

**CARLOS ANG GOBONSENG, JR. AND THERESITA MIMIE
ONG--GOBONSENG, PETITIONERS, VS. HON. COURT OF APPEALS,
STATE INVESTMENT HOUSE, INC., AND BENJAMIN V. DISPUTADO, IN
HIS CAPACITY AS...**

G.R. No. 111797. July 17, 1995

Ponente: DAVIDE, JR., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-111797/>

DAVIDE, JR., J.:

Well-settled is the rule that the jurisdiction of this Court in cases brought before it from the Court of Appeals is limited to the review or revision of errors of law and not to analyze or weigh the evidence all over again.[1] The findings of fact of the Court of Appeals are thus final and conclusive, except in some cases as where such findings are contrary to those of the trial court,[2] as in this case where the Court of Appeals and the trial court are hopelessly opposed to each other on their respective findings concerning the issues presented. This Court is thus called upon to peruse the voluminous records of the case with the trial court and the Court of Appeals and re-evaluate the evidence adduced by the parties.

The petitioners seek the review and reversal of the decision[3] of 16 December 1992 of the Court of Appeals in CA-G.R. CV No. 30380, as well as its Resolution[4] of 17 February 1993 denying their motion for its reconsideration. This decision reversed the decision[5] of the Regional Trial Court (RTC), Branch 30, Negros Oriental, of 15 October 1990 in Civil Case No. 8428, entitled "Carlos Ang Gobonseng, Jr., et al. vs. State Investment House, Inc., et al."

Civil Case No. 8428 was commenced on 21 June 1984 with the filing of a complaint[6] for the annulment of/or reformation of documents, signed in blank, such as promissory notes, credit agreement, real estate mortgage contracts, amended real estate mortgage contracts, credit agreement, deed of absolute sale, agreement to sell, dacion en pago, and others, and for damages with preliminary injunction and restraining order by the petitioners (hereinafter Gobonsengs) against private respondent State Investment House, Inc. (hereafter SIHI) and public respondent sheriff.

The factual antecedents which led to the filing of the complaint are briefly summarized in the assailed decision of the Court of Appeals as follows:

Sometime in December, 1982, spouses Carlos A. Gobonseng, Jr. and Theresita Mimie P. Gobonseng filed with the State Investment House, Inc. at its Branch Office in Cebu City an application for a P2-million loan. Whereupon, the parties executed a Credit Agreement [Exhibit "A"] whereby SIHI granted the Gobonsengs a credit line or accommodation in the sum of P2-million. Accordingly, the Gobonsengs constituted a Real Estate Mortgage over their three (3) parcels of land in Dumaguete City covered by Transfer Certificates of Title Nos. 12979, 13535 and 13607 as collaterals. The mortgage contract was annotated at the back of said titles [Exhibits "VV-2", "WW-2", and "KK-2"].

On January 19, 1983, the parties agreed to reduce the amount of the loan from P2-million to P900,000.00 [Exhibits "5", "5-A"]. An Amended Real Estate Mortgage [Exhibit "6"] was executed by the parties to reflect the said amount.

Later, the Gobonsengs again applied for an additional loan of P800,000.00. SIHI approved the application under the same terms and conditions as the first loan but with an additional collateral [Exhibit "9"].

Pursuant to their Credit Agreement [Exhibit "7"], SIHI granted the Gobonsengs credit lines for such amounts which they desire to avail of. The availments of such amounts, renewable from time to time, have an average term of sixty (60) days each.

On January 21, 1983, the Gobonsengs availed of the full amount of P900,000.00 which they renewed from time to time. With respect to the loan of P800,000.00, the Gobonsengs obtained various amounts in installments. The term of each loan granted has an average of 60 days. For each renewal, a corresponding promissory note was executed by the Gobonsengs. Their last availment of P900,000.00 was on March 15, 1984 payable on May 2, 1984. As to the loan of P800,000.00, their last availment thereof was on March 2, 1984 payable also on May 2, 1984. These availments are correspondingly covered by two promissory notes signed by the Gobonsengs [Exhibits "12" and "13"].

On January 21, 1983, SIHI and the Gobonsengs executed a Consultancy Contract [Exhibit "8"] whereby the Gobonsengs agreed to pay SIHI for its consultancy services and professional advice.

Claiming that the Gobonsengs failed to pay the two loans on their due date on May 2, 1984 and that despite demands, failed to remit the payment due, SIHI instituted an extrajudicial foreclosure proceedings with defendant Provincial Sheriff Benjamin V. Diputado, who scheduled the auction sale of the spouses' properties on July 18, 1984 at 9:00 A.M.

On June 21, 1984, before the scheduled date of the foreclosure sale, the Gobonsengs filed with the court a quo a complaint for annulment/reformation of documents and damages with prayer for a temporary restraining order and preliminary injunction against SIHI and Benjamin V. Diputado, in his capacity as Clerk of Court of the Regional Trial Court and Sheriff Negros Oriental. As stated above, the complaint was docketed as Civil Case No. 8428.[7]

On 27 June 1984, the trial court issued a temporary restraining order directing the provincial sheriff of Negros Oriental to cease and desist, until further orders from the court, from conducting extrajudicial foreclosure proceedings of the real estate mortgages executed by the Gobonsengs.[8] It also set for hearing on 11 July 1984 the application for a writ of preliminary injunction[9] which SIHI vigorously opposed.[10]

In its Answer filed on 30 July 1984,[11] SIHI denied the material allegations in the complaint and alleged the following: (1) the credit agreement for P2 million which the Gobonsengs signed on 27 December 1982 was amended and correspondingly adjusted to P900,000.00 on 19 January 1983; (2) on 21 January 1983, the Gobonsengs executed a Consultancy Contract; (3) they later availed of their P900,000.00 credit line and were granted by SIHI a loan in the said amount which was renewed from time to time for a term averaging sixty days; (4) on 23 August 1983, the Gobonsengs, upon an additional collateral, applied for and were granted an additional loan of P800,000.00 which was renewed from time to time on an average term of sixty days, the last of which prior to the filing of the complaint, was on 2 March 1984 to mature sixty-one days thereafter, or on 2 May 1984; (5) the loan of P900,000.00 was last renewed on 15 March 1984 prior to the filing of the case and which was to mature forty-eight days thereafter, or on 2 May 1984; (6) when both the P800,000.00 and P900,000.00 loans matured on 2 May 1984, the Gobonsengs failed to remit correct payments thus placing their loans on past-due

status; and (7) since demands for payment were to no avail, SIHI initiated the extrajudicial foreclosure of the real estate mortgage contracts.

After due hearing, the trial court denied on 10 July 1985 the application for a writ of preliminary injunction for lack of "clear, convincing and unquestioned evidence."^[12] After their motion for its reconsideration^[13] was denied in an order dated 13 September 1985,^[14] the Gobonsengs sought relief therefrom in the then Intermediate Appellate Court through a special civil action for certiorari which was docketed as AC-G.R. SP No. 07153. In its decision of 20 September 1985,^[15] the said court dismissed the case for lack of merit. The Gobonsengs then filed with this Court a petition under Rule 45 of the Rules of Court to seek the review of the dismissal of AC-G.R. SP No. 07153. That petition was docketed as G.R. No. 72131. Upon its filing, this Court issued a temporary restraining order enjoining the provincial sheriff of Negros Oriental from proceeding with the publication of the notice of the auction sale of the mortgaged lots set on 28 September 1985, 5 October 1985, 12 October 1985, and 16 October 1985.^[16] Eventually, in a resolution dated 22 October 1986, this Court denied the petition for lack of merit considering that "the basic controversy between the parties involves factual issues, particularly, the maturity dates of the promissory notes evidencing the indebtedness, petitioners claiming six (6) years, while the SIHI 60 to 48 days."^[17] The Gobonsengs seasonably filed a motion for reconsideration which was denied with finality in the resolution of 18 February 1987.^[18] With leave of court,^[19] they filed a second motion for reconsideration^[20] based on alleged newly discovered evidence consisting of photocopies of advice slips sent by SIHI to the Gobonsengs and an inter-office memorandum dated 13 December 1992 of one Shirley T. Uy addressed to Marline Chiu Ostia, who were the officer-in-charge and assistant officer-in-charge of SIHI's Cebu City Branch Office, respectively, showing that the Gobonsengs' loans were for a period of six years. This Court granted the motion in the resolution of 20 May 1987,^[21] and set aside the decision of the Court of Appeals, remanded the case to the trial court for trial on the merits of the main case, and issued a temporary restraining order enjoining SIHI from foreclosing the real estate mortgage executed by the Gobonsengs until after the merits of the main case shall have been resolved. In the said resolution, this Court stated, *inter alia*:

Considering the conflicting factual allegations of the parties; the admitted fact that petitioners were made to sign blank promissory notes, real estate mortgages, etc., by SIHI (Rejoinder to Reply, p. 298, Rollo; Opposition to Petitioners' Motion for Reconsideration, p. 406, *ibid.*); the "newly discovered evidence" of petitioners, the genuineness and authenticity of which will have to be inquired into and which, if proven, would materially affect the results of the case, the Court Resolved to SET ASIDE the Decision of respondent Appellate Court and to REMAND this case to the Regional Trial Court of Negros Oriental, Branch XXX, Dumaguete City, for trial on the merits of the main case, which said Court is hereby directed to conduct with deliberate dispatch.^[22]

As a consequence of the foregoing resolution, the trial court issued two separate orders: the first, denying SIHI's urgent motion to require the sheriff to proceed with the foreclosure sale,^[23] and the second, setting the case for pre-trial.^[24]

At the pre-trial on 26 August 1987, the parties stipulated on the issues to be resolved, to wit:

- Whether or not the term of the loans for P900,000.00 and P800,000.00 are for six (6) years, respectively; and
- Whether the documents known as Credit Agreements, Promissory Notes, Real Estate Mortgage Contracts, Consultancy Contracts and Agreements ancillary thereto are the result of a meeting of the minds of the parties and actually reflected their true intentions.

and agreed that the evidence they had adduced on the application for preliminary injunction would be deemed reproduced as part of their evidence on the merits of the main case.^[25] Thereafter, they presented their additional evidence.

On 15 October 1990, the trial court rendered its decision,[26] the dispositive portion of which reads as follows:

WHEREFORE, judgment is hereby rendered:

(1)

Declaring the term of Plaintiffs' indebtedness to Defendant SIHI to be SIX (6) Years from and after January, 1983 in the case of P900,000.00 loan and from and after August, 1983 in the case of the P800,000.00 loan;

(2)

Declaring the promissory notes covering the loan indebtedness of Plaintiffs to Defendant SIHI to be unenforceable insofar as they contain terms of 61 days or less for maturity;

(3)

Ordering the parties Plaintiffs and Defendant SIHI to reform the promissory notes so as to change the term of the indebtedness of P1,700,000.00 to SIX (6) Years from January, 1983 on the P900,000.00 loan and from August, 1983 on the P800,000.00 loan;

(4)

Applying the total amount of P327,300.00 paid by Plaintiff as consultancy fees to advance interest, effective after May, 1984;

(5)

Ordering Defendant SIHI to reimburse Plaintiffs the amounts of P2,000.00 and P2,800.00 they paid to the Dumaguete Informer and the Vanguard, respectively, for publication of the notice of extrajudicial sale with interest at the legal rate from December 10, 1986 and September 11, 1987, respectively;

(6)

Ordering Defendant SIHI to release, from the Real Estate Mortgage, the properties of Plaintiffs situated along Alfonso XIII Street in Dumaguete City, covered by Transfer Certificate of Title no. 12992 and at the corner of Real and Urdaneta Sts. in Dumaguete City covered by Transfer Certificate of Title No. 13607;

(7)

Ordering Defendant SIHI to pay Plaintiffs the amount of P10,000.00 in moral damages and P10,000.00 as and for attorney's fees;

(8)

Ordering the Defendant Provincial Sheriff or anyone presently occupying and discharging the duties of said office to desist and refrain from proceeding with the extrajudicial foreclosure and sale of the mortgaged properties of the Plaintiff which are involved in this case; and

(9)

Ordering Defendant SIHI to pay the costs.

(10)

Dismissing Defendant SIHI's counterclaim for lack of merit.

SO ORDERED.[27]

It found "overwhelming evidence that the term of Plaintiffs' loan with Defendant SIHI was SIX (6) years —

evidence which Defendant SIHI failed to overthrow," and "[s]ince the loan[s] of P900,000.00 and P800,000.00 were obtained by Plaintiffs sometime in the year 1983, they did not yet mature sometime in June, 1984 when Defendant SIHI wrote to the Provincial Sheriff of Negros Oriental seeking foreclosure of the mortgages." [28]

In upholding the theory of the Gobonsengs that the term of the loans of P900,000.00 and P800,000.00 was six years, the trial court gave credit to the testimonies of petitioner Carlos Gobonseng, Jr. and Joaquin Castro. It also favorably considered Exhibits "GGG" and "EEEE" which are photocopies of the alleged inter-office memorandum of 13 December 1982 on a letterhead of SIHI from Shirley T. Uy to Marline Chiu Ostia (Officer-in-charge and Assistant officer-in-charge, respectively, of SIHI's Cebu office) with Exhibit "EEEE" purporting to be a true photocopy certified by one Azonne Tan (Loan-in-charge), as well as the photocopies of alleged credit advice slips marked as Exhibits "III," "JJJ," "JJJ-1," "JJJ-2," and "JJJ-3," which indicate the following notations:

INTER OFFICE MEMO:

STATE INVESTMENT HOUSE, INC.

Your Ref:

Our Ref:

Dated : Dec. 13, 1982

TO:

MS. MARLINE CHIU OSTIA

Asst. Officer-In-Charge

FROM:

MS. SHIRLEY T. UY

Officer-In-Charge

SUBJECT:

CARLOS A. GOBONSENG, JR. LOANS

Received Telex Advice from VP Tito

Lopez-Dee approved Gobonseng

Loans of P4.3 M

P2.0 M - Secured with TCT Nos.

12979, 13607 and 13535

P2.3 M - Secured with TCT No.

12992

TERM:

6 years

INTEREST:

15.5% P.A.

(Sgd) SHIRLEY T. UY

Shirley T. Uy

CERTIFIED TRUE XEROX COPY

Loan-In-Charge

11/19/87

48-6461

Azonne Tan[29]

The trial court believed the allegations of the Gobonsengs that they obtained Exhibit "GGG" from SIHI's Manila Office on 23 March 1987 and Exhibit "EEEE" on 19 November 1987 and that they came into possession of Exhibits "III," "JJJ," "JJJ-1," "JJJ-2," and "JJJ-3," contained in SiHI's window envelopes (Exhibits "CCCC-1" to "CCCC-4"), only sometime in March 1987 when Carlos Gobonseng, Jr. was told by his septuagenarian mother while they were in their beach house in Bacong, Negros Oriental, that she received them at his old address. Carlos Gobonseng, Jr. further testified that when he went to SIHI's office in Manila in March 1987 he was shown his loan record and on that occasion saw the credit availment and the inter-office memorandum (Exhibit "GGG").

Joaquin Castro, former Credit Supervisor and later Assistant Manager of SIHI's Cebu Branch who was the first appraiser assigned by SIHI to appraise the properties offered as security by the Gobonsengs, confirmed the existence of the inter-office memorandum (Exhibits "GGG" and "EEEE") and described the loan of the Gobonsengs as "long term," four a term of six years.

The trial court disregarded the testimony of Augusto Lopez?Dee, SIHI's Vice-President, that he did not send any telex to the Cebu Branch because Shirley Uy failed to categorically deny the inter-office memorandum which Joaquin Castro said he saw at the time it was prepared. It also disregarded the documentary evidence for SIHI showing that the original copies (Exhibits "26," "27," "28," "29," and "30") of the credit advice slips offered in evidence by the Gobonsengs have unfilled blanks for the lines PERIOD-PRINCIPAL and PERIOD-INTEREST while the box for Description in each has the entry Purchase of Commercial Papers for (days indicated) because

the photocopies presented by the Gobonsengs appear to be that of the CLIENT'S COPY of a set of credit advices and, although Dee testified that SIHI does not "normally" send photocopies thereof, there was no evidence that the normal practice was followed with respect to the Gobonsengs' credit advices.[30]

In concluding that the promissory notes did not reflect the true intention of the parties, the trial court relied heavily on the signing by the Gobonsengs of several documents, including blank promissory notes and authority to apply loan proceeds (Exhibits "II," "II-A" to "II-J") whose blanks were thereafter filled up by SIHI without the participation of the Gobonsengs. The signing by the Gobonsengs of these documents in blank is admitted by SIHI in its Answer and by its witnesses Mariano Borromeo, who executed on 28 April 1983 a receipt (Exhibit "K") acknowledging delivery to him by the Gobonsengs of six sets of signed blank promissory notes, and Shirley Uy, who explicitly admitted that the Gobonsengs were made to sign blank SIHI forms such as promissory notes. The trial court also considered the receipt by SIHI of twenty sets of blank promissory notes (Exhibit "L") from the Gobonsengs on 13 November 1983. In the authority to apply loan proceeds, the Gobonsengs "purportedly authorized Defendant SIHI to apply the plaintiffs' 'loan proceeds' under certain Code numbers as 'full/partial payment' of another loan with another Code based on certain maturity dates." [31]

The trial court also observed that the Consultancy Contract dated 21 January 1983 (Exhibit "UU," also Exhibit "8") provides, inter alia, "that (such consultancy) services and professional advises can be communicated with directly or indirectly, verbally or in writing," and such fees are to be fixed "on the basis of manhours spent in rendering the service or on the basis of the volume of consultancy work"; such fees are "payable to the CONSULTANT (SIHI) by the CLIENT upon presentation of the bill to the CLIENT." [32] It found, however, that SIHI had not presented satisfactory evidence of consultancy service, for it had not communicated to the Gobonsengs "either directly or indirectly, verbally or in writing" the nature and extent of such consultancy services and had not presented to them a "bill" therefor based on manhours spent in rendering the same. Moreover, it noted that the official receipts issued by SIHI to the Gobonsengs for the so-called consultancy services show that the amounts periodically paid are almost uniform, despite the fact that such fees are supposed to be, based on "manhours spent" or on "volume of consultancy work"; and considering that "it may be assumed that the manhours spent or the volume of consultancy work are bigger at the beginning of any business venture, they [should] considerably decrease to a minimum as time goes on and the businessman, in the process, acquires certain skills and familiarity with appropriate business techniques [such] that he naturally would need only a little more help or even none of it at all, from his consultant." [33] It then concluded that this uniformity is indicative of payment of interests and not of consultancy fees.

In allowing the release of excess collaterals, the trial court gave credit to the evidence of the Gobonsengs that the assessed or market value of the four mortgaged lots is "much bigger than their loan indebtedness of P1,700,000.00, which is now even reduced by P7,415.86 as of May 2, 1984 (Exh. "16-A")," [34] and since the offer of the said properties "was predicated on the availability of a credit line of P4,300,000.00 which was approved by Defendant SIHI but was not fully satisfied," it then "stands to reason that some of those properties must be . . . released." [35]

On appeal to the Court of Appeals (CA-G.R. CV No. 30380), this decision was "reversed and set aside" in the appellate court's decision of 16 December 1992. [36]

The findings and conclusion of the Court of Appeals revolve on the "basic issue [of] whether or not the 'newly discovered evidence' of the Gobonsengs ... have proved that the term of the two loans is 6 years instead of the terms reflected in the loan documents." Resolving the said issue, it stated:

We have closely examined appellees' xerox copies of SIHI's advice slips and found the entries "6 years" after the

printed words "Period-Principal." We likewise scrutinized the original copies of SIHI's advice slips and observed that the spaces after the printed words "Period-Principal" and "Period-interest" are blank.

Section 2, Rule 130 of the Revised Rules of Court is pertinent, thus:

"SEC. 2. Original writing must be produced, exceptions. -- There can be no evidence of a writing the contents of which is the subject of inquiry, other than the original writing itself, except in the following cases.

(a)

When the original has been lost, destroyed, or cannot be produced in court;

(b)

When the original is in the possession of the party against whom the evidence is offered, and the latter fails to produce it after reasonable notice;

x x x."

In the case at bar, SIHI produced the original copies of the advice slips before the trial court. Consequently, pursuant to the above Rule, the trial court should not have admitted evidence the xerox copies offered by the appellees. Indeed, We are inclined to believe that the window-envelopes received by the appellees from SIHI contained the pink copies or duplicate originals. For why should SIHI send them mere xerox copies which were not even duly certified? We agree with SIHI that the appellees would not produce these pink copies for the same would be adverse to them. At this juncture, suffice it to state that obviously these pink copies can easily be xerox copied, with prior alteration/s of the entries therein.

Similarly, the inter-office-memo, also in xerox copy, should not have been admitted in evidence and given weight by the trial court. An inter-office memo is supposed to be kept only in the office concerned. Moreover, Corazon "Azonne" Tan vehemently denied that she has been authorized by SIHI to certify the authenticity of xerox copies of documents and more importantly, that she made the certification in question.

Verily, the appellees' reliance on their "newly discovered evidence" to prove that the terms of the two loans is 6 years is misplaced.

A close scrutiny of the Credit Agreement and SIHI's original advice slips shows that every avilment of the loans, either wholly or partially, is renewable from time to time and has an average term of 60 days. Appellees' last avilment of the P900,000.00 loan was on March 15, 1984 payable on May 2, 1984. Their last avilment of the loan of P800,000.00 was on March 2, 1984, also due on May 2, 1984. These terms are clearly reflected in the two promissory notes signed by the appellees. The words of these promissory notes are clear and leave no doubt upon the true intention of the contracting parties.

On the matter of excessive consultancy fees, the appellees' posture is that they did not willingly agree to the Consultancy Contract which "they signed in blank."

By signing the various loan documents, such as Credit Agreement, Real Estate Mortgages, Promissory Notes and Consultancy Contract, the appellees are presumed to be aware of the consequences of their action. Considering that Carlos A. Gobonseng, Jr. is a certified public accountant, a law graduate and a businessman, he is supposed to have acted with due care by meticulously reading the terms and conditions of those contracts before affixing his signature thereon and to have signed those loan agreements with full knowledge of their contents as well as the corresponding obligations and responsibilities.

It bears stressing that contracts are respected as the law between the contracting parties and that they may not be

reformed "simply because a party later finds itself at the shorter end of an unwise bargain."

In *Mata vs. Court of Appeals, et al.* [G.R. No. 87880, April 7, 1992, citing *Tan Sua Sia vs. Yu Baio Sontua*, 56 Phil. 711], the Supreme Court pertinently held:

"x x x The rule that one who signs a contract is presumed to know its contents has been applied even to contracts of illiterate persons on the ground that if such persons are unable to read, they are negligent if they fail to have the contract read to them. If a person cannot read the instrument, it is as much his duty to procure some reliable persons to read and explain it to him, before he signs it, as it would be to read it before he signed it if he were able to do so and his failure to obtain a reading and explanation of it is such gross negligence as will estop him from avoiding it on the ground that he was ignorant of its contents" (Italics supplied).

The requisites of reformation of a contract as enumerated in Article 1359 of the Civil Code are:

- There must have been a meeting of the minds to a contract;
- The instrument or document evidencing the contract does not express the true intention of the parties; and
- The failure of the instrument to express the true intention of the parties must be due to mistake, fraud, inequitable conduct or accident.

The reason why reformation is not available here is that contrary to the second requisite, the promissory notes in question do express the true intention of the parties as to the terms of the two loans.

As to the holding of the trial court that certain collaterals should be released, well entrenched in law is the rule that a mortgage directly and immediately subjects the property upon which it is imposed [Article 2126, Civil Code], the same being indivisible even though the debt may be divided [Article 2089, *Ibid.*] and such indivisibility likewise being unaffected by the fact that the debtors are not solidarily liable [Article 2090, *Ibid.*]....

All told, the intention of the parties is quite clear to the effect that the term of the two loans is not 6 years, but up to May 2, 1984 only; so also their intentions in their Consultancy Contract and Real Estate Mortgages.[37]

Since their motion for a reconsideration of the decision was denied, the petitioners filed on 24 September 1993 the instant petition for review. They impute to the Court of Appeals the commission of the following errors:

I

THE RESPONDENT COURT OF APPEALS COMMITTED A GRAVE MISAPPREHENSION OF THE FACTS AND A GROSS MISAPPRECIATION OF THE EVIDENCE WHEN IT HELD THAT THE TERM OF THE LOANS OF PETITIONERS WITH PRIVATE RESPONDENT SIHI IS SIXTY (60) DAYS ONLY, AND NOT SIX (6) YEARS AS CLEARLY BORNE OUT BY THE EVIDENCE AND THE RECORD OF THIS CASE AS WELL AS RESPONDENT SIHI'S DOCUMENTS.

II

THE RESPONDENT COURT OF APPEALS COMMITTED A PATENT AND GRAVE REVERSIBLE ERROR WHEN IT DID NOT DECLARE NULL AND VOID THE COLLECTION OF CONSULTANCY FEES BY THE PRIVATE RESPONDENT SIHI. THE COLLECTION THEREOF BEING UNJUSTIFIED AND INVALID.

III

THE RESPONDENT COURT OF APPEALS GRAVELY ERRED IN NOT UPHOLDING THE DECISION OF THE LOWER COURT ORDERING THE RELEASE OF EXCESS COLLATERALS IN FAVOR OF THE PETITIONERS.

IV

THE RESPONDENT COURT OF APPEALS, IN SUMMARILY DENYING PETITIONERS' MOTION FOR RECONSIDERATION, VIOLATED THE PROVISIONS OF THE CONSTITUTION.

V

THE RESPONDENT COURT OF APPEALS SERIOUSLY ERRED IN NOT AWARDING DAMAGES AND ATTORNEY'S FEES IN FAVOR OF THE PETITIONERS.[38]

The parties themselves are to be blamed for the difficulty in determining the term of the loans in question and the disagreement thereon between the trial court and the Court of Appeals. For reasons only known to themselves, they did not disclose to the trial court all the pieces of evidence which could establish their true agreement as to such term. The Gobonsengs did not ask for the production of the entire records of their transactions with SIHI which necessarily started with their application for a credit line. Neither did SIHI offer them in evidence. The application and the approval thereof would shed much light on the issue, yet SIHI opted to suppress from the court he said records. SIHI's Vice-President, Augusto Lopez-Dee, proved to be of little help since he could not categorically testify that the actual term of the credit facility was six years. The best that he could do was to state that it was short term, "around 60 days normally,"[39] and to deny having sent a telex advice on 13 December 1982 to the Cebu Branch Office to the effect that the approved Gobonseng loan was for P4.3 million for the term of six years with interest of 15.5% per annum as purportedly indicated in Exhibit "GGG." [40] Further compounding the matter is Shirley Uy's claim that "there was no such arrangement on such terms" [41] and the established fact that the Gobonsengs affixed their signatures even before the approval of the application for a credit line on blank SIHI standard forms of credit agreement, real estate mortgage contracts, promissory notes, consultancy agreement, authority to apply loans, and other documents.

All that we have then on the alleged 6-year term of the credit line are the declarations of Carlos Gobonseng, Jr. and Joaquin Castro that such was the term with interest at 15.5% per annum, and Exhibits "GGG," "EEEE," "III," "JJJ," "JJJ-1," "JJJ- 2," and "JJJ-3."

Carlos Ang Gobonseng, Jr. declared as follows:

Atty. Lumjod:

Q

What else did you talk with Vice-President Roxas with respect to your loan if any?

A

After I talked with Allen Roxas, he told me that he will send a telex to Shirley Uy about my loan for P2,000,000.00 and after which, I also met Daniel Chong, the President of State Investment House, Inc. and I requested him that I needed a longer term because my loan here at IBAA was also for a longer term and to which, Daniel Chong granted my request. So, when I came to Cebu, Shirley Uy showed me the telex that the loan is P2,000,000.00 for 6 year term and at the rate of 15.5% per annum.

x x x x x x x

Q

So, a term of 6 years and with an interest at 15.5% per annum was granted to you in Manila by Pres. Daniel Chong and Vice President Allen Roxas?

A

Yes.

Q

And so, with that, you went to Cebu City and you met Shirley Uy, the Branch Manager of State Investment House, Inc. and she also showed you the telex and the loan was for 6 years and the interest was at 15.5% per annum?

A

Yes.

Q

How about the payment of the interest, what was the manner of payment of interest?

A

As per our arrangement with Vice-President Allen Roxas and President Daniel Chong, the interest is payable every 60 days.[42]

x x x x x x x x

Q

... now, you said, Mr. Gobonseng, that after you have agreed with President Daniel Chong and Vice-President Allen Roxas of your P2,000,000.00 loan with an interest of 15.5% for a term of six (6) years, you went to Shirley Uy in Cebu City to their Cebu Branch, and you saw a telex to the effect that the term of your loan is 6 years, among others, how did you happen to see the telex?

A

Because I just wanted to follow-up whether Daniel Chong had telex to Cebu and as per advice of Daniel Chong and Allen Roxas, they really sent a telex to Cebu that the term of my loan is for 6 years at 15.5% interest per annum.

Q

Whom did you ask in Cebu if there was any telex?

A

Shirley Uy.

Q

And, when you asked Shirley Uy whether there was a telex, what was the reply?

A

Well, Shirley Uy said that the instruction from the top is here so, that is the term payable for 6 years and at

15.5% interest per annum.

Q

When Shirley Uy told you it's here, what did Shirley Uy show to you?

A

A PT&T Telex paper, a piece of bond paper.

Q

Did you read the message?

A

Yes, she showed me.

Q

And, to the best of your recollection, what was the substance of the telex?

A

Carlos Ang Gobonseng and Theresita Mimie Ong--Gobonseng, the term of the loan is 6 years at the rate of interest 15.5% payable for 6 years.

Q

To that effect?

A

Yes.[43]

He further testified that on 23 March 1987 when he went to the head office of SIHI in Binondo, Manila, the officer-in-charge of the Branch Department showed him a folder pertaining to his credit line availment which disclosed that his approved loan applications was for six years with interest of 15.5% per annum.[44]

Joaquin Castro also testified that the Gobonsengs' loan was for a period of six years at 15.5% interest per annum. Thus:

Atty. Lumjod:

Q

And, what transpired between Shirley Uy and Gobonseng in your presence?

A

They were discussing about the term of the loan.

Q

And, what was the term of the loan granted by SIHI to Mr. Gobonseng?

x x x x x x x

A

The amount of the loan is P2 million at 15.5% interest per annum for a term of 6 years.

Atty. Lumjod:

Q

That was the agreement or conversation between Shirley Uy and Mr. Gobonseng?

A

Yes.

x x x x x x x

Q

Now, in that conversation between Shirley Uy and Mr. Gobonseng, did you notice if Mr. Gobonseng was shown by Shirley Uy a communication from the Head Office, Manila?

A

Yes.

Q

What was that communication?

A

We have a Telex facility in our office and communications coming from Manila are relayed thru our Telex facility in the office of course, thru our OIC.

Q

Did you see that Telex communication from Manila?

A

Yes.

x x x x x x x

Q

What was in this telex communication?

A

Advice of approval for P2 million.

Q

With respect to the terms and interests?

A

As I said, the interest is 15.5% for a term of 6 years.[45]

Castro further stated that the Gobonsengs' loan was a long term loan because it was in excess of P500,000.00 and, therefore, carried a longer maturity period of over two years,[46] and that although he knew that SIHI charged consultancy fees, he did not know the reason therefor[47] because he did not see SIHI render any such

service.[48]

Confronted with these direct and positive testimonies, SIHI should have produced its file of the Gobonseng account to demonstrate beyond doubt that the documents claimed to have been seen by Carlos Gobonseng, Jr. and Castro are but figments of their imagination. Nevertheless, unlike the trial court, we cannot give credit to the claims of Carlos Gobonseng, Jr. and Joaquin Castro that they saw the telex indicating that the approved loan was for P4.2 million for a term of six years with interest of 15.5% per annum.

On cross-examination, Carlos Gobonseng, Jr. admitted that he saw the telex before he signed the documents in blank. Thus:

Atty. Hermosisima, Jr.:

Q

When did you see the telex for the first time before or after you signed all those documents that you said you were made to sign in blank?

A

I think, that was before the signing of the documents.

Q

So, you saw the telex before you signed all those documents?

A

Before.[49]

However, his previous testimony on direct examination, during the hearing for the Petition for Injunction, is to the effect that he signed the documents in blank before the approval of the application of the credit line.[50] This was confirmed by Shirley Uy herself who testified on cross-examination as follows:

Q

The application of Mr. Gobonseng for P2 million when you forwarded the same to Manila, it was not yet approved?

A

No.

Q

And, you told Mr. Gobonseng, you said you told Mr. Gobonseng that it will take sometime before he will know whether the loan will be approved or disapproved?

A

Yes, of course.

Q

And, you said Mr. Gobonseng signed certain documents while his application is still in Manila?

A

Pending approval.

x x x x x x x

Q

At that time when you said that you told Mr. Gobonseng that it will still take time for his application to be approved or disapproved, you said that Mr. Gobonseng signed certain papers, certain documents, you said that Mr. Gobonseng signed certain papers and documents, did you not say that?

A

Yes, I did.[51]

Clearly then, since the signing of the blank documents took place before the approval of the application for a credit line, Carlos Gobonseng, Jr. could not have seen the telex he imagined he saw. Also, the Gobonsengs, thru Exhibits "GGG" and "EEEE," tried to represent that, as conveyed by Vice-President Augusto Lopez-Dee through the telex of 13 December 1982, the approved loans were for a total of P4.3 million with a term of six years and with interest of 15.5% per annum. They forgot that by their oral evidence they had proved another version, i.e., the approved loan was for P2 million. Carlos Gobonseng, Jr. was very emphatic in his testimony that in December of 1982 his transaction with SIHI involved only a loan of P2 million, thus:

Q

Now, sometime in December, 1982, do you recall if you had any transaction with defendant State Investment House, Inc.?

A

Yes, sir.

Q

What was your transaction?

A

It is a credit accommodation of P2,000,000.00 loan.[52]

and that the telex purportedly shown to him by Shirley Uy mentioned a grant of his request for a P2 million loan. Thus:

Q

What else did you talk with Vice President Roxas with respect to your loan if any?

A

After I talked with Allen Roxas, he told me that he will send a telex to Shirley Uy about my loan for P2,000,000.00 and after which, I also met Daniel Chong, the President of State Investment House, Inc. and I requested him that I needed a longer term and to which, Daniel Chong granted my request. So, when I came to Cebu, Shirley Uy showed me the telex that the loan is P2,000,000.00 for 6 year term and at the rate of 15.5% per annum.[53] [Italics supplied]

As also earlier shown in the quoted portion of his testimony, Joaquin Castro referred to an approved loan of P2 million and a telex relative to the approval thereof. Furthermore, the Gobonsengs exerted no effort in securing the production through compulsory process of the original copies of this telex and the inter-office memorandum

supposedly referring to it. Their existence then becomes doubtful.

We agree with the Court of Appeals that Exhibits "GGG" and "EEEE" are inadmissible in evidence, not because the inter-office memorandum concerned ought to be kept only in the office of SIHI or that Corazon (Azonne) Tan was not authorized by SIHI to certify the authenticity of the photocopy or that the so-called certification by Corazon Tan on Exhibit "EEEE" was fraudulently obtained as disclosed in her testimony, but because of the fact that they are mere photocopies, hence their admission is barred by the best evidence rule under Section 2, Rule 130 of the Rules of Court. The fraud in obtaining the certification of Corazon Tan is, of course, obvious upon the face of the exhibit itself. It is placed at the bottom left hand corner of the paper several inches below the body of the alleged inter-office memorandum that occupies only the upper half of the paper. This strange and unusual location of the certification is consistent with and strengthens the testimony of Corazon Tan that what she was asked to do was merely to write her name and telephone number which she did on a folded white bond paper as requested by a "boy" who came to the office as a representative of Carlos Gobonseng, Jr..[54] It may be noted that Exhibit "EEEE" is a photocopy with the words CERTIFIED TRUE XEROX COPY typed thereon as shown by the impression at the back thereof. Moreover, it appears in Exhibit "EEEE" that Corazon Tan was the Loan-in-charge, when in fact she was the Security Custodian of the loans section of SIHI.[55]

The Court of Appeals also correctly ruled that Exhibits "III," "JJJ," "JJJ-1," "JJJ-2," and "JJJ-3" are inadmissible in evidence. They are plain photocopies, hence, their admission in evidence are also barred by the best evidence rule. The explanation of Carlos Gobonseng, Jr. that these were received by his 75-year old mother in his old address who told him about the said window envelopes[56] only on 8 March 1987 does not inspire belief because he candidly admitted on cross-examination that aside from these exhibits he never received from SIHI photocopies of any other documents.[57] In other words, what he used to receive were not photocopies. What can be concluded then is that the Gobonsengs actually received the original documents which they should have produced and that the said exhibits were photocopies of the client's copies for the words Client Copy are clearly reproduced therein.[58]

Nonetheless, even if Exhibits "GGG," "EEEE," "III," "JJJ," "JJJ-1," "JJJ-2," and "JJJ-3" are to be disregarded, the attendant circumstances in this case overwhelmingly support a conclusion that the credit line applied for was for a longer term or duration which is to be availed of by promissory notes based on the interest period of, normally, sixty days. Firstly, Shirley Uy convincingly testified that the Gobonsengs applied for a credit line which, when approved, would be evidenced by a credit agreement.[59] According to Shirley Uy, a credit agreement is "merely a general agreement wherein SIHI gives clients the privilege of [its] credit line until such time that the line is revoked, cancelled or the line has defaulted." [60] Thus, it is indefinite.

Secondly, the Gobonsengs, on two separate occasions, had stated that the credit facility was needed to finance the working capital for their palay and corn grits business, as testified to by Shirley Uy,[61] and/or for their drugstore, as testified to by Augusto Lopez Dee.[62] Indeed, the Attachment to the Credit Agreement (Exhibit "7"),[63] expressly provides:

"AS PARAGRAPH 2 OF THE AGREEMENT." The proceeds of the loan shall be used and applied exclusively by the BORROWER for working capital purposes as presented in detail by the BORROWER in its/his loan application and the papers, documents, or reports submitted in connection therewith to the LENDER.

And because the unequivocal purpose of obtaining the credit facility or the loan is to finance the working capital for any of their businesses, the parties, SIHI and the Gobonsengs, could not have contemplated a short term credit line.

Thirdly, a credit line may be availed of by the issuance of promissory notes for as long as the credit line lasts. It

was precisely for this reason that the Gobonsengs signed even before the approval of their application for a credit line SIHI's standard promissory notes the blanks of which would be filled up by SIHI at appropriate times, such as upon the release of the original loans or upon the subsequent renewals or roll-overs, if the principal is unpaid, on the basis of the interest period. Under the credit line in question, no fresh money was given to the Gobonsengs after the first and succeeding renewals of their P900,000.00 and P800,000.00 loans because they were not able to pay the principals. The succeeding availments by way of promissory notes were issued in "payment" of the immediately preceeding availments or promissory notes with, however, the obligation to pay the interests. This arrangement was made possible because the Gobonsengs had signed in advance several copies of so-called written authority authorizing SIHI to apply the proceeds of succeeding availments to the immediately preceeding availments.[64] Also, the Attachment to the Credit Agreement[65] authorizes the use of the proceeds of the roll-overs or renewals of the promissory notes, to wit:

AUTHORITY TO APPLY PROCEEDS. "The BORROWER agrees and consents that the proceeds of any roll over, renewal or restructuring of any loan availed of or to be availed in the future may, at the LENDER'S option, be used or applied by the latter to the payment of any matured/renewed obligation without the need to execute a new agreement. The liability remaining and the time for payment of the balance resulting after such application, if any, shall not be affected by such roll-over, renewal or restructuring, unless it is expressly modified in writing by the parties."

The Gobonsengs are estopped from denying these roll-overs or renewals because they voluntarily paid the interests thereon[66] and received the receipts therefor.[67] They even wrote a letter to Shirley Uy on 25 May 1984 advising the latter that, the amount of P21,411.11 which they remitted on 2 May 1984 "represents prepaid interest for the P800,000.00 and not for the P900,000.00" and "covers the interest good for 61 days from May 02nd 1984 or until July 02nd 1984"; and that on the P900,000.00 loan, they "already paid the interest for 60 days from March 15th to May 14th 1984," hence, "[t]he interest for the next term of 60 days will cover from May 14th 1984 to July 13th 1984" for which they "will be remitting the corresponding interest on or before July 13th 1984." [68]

Clearly then, the credit line granted to the Gobonsengs was for a period longer than sixty days but is not six years as asserted by the Gobonsengs. The credit line was availed of by promissory notes with interest duration of, normally, sixty days,[69] and that for as long as the interests were paid, roll-overs of the promissory notes within the term of the credit line were automatic since it was SIHI itself which filled up for the purpose the unfilled promissory notes signed by the Gobonsengs.

It was duly established by the Gobonsengs that interests on the last renewal of the P800,000.00 and the 900,000.00 loan evidenced by the promissory notes dated 2 March 1984 to be due on 2 May 1984[70] and 15 March 1984 to be due also on 2 May 1984,[71] respectively, were duly paid by them as indicated in their letter of 25 May 1984[72] and as evidenced by Exhibits "DDD" and "DDD-2." As a matter of fact, an amount of P7,417.86 was credited to the principal in the promissory note with the code IF-84-CB022-GG[73] per Official Receipt No. 14173 dated 2 May 1984.[74] This partial payment for the principal clearly proves that the interest due had been paid. Article 1253 of the Civil Code provides that if the debt produces interest, payment of the principal shall not be deemed to have been made until the interests have been covered. Consequently, automatic renewal of the loans by way of promissory notes for the succeeding interest period was unavoidable.

Indisputably, the application for foreclosure of the mortgage on 9 June 1984[75] was premature because by then, the Gobonsengs had not yet defaulted on the payments of either the principal or the interest of their loans. As the Gobonsengs stated in their 25 May 1994 letter to Shirley Uy, the interest on the P800,000.00 loan for the period ending 2 July 1994 had already been pre-paid on 2 May 1994, and the payment for the interest on the P900,000.00

loan was due at the end of the next term which was 13 July 1994 yet. SIHI never controverted these claims by the Gobonsengs and so we are constrained to accept them as true. Nevertheless, because the Gobonsengs did not pay the remaining unpaid portion of the principal and the interests due thereon every sixty days thereafter at any time after the foreclosure proceedings were initiated, the real estate mortgages could have been validly foreclosed after the Gobonsengs failed to make payments and even if the Gobonsengs are correct and the term of the credit line was six years, which then expired on 19 January 1989.

Likewise, there is no evidence that the Gobonsengs had made any payment on the interest and on the unpaid balance of the principal even after the filing of Civil Case No. 8428. The payment therefor has long become overdue. Justice and equity demand that they be required to pay them within thirty days from their receipt of this decision, otherwise the real estate mortgages maybe foreclosed.

On the amount purportedly due SIHI as consultancy fees, we agree with the trial court that it has no basis in fact. As correctly found by it, SIHI had not communicated to the Gobonsengs, as required in the consultancy contract, the nature and extent of its consultancy services and had not presented to them a bill therefor based on manhours spent in the rendition thereof. There is no proof that SIHI performed its obligation under the consultancy contract (Exhibits "UU" and "8"), which is "to render financial consultancy services to the Gobonsengs for the formulation of financial plans, financial advisory matters and financial packaging for medium and long term capital requirements." The consultancy fees thus paid were not legally due for absence of proof of its rendition and must be returned to the Gobonsengs. However, by way of set-off, the fees already paid by the Gobonsengs may be applied as partial payment of the interests due on the principal of the loans in question. They are not to be treated as interests, contrary to the view of the trial court, because SIHI is an "investment" house, and as such it can render the above mentioned consultancy services for which fees can be charged.

Finally, the release of alleged excess collaterals is unwarranted. The Gobonsengs voluntarily offered the collaterals and they did not protest when the credit line was reduced from P2 million to P900,000.00 after a re-appraisal of the loan value of the collaterals. They did not even intimate in their complaint a desire for the return of excess collaterals.

WHEREFORE, the petition is GRANTED. The challenged decision of the Court of Appeals in CA-G.R. CV No. 30380 is SET ASIDE, and another is hereby rendered:

- DISMISSING the complaint in Civil Case No. 8428 insofar as reformation of the documents subject thereof is concerned;
- ORDERING the petitioners to pay to the private respondent the unpaid balance of P1,692,582.14 [P1,700,000.00 (P900,000.00 + P800,000.00) - P7,417.86] less the amount of P327,300.00 erroneously paid as consultancy fees, plus interests on the difference at the rate of fifteen and one-half per centum (15.5%) per annum commencing on 2 July 1984, within thirty (30) days from their receipt of a copy of this decision; and AUTHORIZING the foreclosure of the real estate mortgages in question upon the failure of the petitioners to pay the obligations within the said period; and
- DISMISSING the counterclaim of the private respondent for lack of merit.

No pronouncement as to costs.

SO ORDERED.

Bellosillo, Quason, and Kapunan, JJ., concur.
Padilla, (Chairman), J., no part.

[1] De los Santos vs. Reyes, 205 SCRA 437 [1992]; Pantranco North Express, Inc. vs. Court of Appeals, 224 SCRA 477 [1993], citing Chan vs. Court of Appeals, 33 SCRA 737 [1970].

[2] Cayabyab vs. Intermediate Appellate Court, 232 SCRA 1 [1994]. See Garcia vs. Court of Appeals, 33 SCRA 622 [1970]; Remalante vs. Tibe, 158 SCRA 138 [1988]; Medina vs. Asistio, 191 SCRA 218 [1990]; Borillo vs. Court of Appeals, 209 SCRA 130 [1992].

[3] Annex "B" of Petition; Rollo, 98-110-A. Per Gutierrez, A., J., De Pano, N. and Elbinias, J., JJ., concurring.

[4] Annex "C"; Id., 112.

[5] Annex "A"; id., 68-96. Per Judge Enrique C. Garovillo.

[6] Original Records (OR), Civil Case No. 8428, 1. Subsequent reference to "OR" means OR of Civil Case No. 8428.

[7] Rollo, 98-100. Exhibits indicated in brackets are in the footnotes in the decision.

[8] OR, 23.

[9] Id., 24.

[10] Id., 49.

[11] Id., 41.

[12] OR, 260-265.

[13] Id., 358-363.

[14] Id., 386.

[15] Id., 388-390. Per Griño-Aquino, C., J., Racela, J. and Purisima, F., JJ., concurring.

[16] OR, 392-394.

[17] Id., 458.

[18] Id., 497.

[19] Id., 499-500.

[20] Id., 501-524.

[21] Id., 591-595.

[22] OR, 593-594.

[23] Id., 596.

[24] Id., 597.

[25] Id., 637-638.

[26] OR, 1191-1221; Rollo, 68-96.

- [27] OR, 1219-1221; Rollo, 94-96.
- [28] Id., 1202; Id., 79.
- [29] Rollo, 105.
- [30] OR, 1194-1202; Rollo, 71-79.
- [31] OR, 1204; Rollo, 80.
- [32] Id., 1206; Id., 82.
- [33] OR, 1207; Rollo, 83.
- [34] Id., 1213; Id., 89.
- [35] OR, 1214; Rollo, 90.
- [36] Supra note 3.
- [37] Rollo, 109-110-A.
- [38] Rollo, 30-31.
- [39] TSN, 18 May 1988 (morning), 12, 34.
- [40] Id., 40.
- [41] TSN, 10 June 1985, 103.
- [42] TSN, 1 August 1984, 25-26.
- [43] TSN, 1 August 1984, 31-32.
- [44] TSN, 26 August 1987 (trial proper - morning), 10-15.
- [45] TSN, 27 May 1985, 14-17.
- [46] TSN, 27 May 1985, 20-21.
- [47] Id., 26.
- [48] Id., 33.
- [49] TSN, 17 April 1985, 35.
- [50] TSN, 1 August 1984, 18-22.
- [51] TSN, 11 June 1985, 17-18.
- [52] TSN, 1 August 1984, 5.
- [53] Id., 25.
- [54] TSN, 17 May 1988 (morning), 34-41.
- [55] Id., 31.
- [56] TSN, 27 August 1987 (morning), 5-9, 11.
- [57] TSN, 17 February 1988 (morning), 41.

[58] Augusto Lopez Dee testified that a set of SIHI's credit advice slips consists of four copies allocated as follows: (a) the first, made of white thick paper, for the LMB (Loans Management Department), (b) the second, or pink copy, for the client and so indicated as Client Copy at the right bottom corner thereof, (c) the third, also white, or Cash Copy, and (d) the fourth, or blue copy, for the Accounting Department [TSN, 18 May 1988 (morning), 14-16].

[59] TSN, 11 June 1985, 55, 60.

[60] TSN, 10 June 1985, 101. A credit line is defined as the maximum amount which a bank agrees to lend in a lump sum or by several payments to the customer, and which may be overdrawn by promissory notes [AGATON SIBAL, Philippine Legal Encyclopedia 195 (1986 ed.)].

[61] TSN, 26 June 1985, 5-6.

[62] TSN, 18 May 1988, 4.

[63] OR, 75.

[64] Exhibits "11," "11-A" to "11-J," inclusive.

[65] Exhibit "7"; OR, 75.

[66] Their Exhibits "QQQ" and "QQQ-1" summarize their paid interests for the interest periods beginning 21 January 1983 to 22 March 1983.

[67] E.g., Exhibits "S," "U," "X," "Y," "II," "KK," "LL," "NN," "OO," "QQ," "DDD," and "DDD-2".

[68] Exhibits "YY" and "17."

[69] Exhibit "10" shows that there were instances of longer duration at 61 days and shorter duration at 48, 52, 55, and 56 days.

[70] Exhibit "12"; OR, 82.

[71] Exhibit "13"; Id., 83.

[72] Exhibit "YY"; Exhibit "17."

[73] Exhibit "13"; OR, 83.

[74] Exhibit "DDD-4."

[75] Annex "B" of Complaint; OR, 14-16.

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.