ASSIGNED ERROR

THAT THE LOWER COURT GRIEVOUSLY ERRED IN FAILING TO GIVE CREDENCE TO THE DOCUMENTARY AS WELL AS TESTIMONIAL EVIDENCE OF THE PETITIONERS RELATIVE TO THE PAYMENT TO THE RESPONDENT OF THE ADDITIONAL LOAN UNDER THE AMENDMENT OF DEED OF CHATTEL MORTGAGE (EXHIBIT K, RESPONDENT) AND AS AGAINST THE TESTIMONY OF RESPONDENT'S WITNESS, CRISTINA L. DESTAJO.

SECOND ASSIGNED ERROR

THAT THE COURT BELOW ERRED IN NOT TOTALLY DISREGARDING EXHIBITS E AND F OF THE

RESPONDENTS

The question is whether petitioners are liable for the payment of the penalties and service charges on their loan which, as of July 31, 1986, amounted to P266,146.88.

The answer is in the affirmative. Art. 1270, par. 2 of the Civil Code provides that express condonation must comply with the forms of donation.[12] Art. 748, par. 3 provides that the donation and acceptance of a movable, the value of which exceeds P5,000.00, must be made in writing, otherwise the same shall be void. In this connection, under Art. 417, par. 1, obligations, actually referring to credits,[13] are considered movable property. In the case at bar, it is undisputed that the alleged agreement to condone P266,146.88 of the second IGLF loan was not reduced in writing.[14]

Nonetheless, petitioners insist that the voucher covering the Pilipinas Bank check for P410,854.47, containing the notation that the amount is in "full payment of IGLF loan," constitutes documentary evidence of such oral agreement. This contention is without merit. The notation in "full payment of IGLF loan" merely states petitioners' intention in making the payment, but in no way does it bind private respondent. It would have been a different matter if the notation appeared in a receipt issued by respondent corporation, through its receiver, because then it would be an admission against interest. Indeed, if private respondent really condoned the amount in question, petitioners should have asked for a certificate of full payment from respondent corporation, as they did in the case of their first IGLF loan of P500,000.00.[15]

Petitioners, however, contend that the Central Bank examiner assigned to respondent corporation, Cristina Destajo, signed the voucher in question. Destajo claimed that, when she signed the voucher, she failed to notice the statement that the amount of P410,854.47 was being given in "full payment of IGLF Loan." She said she merely took note of the amount and the check number indicated therein.[16] In any event, Destajo, by countersigning the voucher, did no more than acknowledge receipt of the payment. She cannot be held to have ascertained thereby to the payment in full of petitioners' indebtedness to private respondent. It was obvious she had no authority to condone any indebtedness, her duties being limited to "issuing official receipts, preparing check vouchers and documentation." [17]

Moreover, it is to be noted that the alleged agreement to condone the amount in question was supposedly entered into by the parties sometime in July 1986, that is, after respondent corporation had been placed under receivership on November 4, 1985. As held in *Villanueva v. Court of Appeals* [18] "the appointment of a receiver operates to suspend the authority of a [corporation] and of its directors and officers over its property and effects, such authority being reposed in the receiver." [19] Thus, *Sobrepeñas* had no authority to condone the debt.

Indeed, Mrs. Yam herself testified that when she and her husband sought the release of the chattel mortgage over their property, they were told that only the Central Bank would authorize the same "because [the CB] is the receiver." [20] Considering this, petitioners cannot feign ignorance and plead good faith.

The second assignment of error pertains to the petitioners' allegation that they did not receive the two letters of demand sent by private respondent on September 4 and September 25, 1986. Both the lower court and the Court of Appeals found otherwise. We have no reason to disturb this factual finding. It is settled that findings of fact of trial courts, adopted and confirmed by the Court of Appeals, are final and conclusive and, as a rule, will not be reviewed on appeal. [21]

WHEREFORE, the decision of the Court of Appeals is AFFIRMED.

SO ORDERED.

Bellosillo, (Chairman), Puno, Quisumbing, and Buena, JJ., concur.

[1]Per Justice Salome Montoya, Chairman, and concurred in by Justices Eduardo Bengzon and Fortunato Vailoces.

[2]Complaint, Exh. C; Records, pp. 6-16.

[3]Id., Exh. D; id., pp. 17-24.

[4]Plaintiffs' Offer of Evidence, Exh. I; Records, pp. 223-228.

[5]Id., Exh. D-1; id., pp. 229-231.

[6]Plaintiffs' Formal Offer of Evidence, Exh. C; Records, p. 213.

[7]Id., Exh. E-3; id., p. 217.

[8]Defendant's Formal Offer of Evidence, Exh. 5; Records, p. 399.

[9]Id., Exhs. 4 & 4-A; id., p. 398.

[10]Decision, pp. 13-14; Record, pp. 535-536.

[11]Petition, p. 3; Rollo, p. 7.

[12]CIVIL CODE, Art. 1270, par. 2.

[13]2 TOLENTINO, CIVIL CODE OF THE PHILIPPINES 25 (4th ed., 1992).

[14]TSN, pp. 9-14, Sept. 26, 1989.

[15]Offer of Defendant's Evidence, Exh. 1; Records, p. 395.

[16]TSN, p. 42, Oct. 27, 1987.

[17] TSN, p. 7, Aug. 11, 1987.

[18]244 SCRA 395 (1995).

[19]Id., p. 404 citing 65 Am. Jur. 2d Receivers, §146 [1963].

[20]TSN, p. 24, July 31, 1989.

[21]GSIS v. Court of Appeals, G.R. No. 128471, March 6, 1998.

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