

VILLA CRISTA MONTE REALTY & DEVELOPMENT CORPORATION, PETITIONER, VS. EQUITABLE PCI BANK (NOW KNOWN AS BANCO DE ORO UNIBANK, INC.), AND THE EX-OFFICIO SHERIFF OF QUEZON CITY AND/...

G.R. No. 208336. November 21, 2018

Ponente: BERSAMIN, J.

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BERSAMIN, J.:

An escalation clause without a concomitant de-escalation clause is void and ineffectual for violating Presidential Decree No. 1684,[1] otherwise known as Amending Further Act No. 2655, As Amended, Otherwise Known as "The Usury Law," as well as the principle of mutuality of contracts unless the established facts and circumstances, as well as the admissions of the parties, indicate that the lender at times lowered the interest rates, or, at least, allowed the borrower the discretion to continue with the repriced rates.

Not all contracts of adhesion are invalid. Only a contract of adhesion in which one of the parties is shown to be the weaker as to have been imposed upon may be invalidated and set aside.

The Case

This appeal has been taken by the borrower (petitioner) to seek the review and reversal of the adverse decision promulgated on February 21, 2013,[2] whereby the Court of Appeals (CA) affirmed the judgment rendered on April 7, 2009 by the Regional Trial Court (RTC), Branch 216, in Quezon City in Civil Case No. Q-01-43677.[3]

Antecedents

The factual and procedural antecedents, as narrated by the CA, are the following:

Sometime in 1994, plaintiff-appellant Villa Crista Monte Realty Corporation was organized to engage in the business of real estate development. Soon after, it acquired from a certain Alfonso Lim the 80,000 square meters (8 hectares) parcel of land located at Old Balara, Quezon City, which land appellant intended to develop into a residential subdivision. After successfully putting up its clubhouse, known as the "Tivoli Royale Country Clubhouse," appellant Corporation later negotiated and eventually succeeded in purchasing the adjoining 13.5 hectares land, thereby consolidating its ownership over the 21.5 hectares of land[s].

In order to fully develop its subdivision project, appellant applied for and was granted a credit line of P80 Million by then Equitable Philippine Commercial International Bank (E-PCIB), now Banco De Oro. By way of security for the said credit line, appellant executed a Real Estate Mortgage over the 80,000 square meters of its properties (covered by TCT No. T-145652) with all the existing improvements thereon.

On August 5, 1995, appellant subdivided the parcel of land covered by TCT No. T-145652 into 174 lots, each with an average area of 340 square meters and each covered by a separate certificate of title.

Appellant subsequently applied for an additional P50 Million credit accommodation from E-PCIB to which the

latter readily acceded. It being later established that the 41 lots, out of the 174 subdivided lots, would already be sufficient securities for the credit accommodation, appellant then asked for the release of the remaining 133 titles from the earlier mortgage. E-PCIB granted appellant's request on the condition that the real estate mortgage contract be amended to conform to the changes in the amount of the credit line and in the properties subject of the mortgage, to which condition appellant readily agreed.

Under its approved P130 Million credit line, appellant separately obtained the following amounts on various occasions from March 20, 1997 to August 15, 1997, to wit:

Date

Amount

Rate of Interest

Maturity Date

March 20, 1997

Php38,200,000.00

13.50%

March 13, 1998

March 26, 1997

4,000,000.00

13.50%

March 20, 1998

April 3, 1997

6,600,000.00

13.00%

March 27, 1998

April 6, 1997

8,500,000.00

13.00%

April 1, 1998

April 10, 1997

7,000,000.00

13.00%

April 3, 1998

April 14, 1997

12,500,000.00

13.00%

April 8, 1998

April 17, 1997

2,900,000.00

15.00%

April 10, 1998

June 28, 1997

2,700,000.00

15.00%

June 23, 1998

June 30, 1997

20,000,000.00

15.25%

June 28, 1998

July 4, 1997

2,000,000.00

15.25%

June 25, 1998

July 4, 1997

5,000,000.00

15.50%

June 29, 1998

July 5, 1997

7,500,000.00

15.50%

June 30, 1998

July 10, 1997

7,000,000.00

15.50%

July 8, 1998

July 15, 1997

1,800,000.00

15.50%

July 8, 1998

August 15, 1997

4,000,000.00

24.00%

August 12, 1998

Each of the aforesaid amount was covered by a promissory note in the prescribed form of the E-PCIB.

Eventually, E-PCIB wrote several times to appellant apprising it of the increased rates in the interest to be imposed on its loans covered by the promissory notes. The increased rates ranged from 21% to 36% and were ostensibly anchored on the uniform provision in the promissory notes on monthly repricing.

Appellant reneged on paying its loan obligations amounting to P129,700,00.00, prompting E-PCIB to initiate foreclosure proceedings on the mortgaged properties. Thereafter, the respondent Sheriff scheduled the auction of the subdivision lots which led to appellant's filing of its initial complaint for the nullification of the promissory notes and the mortgage agreements with prayer for injunctive relief. Although the said auction sale was initially enjoined, the injunction was nonetheless lifted; and so, the auction sale proceeded where E-PCIB emerged as the highest bidder. This led to appellant's filing of the Supplemental Complaint with the RTC Quezon City assailing the said auction sale and the amount claimed therein (including the alleged unwarranted assessments and charges), as well as praying for the nullification of the titles that were consolidated in the name of E-PCIB. Appellant cited the following instances as its causes of action:

1. E-PCIB unilaterally made and imposed the increases in interest rates on appellant's loan without them being discussed and negotiated with, much less agreed upon by, appellant and, thus, invalid;
2. Since the Real Estate Mortgage and its amendment are but accessory to the loans evidenced by the Promissory Notes, which bore the unilaterally imposed exorbitant interest rates and, thus, contrary to law and public policy, the same (the accessory contracts) are likewise illegal and against public policy;
3. Despite the substantial payments already made by appellant, E-PCIB still insistently demanded for the payment of the loan obligation inclusive of the higher interest rates and penalty charges which it unilaterally imposed, warranting the issuance of a detailed accounting or Statement of Account. Instead of issuing said statement, though, E-PCIB prematurely initiated the foreclosure proceedings; and
4. Appellant claimed for reparation of damages as well as attorney's fees by reason of E-PCIB's alleged palpable violation of the laws and the rights of appellant especially in imposing arbitrary, burdensome and oppressive interests.

In its Answer to appellant's Complaint, E-PCIB countered that appellant has no cause of action and that its complaint does not state any such cause either. E-PCIB underscored that appellant voluntarily and consciously agreed to the complained monthly re-pricing of interest as shown by appellant's affixing of its signature in all the promissory notes in due course, i.e., with all the pertinent blanks duly filled-up, and its acceptance of the loan proceeds. Accordingly, the said interest rates were then re-priced as agreed upon; and that the said re-pricing even started only on July 1997, although the original promissory notes were executed in 1996, and were only renewed in early 1997. E-PCIB stressed that appellant then not only accepted the stipulation on monthly re-pricing but also

the new interest rates, as re-priced, by its payment of the corresponding adjusted interest rates until it later defaulted to pay even the interest rates to keep the loans current. Inasmuch as the dispute lies only on the rates of interests and no longer on the fact that appellant was already in default in its payment, E-PCIB argued that appellant failed to prove its right to an injunction. E-PCIB maintained that it merely complied with the provisions of the Promissory Notes.[4]

On April 7, 2009, the RTC rendered judgment in favor of Equitable PCI Bank (E-PCIB), holding that the loan contracts between the parties were supported by several promissory notes, a fact admitted by no less than the petitioner's own President, Cresencio Tio (Tio);[5] that Tio also testified that the documents included a rider dealing with the monthly repricing of the interest rates; that the protest allegedly made against the repricing was not established; that the plaintiff (petitioner herein) paid the adjusted interest rates; and that the evidence on record sustained the validity of the real estate mortgage and its amendment.[6]

The RTC concluded that the extra-judicial foreclosure proceedings taken against the petitioner's mortgaged properties were valid; that the non- inclusion in the notice of sale of the exact amount of the lawful charges did not prejudice the petitioner; and that the certificate of sale, the consolidation of title in the name of E-PCIB, and the corresponding issuance of the certificates of title in its name were also valid.[7]

The petitioner appealed to the CA.

As stated, the CA promulgated its now assailed decision on February 21, 2013 affirming the judgment of the RTC. The CA observed that the petitioner had defaulted on its loan obligations, thereby triggering the foreclosure proceedings brought against it; that the only real issue to be resolved was whether or not the monthly repricing of the interest rates on the loans, which the petitioner claimed to have been unilaterally imposed by E- PCIB,[8] was valid; that the contracting parties were allowed to stipulate on any rate of interest on the loans by virtue of Resolution No. 224 and Central Bank Circular No. 905, which rendered the Usury Law ineffective; that nonetheless E-PCIB as the lender could not unilaterally impose increased interest rates because the parties had still to agree on the rate of interest to be applied to their transactions;[9] that there was no proof showing that the petitioner had been coerced into agreeing to the terms and conditions of the loans, or that it had been tricked into signing the promissory notes pertaining to the monthly repricing of the interest rates;[10] that despite the insistence of the petitioner that the stipulation on the monthly repricing of interest rates was an adhesion, and that all the terms had been imposed by the respondent bank thereby limiting the petitioner's participation therein to the mere signing of the document, the monthly repricing was not necessarily invalid per se, for a contract of adhesion was just as binding as other contracts once the other party agreed to the terms; and that because the petitioner was fully aware of the contents of the promissory notes, the judgment of the RTC should be upheld.

The CA disposed:

WHEREFORE, the appeal is DENIED. The Decision, dated April 7, 2009, of the Regional Trial Court, Branch 216, Quezon City in Civil Case No. Q-01-43677 is AFFIRMED.

SO ORDERED.[11]

The petitioner sought reconsideration,[12] but the CA denied its motion for that purpose on July 26, 2013.[13]

Hence, this appeal.

Issues

The petitioner contends that the CA gravely erred in ruling:

- as valid the bank's repricing of the interest rates by citing the ruling in the case of Solid Bank Corp. vs.

Permanent Homes Inc.

- that the promissory notes though contracts of adhesion bound petitioner, absent any proof of domination done by the bank to agree on the monthly repricing
- that the payments made by petitioner in excess of the original rate of interest should be credited to the principal has no basis under the factual circumstances[14]

In short, did the CA commit reversible error when it affirmed the judgment of the RTC declaring as valid the promissory notes and the corresponding repricing of interest rates?

Ruling of the Court

The appeal lacks merit.

Both the trial and appellate courts were in unison in finding that the real estate mortgage and promissory notes were valid, as well as the subsequent foreclosure proceedings. We find no cogent reason to depart from their common findings, considering that the same are supported by the facts and applicable laws.

Inasmuch as the main issue under contention relates to the validity of the promissory notes and their corresponding provision on repricing of the interest rates, an examination of the assailed provision is in order. The uniform provision of the promissory notes on the issue is as follows:

with interest thereon:

at the rate of ____ percent (____ %) per annum payable ____

at the rate of ____ percent (____ %) per annum for the first ____ days of this Note payable on, after which the interest rate shall be determined by the Lender without need of prior notice to the Borrower at the beginning of each succeeding ____ period, payable ____ of each such period, at the rate of ____ percent (____ %) per annum spread over ____ as announced and/or published by the Bangko Sentral ng Pilipinas ("BSP") on or immediately preceding the commencement of each ____ (____) month period payable ____ of each such period: provided, however, that if, in either of the two above instances, where the rate is subject to periodic adjustment, the Borrower disagrees with the new rate, he shall prepay within five (5) days from the notice of the new rate the outstanding balance of the Loan with interest at the last applicable rate, provided, further, that the Borrower's failure to so prepay shall be deemed acceptance of the new rate.[15] (Bold underscoring for emphasis)

The agreement between the parties on the imposition of increasing interest rates on the loan is commonly known as the escalation clause. Generally, the escalation clause refers to the stipulation allowing increases in the interest rates agreed upon by the contracting parties. There is nothing inherently wrong with the escalation clause because it is validly stipulated in commercial contracts as one of the means adopted to maintain fiscal stability and to retain the value of money in long term contracts. In short, the escalation clause is not void per se.[16]

Yet, the escalation clause that "grants the creditor an unbridled right to adjust the interest independently and upwardly, completely depriving the debtor of the right to assent to an important modification in the agreement" is void.[17] Such escalation clause violates the principle of mutuality of contracts, and should be annulled. To prevent or forestall any one-sidedness that the escalation clause may cause in favor of the creditor, therefore, Presidential Decree No. 1684 was promulgated. This law specifically states, among others, as follows:

SECTION 2. The same Act is hereby amended by adding a new section after Section 7, to read as follows:

Sec. 7-a. Parties to an agreement pertaining to a loan or forbearance of money, goods or credits may stipulate that the rate of interest agreed upon may be increased in the event that the applicable maximum rate of interest is increased by law or by the Monetary Board: Provided, That such stipulation shall be valid only if there is

also a stipulation in the agreement that the rate of interest agreed upon shall be reduced in the event that the applicable maximum rate of interest is reduced by law or by the Monetary Board: Provided, further, That the adjustment in the rate of interest agreed upon shall take effect on or after the effectivity of the increase or decrease in the maximum rate of interest. (Bold emphasis supplied)

Accordingly, the Court has ruled in *Banco Filipino Savings and Mortgage Bank v. Judge Navarro*[18] that there should be a corresponding de-escalation clause that authorizes a reduction in the interest rates corresponding to downward changes made by law or by the Monetary Board. Verily, the escalation clause, to be valid, should specifically provide: (1) that there can be an increase in interest rates if allowed by law or by the Monetary Board; and (2) that there must be a stipulation for the reduction of the stipulated interest rates in the event that the applicable maximum rates of interest are reduced by law or by the Monetary Board. The latter stipulation ensures the mutuality of contracts, and is known as the de-escalation clause.

The need for and essentiality of the de-escalation clause have been elucidated in *Llorin Jr. v. Court of Appeals* (*Llorin Jr.*),[19] to wit:

The purpose of the law in mandating the inclusion of a de-escalation clause is to prevent one-sidedness in favor of the lender which is considered repugnant to the principle of mutuality of contracts. As we held in *Philippine National Bank vs. Court of Appeals*, et al.:

x x x the unilateral action of the PNB in increasing the interest rate on the private respondent's loan, violated the mutuality of contracts ordained in Article 1308 of the Civil Code:

ART. 1308. The contract must bind both contracting parties; its validity or compliance cannot be left to the will of one of them.

In order that obligations arising from contracts may have the force of law between the parties, there must be mutuality between the parties based on their essential equality. A contract containing a condition which makes its fulfillment dependent exclusively upon the uncontrolled will of one of the contracting parties, is void Hence, even assuming that the P1.8 million loan agreement between the PNB and the private respondent gave the PNB a license (although in fact there was none) to increase the interest rate at will during the term of the loan, that license would have been null and void for being violative of the principle of mutuality essential in contracts. It would have invested the loan agreement with the character of a contract of adhesion, where the parties do not bargain on equal footing, the weaker party's (the debtor) participation being reduced to the alternative 'to take it or leave it' ... Such a contract is a veritable trap for the weaker party whom the courts of justice must protect against abuse and imposition.

The inescapable conclusion is that a de-escalation clause is an indispensable requisite to the validity and enforceability of an escalation clause in the contract. In other words, in the absence of a corresponding de-escalation clause, the escalation clause shall be considered null and void.[20] (Bold underscoring for emphasis)

Although it would not necessarily prevent the lender from discriminatorily increasing the interest rates, the de-escalation clause's main objective is to prevent the unwanted one-sidedness in favor of the lender, a quality that is repugnant to the principle of mutuality of contracts. The clause proposes to ensure that any unconsented increase in interest rates is ineffective for transgressing the principle of mutuality of contracts.[21] Indeed, the clause creates a balance in the contractual relationship between the lender and the borrower, and tempers the power of the stronger player between the two, which is the former.

No express de-escalation clause was stipulated in the promissory notes signed by the petitioner. Yet, the absence of the clause did not invalidate the repricing of the interest rates. The repricing notices issued to the petitioner by E-PCIB indicated that on some occasions, the bank had reduced or adjusted the interest rates downward. For

example, the 26% interest rate for PN No. 970019HD for P2 million on July 30, 1997 was reduced to 22.5% in August 1997; the 26% interest rate for PN No. 970044HD for P2.7 million in July 1997 was decreased to 22.5% in August 1997.[22] Based on the dictum in Llorin Jr.,[23] such actual reduction or downward adjustment by the lender bank eliminated any one-sidedness of its contracts with the borrower. As the Court opined in Llorin Jr.:

We are fully persuaded, however, to take particular exception from said ruling insofar as the case at bar is concerned, considering the peculiar circumstances obtaining herein. There is no dispute that the escalation clause in the promissory note involved in this case does not contain a correlative de-escalation clause or a provision providing for the reduction of the stipulated interest in the event that the applicable maximum rate of interest is reduced by law or by the Monetary Board. Notwithstanding the absence of such stipulation, however, it is similarly not controverted but, as a matter of fact, specifically admitted by petitioner that respondent APEX unilaterally and actually decreased the interest charges it imposed on herein petitioner on three occasions. (Bold underscoring supplied)

It becomes inescapable for the Court to uphold the validity and enforceability of the escalation clause involved herein despite the absence of the de-escalation clause. The actual grant by the respondent of the decreases in the interest rates imposed on the loans extended to the petitioner rendered inexistence the evil of inequality sought to be thwarted by the enactment and application of Presidential Decree No. 1684. We do not see here a situation in which the petitioner did not stand on equality with the lender bank.

The binding effect on the parties of any agreement is premised on two settled principles, namely: (1) that any obligation arising from contract has the force of law between the parties; and (2) that there must be mutuality between the parties based on their essential equality. Any contract that appears to be heavily weighed in favor of only one of the parties so as to lead to an unconscionable result is void. Specifically, any stipulation regarding the validity or compliance of the contract that is left solely to the will of one of the parties is likewise invalid.[24]

The principle of mutuality of contracts is embodied in Article 1308 of the Civil Code, to wit:

Article 1308. The contract must bind both contracting parties; its validity or compliance cannot be left to the will of one of them.

The significance of Article 1308 cannot be doubted. It is elementary that there can be no contract in the absence of the mutual assent of the parties. When the assent of either party is wanting, the act of the non-assenting party has no efficacy for his act is as if it was done under duress or by an incapacitated person. Naturally, any modification made in the contract must still be with or upon the consent of the contracting parties. There must still be a meeting of the minds of all the parties on the modification, especially when the modification relates to an important or material aspect of the agreement. In loan contracts, the rate of interest is always important or material because it can make or break the capital ventures.

Contrary to the petitioner's position, there was mutuality of contracts between itself and the respondent. Tio, the petitioner's President, who signed the promissory notes in behalf of the petitioner, was aware of the provision in the documents pertaining to the monthly repricing of the interest rates. Although the promissory notes succinctly stipulated that the loans were subject to interest without need of prior notice to the borrower, the respondent sent notices to the petitioner each and every time it increased the interest rate. Equally of significance was that the respondent allowed the petitioner the sufficient time and opportunity either to reject the imposition of the increased interest rates by paying the outstanding obligations or by accepting the same through payment of whatever amounts were due. The sufficient time and opportunity negated the petitioner's insistence about the respondent having unilaterally determined the interest rates in violation of the principle of mutuality of contracts embodied in Article 1308.

It is noteworthy in this regard that the CA, despite being aware of the authority of the respondent as lender to reprice the interest rates without need of prior notice to the borrower, still recognized the validity of the stipulation in view of the option on the part of the petitioner to reject the repricing, to wit:

Significantly, the phrase "without need of prior notice to the borrower" should not be construed to be an absolute lack of notice to the borrower since receipt of said notice, in fact, is the reckoning point for the borrower to convey its objection to the said repricing by due payment of the obligation with the original interest rate or by its consent to the said repricing by the borrower's failure to so prepay.[25]

There is no question, therefore, that the respondent accorded the petitioner the notice of any repricing of the interest rates. Although there have been occasions in which the Court struck down the escalation clauses in loan agreements for violating the mutuality of contracts, this case will not be one of them. This is because the respondent either has given notice to the petitioner whenever it repriced the interest rates in order to give the latter the option to reject the repricing, or has implemented the downward repricing of the interest rates. The respondent thereby served both the letter and the spirit of Presidential Decree No. 1684.

We also affirm the CA's findings despite the showing of the promissory notes being contracts of adhesion.

A contract of adhesion is one wherein one party imposes a ready-made form of contract on the other in which almost all of the provisions are drafted by one party, thereby reducing the participation of the other to affixing its signature or to adhering to the contract. However, the contract of adhesion is not invalid per se but is as binding as any other contract. The only occasions in which the Court has struck down contracts of adhesion as void have happened only when the weaker party has been imposed upon in dealing with the dominant bargaining party as to be reduced to the alternative of taking it or leaving it, being completely deprived of the opportunity to bargain on equal footing. Thus, the validity or enforceability of the impugned contracts will have to be determined by the peculiar circumstances obtaining in each case and by the situation of the parties concerned.[26]

We are aware of the ruling in *Limso v. Philippine National Bank (Limso)*,[27] which reiterates the essentiality of the long standing dictum that the contract is void when there is no mutuality between the parties. The ruling stresses that mutuality is absent when the interest rate in a loan agreement is set at the sole discretion of one party; or when there is no reasonable means by which the other party can determine the applicable interest rate. This is because the parties are not then on equal footing when they negotiated and concluded the terms of the contract.

The Limso petitioners (i.e., Spouses Robert Alan L. Limso and Nancy Lee Limso and their business enterprise Davao Sunrise Investment and Development Corporation) had restructured their loan with respondent Philippine National Bank (PNB); however, their ultimate inability to meet and settle their obligations led to the foreclosure of their mortgage and the sale of their mortgaged properties. The Limso petitioners then assailed the validity of the agreement as contravening the principle of mutuality of contracts. Finding in favor of the Limso petitioners, the Court observed that the principle of mutuality of contracts dictated that a contract must be rendered invalid when the execution of its terms was skewed in favor of only one party.

There may be similarities in the factual antecedents of Limso and those in this case, but both cases also had several remarkable distinctions that warranted the conclusion that the principle of mutuality pervaded the agreements on the interest rates between the parties herein.

For one, PNB, the lender in Limso, not only failed to consult the Limso petitioners as the borrowers on the imposition of the new interest rates but also did not send notices to them, or even allowed some of its notices to be received by mere employees not authorized to receive such crucial communications. In fact, some of the communications did not appear to have been received by the principal borrowers at all. In this case, such irregularity was not attendant. As the CA pointed out, the respondent sent the notices to the petitioner because the

very receipt of the notices increasing the interest rates became the reckoning point for either the effectivity of the new rates imposed by the respondent, or for the effectivity of the petitioner's option to pay the outstanding obligations should it object to the proposed rate.

Secondly, in *Limso*, the Spouses *Limso* and *Davao Sunrise* had their loans restructured in the hopes of meeting their financial obligations with PNB. In contrast, the petitioner herein had opened a credit line with the respondent from which it drew specific amounts on various dates; each drawing from the credit line had a corresponding promissory note signed by both parties; and the petitioner sometimes drew more than five times in a month. Ostensibly, the frequency afforded to the petitioner the opportunity to discuss or negotiate the interest rates being imposed not only on the current drawing of funds but also on those repriced and covered by other promissory notes.

And, thirdly, that there was no showing by the petitioner herein that it had been placed at any disadvantage in dealing with the respondent was decisive. On the contrary, it appeared that mutuality always pervaded the relationship between the parties. As noted by the CA, the petitioner had earlier requested the release of 133 of the subdivision lots under mortgage to the respondent when it became established that 41 out of the 174 subdivision lots would already be sufficient securities for the credit accommodation, and the respondent granted the request subject only to the condition that the real estate mortgage contract be duly amended to make it conform to the changes in the amount of the credit line and the lots covered by the mortgage. The petitioner readily agreed to the condition. Also, in their transactions, *Tiu*, the petitioner's President, who appeared to have been trained and experienced in business at the time he acted in the petitioner's behalf in dealing with the respondent, had functioned without duress or force in signing the various promissory notes and allied agreements on petitioner's behalf. Furthermore, *Tiu* was aware of the rider of the agreements and had full knowledge of the import of the rider. The rider contained the agreements on the monthly repricing of the interest rates. The natural presumption under the circumstances was that *Tiu* would not have signed the documents unless he had informed himself of their contents, import and consequences. This presumption was not overturned.

The foregoing distinctions indicated that the petitioner herein was never a party at a disadvantage, unlike the *Limso* petitioners.

WHEREFORE, we DENY the petition for review on certiorari; and AFFIRM the decision promulgated on February 21, 2013, with costs of suit to be paid by the petitioner.

SO ORDERED.

Peralta,[*] Del Castillo, Jardeleza, and Gesmundo,**] JJ., concur.

[*] In lieu of Justice Noel G. Tijam, who penned the decision of the Court of Appeals, per the raffle of July 5, 2017.

[**] Additional Member, per Special Order No. 2609 dated October 11, 2018.

[1] Effective March 17, 1980.

[2] *Rollo*, pp. 44-55; penned by Associate Justice Noel G. Tijam (now a Member of the Court), with the concurrence of Associate Justice Romeo F. Barza (now Presiding Justice) and Associate Justice Ramon A. Cruz.

[3] *Id.* at 70-87; penned by Judge Ofelia Arellano-Marquez.

[4] *Id.* at 45-48.

[5] Id. at 49.

[6] Id. at 85.

[7] Id. at 86.

[8] Id. at 50.

[9] Id. at 51.

[10] Id.

[11] Id. at 55.

[12] Id. at 56-64.

[13] Id. at 66-68.

[14] Id. at 24.

[15] Id. at 128-129.

[16] Juico v. China Banking Corporation, G.R. No. 187678, April 10, 2013, 695 SCRA 520, 531.

[17] Id.

[18] G.R. No. L-46591, July 28, 1987, 152 SCRA 346.

[19] G.R. No. 103592, February 4, 1993, 218 SCRA 436, 442.

[20] Id. at p. 442-443.

[21] Philippine National Bank v. Rocamora, G.R. No. 164549, September 18, 2009, 600 SCRA 395, 407.

[22] Rollo, p. 129.

[23] Supra note 19.

[24] Almeda v. Court of Appeals, G.R. No. 113412, April 17, 1996, 256 SCRA 292, 299-300.

[25] Rollo, p. 52.

[26] Encarnacion Construction & Industrial Corp. v. Phoenix Ready Mix Concrete Development & Construction, Inc., G.R. No. 225402, September 4, 2017.

[27] G.R. Nos. 158622, 169441, 172958, 173194, 196958, 197120 & 205463, January 27, 2016, 782 SCRA 137.

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