

**LIBERTY CONSTRUCTION & DEVELOPMENT CORPORATION,
BUILDERS WOOD PRODUCTS, INC. AND SPS. HELDELITA ABRANTES
& HORACIO ABRANTES, PETITIONERS, VS. HON. COURT OF
APPEALS, HON. REBECCA...**

G.R. No. 106601. June 28, 1996

Ponente: PANGANIBAN, J.

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PANGANIBAN, J.:

In resolving this case, the Court finds occasion to remind the bench and the bar that only questions of law - as a rule - may be brought in petitions for review, and that findings of facts made by the Court of Appeals and trial courts are binding, absent any showing of abuse, capriciousness or arbitrariness.

Before us is a petition to review the Decision of the respondent Court[1] promulgated January 22, 1992, in CA-G.R. CV No. 29415, affirming with modification the decision of the Regional Trial Court of Manila, Branch I[2] in Civil Case No. 82-12221. The case below was a suit for recovery of the amount of P1,021,848.02 representing credit accommodations for purchase of certain heavy equipment, which herein petitioners Liberty Construction & Development Corporation (LCDC), Builders Wood Products, Inc. (BWP) and spouses Horacio Abrantes and Heldelita Abrantes obtained from private respondent Mercantile Financing Corporation (MFC), along with 3% late payment penalty charges, attorney's fees, exemplary damages and costs and expenses of suit.

The Facts

To better understand the present case, we hereby set forth the factual findings of the trial court:

"The record shows that in May, 1978, defendant LCDC applied for a discounting line/credit accommodations with the plaintiff (MFC), x x x. In connection therewith, defendant LCDC, as principal and defendants Spouses Abrantes, as sureties, executed with the plaintiff MFC, as creditor, a Continuing Suretyship Agreement on May 29, 1978, x x x. Under this Agreement, LCDC and the Spouses Abrantes bound themselves solidarity for the prompt payment at maturity of all notes, drafts, bills of exchange, overdrafts and other obligations of every kind, which LCDC may now be indebted, or may hereafter become indebted to the plaintiff, x x x. On various dates thereafter, from 1978 to 1989, LCDC obtained credit accommodations from MFC. As of July 31, 1980, the balance of the former's accounts amounts to P682,264.68.

As additional security for the obligation of LCDC, defendant BWP assigned in favor of MFC, x x x a Trade Acceptance duly issued by defendant BWP and accepted by LCDC and defendant Horacio Abrantes in his personal capacity, x x x.

Under the Trade Acceptance x x x, the parties therein agreed to pay the plaintiff MFC the sum of P682,264.68 in monthly installments of P56,855.39 beginning September 1, 1980, until the whole amount shall have been fully paid with penalty thereon in case of default at the rate of 3% a month.

As further security for LCDC's account, Claudio Sanches and Horacio Abrantes pledged their Manila Banking

Corporation's shares of stocks in MFC's favor on July 30, 1980 x x x.

Defendant LCDC has failed or refused to pay its accounts, which as of July 31, 1982 amount to P1,021,848.02, inclusive of accrued penalty charges x x x."^[3]

With respect to the contentions of LCDC and BWP that they had made partial payments of P400,482.45 as of November 9, 1979, and additional partial payments of P129,456.28 as of August 25, 1981, and that their actual unpaid balance was therefore only P247,008.61, the trial court found the same unworthy of credence for being bereft of any factual or legal basis. Said the court:

"To start with, the defendants have obviously disregarded the stipulated penalty charges on their accounts at the rate of 3% a month, in their computation of the balance thereof.

Secondly, the principal sum of P682,264.68 that the plaintiff MFC is seeking to collect represents the balance of the various credit accommodations that LCDC had obtained from the MFC as of July 31, 1980. In this regard, it is noteworthy that, with the exception of the last three payments made by LCDC and/or BWP on October 9, 1980, December 5, 1980 and August 25, 1981, in the total sum of P91,399.21 as reflected in their record of accounts x x x, the rest of the payments had been made prior to July 30, 1980.

Thirdly, if it is indeed true that the balance of LCDC's accounts was only P247,008.61 as of July 30, 1980, BWP would not have assigned to the plaintiff the Trade Acceptance with a face value of P682,264.68 on July 30, 1980 x x x. Neither would have LCDC issued to the plaintiff 25 Republic Planters Bank checks on various dates from September 1, 1980, to August 17, 1981, in various amounts totalling P732,264.68, in payment of its obligation, which checks, however, bounced x x x. Nor would have Claudio Sanches and defendant Horacio Abrantes pledged their respective Manila Banking Corporation's shares of stocks in favor of plaintiff MFC on July 31, 1980, as additional security for defendant LCDC's accounts x x x."^[4] (*Italics ours*)

The trial court likewise dismissed LCDC/BWP's argument that their accounts ballooned because of usurious and unlawful interest charges, saying the record is devoid of any evidence to support such claim, and that instead, the record shows that what was being collected were stipulated penalty charges, "which are not covered by the protective mantle of the usury law." Taking into consideration the three payments made after July 30, 1980 totalling P91,399.21 to reduce the overall amount of liability, the said court rendered judgment ordering herein petitioners to pay, jointly and severally, MFC -

- "1. the sum of P931,459.46, plus penalty charges on the principal obligation of P682,264.68 at the rate of 3% per month from August 1, 1982, until the whole principal obligation shall have been fully paid;
2. an additional sum of P10,000.00 as and for attorney's fees; and
3. the costs and expenses of this suit."

On appeal to the respondent Court of appeals, herein petitioners challenged the factual findings and conclusions of the lower court particularly with respect to the amounts still owing from them. But the appellate court sustained the findings of the trial court in every respect; it too rejected petitioners' claim of allegedly having made various partial payments amounting to P529,938.73 and reducing the balance of their accounts to only P247,008.01. Respondent Court, however, modified the judgment by reducing the stipulated penalty rate from 3% to 2% a month in accordance with our ruling in *Insular Bank of Asia and America (IBAA) vs. Salazar*, 159 SCRA 133 (March 25, 1988). The appellate court also rejected petitioners' arguments that BWP had assumed the obligations of LCDC (as well as the liabilities of spouses Abrantes under their suretyship agreement) and relieved them of whatever obligations they had incurred with MFC; it affirmed the lower court's finding that the assignment made by BWP was intended to provide additional security for the obligation of LCDC, especially since the defendants' own evidence showed that payments were made by LCDC even after July 1980, when BWP entered the picture as

an obligor. Likewise discarded were petitioners' assertions that spouses Abrantes were not liable on their continuing suretyship, since their claims that said surety agreement was void and/or voidable for having been executed thru mistake or procured thru misrepresentation had never been substantiated.

The Issues

Still dissatisfied, petitioners have come before this court raising the following issues:

- "1. The trial court erred in finding that petitioners are still indebted to private respondent in the sum of P931,459.46 as of July 31, 1982;
2. It erred in holding that petitioners Sps. Horacio Abrantes and Heldelita Abrantes and LCDC are jointly and severally liable with petitioner BWPI, there being a clear showing that the obligation sued upon was assumed by petitioner BWPI with the knowledge and consent of the private respondent; and
3. The Honorable Court of Appeals erred in affirming the questioned decision of the trial court with respect to the aforecited erroneous findings."[5]

indicating that they insist on challenging the factual findings of both the trial court and the Court of Appeals.

The Court's Ruling

We deny due course to the petition and dismiss the same.

The Court has repeatedly held that petitions for review under Rule 45 of the Rules of Court may be brought only on questions of law, not on questions of fact.[6] Moreover, the factual findings of trial courts are entitled to great weight and respect on appeal, especially when established by un rebutted testimonial and documentary evidence.[7] And the findings of facts of the Court of Appeals are conclusive and binding on the Supreme Court except when they conflict with the findings of the trial court.[8]

In the case before us, we are convinced that both lower courts had carefully considered the questions of fact raised below, and that both the assailed Decision and the decision of the trial court are amply supported by the evidence on record. On the other hand, petitioners have miserably failed to show any justification for altering the subject Decision in the least respect. Instead, they have, in this petition, merely rehashed the same issues raised and arguments vented before respondent Court, whose Decision we can find no fault with. Worse, they failed to address, much less rebut, the telling arguments of the trial court when it rejected petitioners' claim of having reduced the outstanding balance of their obligations to respondent MFC. Indeed, it is clear that petitioners merely filed a pro-forma petition for dilatory purposes, there being no serious effort to substantiate any of their claims.

WHEREFORE, there being no showing whatsoever that respondent Court committed any reversible error, the instant petition is hereby DENIED DUE COURSE and DISMISSED.

SO ORDERED.

Narvasa, C.J. (Chairman), Davide, Jr., Melo, and Francisco, JJ., concur.

[1] Thirteenth Division, J. Minerva P. Gonzaga-Reyes, ponente, and JJ., Arturo B. Buena, chairman, and Quirino D. Abad Santos, Jr., member, concurring.

[2] Judge Rebecca G. Salvador, presiding.

[3] RTC Decision, pp. 1-2; rollo, pp. 47-48.

[4] RTC Decision, pp. 2-3-, rollo, pp. 48-49.

[5] Petition, p. 9; Rollo, p. 14.

[6] Margolles vs. Court of Appeals, 230 SCRA 97 (February 14, 1994); Dee vs. Court of Appeals, 238 SCRA 254 (November 21, 1994).

[7] Morcoso vs. Court of Appeals, 208 SCRA 829 (May 8, 1992); Lim vs. Court of Appeals, 229 SCRA 616 (February 3, 1994); Navallo vs. Sandiganbayan, 234 SCRA 175 (July 18, 1994).

[8] Cayabyab vs. Intermediate Appellate Court, 232 SCRA 1 (April 28, 1994); Somodio vs. Court of Appeals, 235 SCRA 307 (August 15, 1994).

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