

MERIDIAN ASSURANCE CORPORATION, PETITIONER, VS. HON. ABELARDO M. DAYRIT, JUDGE, CFI, MANILA, BR. II, AND FIRST WESTERN BANK & TRUST COMPANY, RESPONDENTS

G.R. No. 59154. April 03, 1990

Ponente: NARVASA, J.

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NARVASA, J.:

The sole issue in this special civil action of certiorari concerns the rate of interest properly imposable in relation to a judgment for the payment of money: 6%, as provided by Article 2209 of the Civil Code, or 12%, conformably with Central Bank Circular No. 416. The issue has already been passed upon and resolved by this Court in two (2) earlier cases,[1] and it is in accordance with those precedents that the case at bar will also be determined.

The petitioner, Meridian Assurance Corporation, was a defendant in Civil Case No. 623 17 of the then Court of First Instance of Manila, entitled "First Western Bank and Trust Company vs. Atlas Timber Company, et al." The case resulted in a verdict adverse to the defendants,[2] disposing as follows:

"WHEREFORE, judgment is rendered in favor of the plaintiff and against the defendants, jointly and severally, for the sum of \$21,933.38 or its equivalent in pesos at the rate of P3,9390 lo a dollar, with interest at the legal rate from the filing of the complaint, and the costs of the suit, provided, however, that this judgment should not be enforced against the individual partners before the properties of the partnership have been exhausted."

The Trial Court's judgment was affirmed in toto by the Court of Appeals on October 9, 1980;[3] and the latter's judgment having in due course become final and executory, the case was remanded to the Court a quo for execution. Execution was eventually ordered by the Trial Court by Order dated September 8, 1981.

On September 16, 1981, Meridian Assurance Corporation (hereafter, simply Meridian) wrote to the judgment creditor, First Western Bank & Trust Co. (hereafter, simply First Western), offering to pay the amount of the judgment with 6% interest per annum and the approved costs of P237.00. The offer was rejected by First Western, in its letter of September 21, 1981, its view being that the rate of interest should be 12%per annum in accordance with Central Bank Circular No. 416 dated July 29, 1974. Another exchange of letters ensued in which the parties stood firm on the views set out in their first communications.

Meridian then filed with the Trial Court a motion dated September 30, 1981, manifesting its deposit with the Court of the amount of P170,061.03 — representing the total of (1) P86,395.58 (the peso equivalent at the time of the principal indebtedness of \$21,933.38), (2) P83,428.45 (the interest on the principal debt at 6% p.a. from August 27, 1965 to September 30, 1981) and (3) costs in the sum of P237.00 — and praying that the deposit be allowed, that it be considered full satisfaction of the judgment, and that enforcement of the writ of execution be restrained. The motion was denied by Order dated October 15, 1981,[4] the Trial Court opining that Central Bank Circular No. 416 had changed "the legal rate of interest from 6% to 12% per annum."

This ruling the Trial Court refused to reconsider, overruling Meridian's motion of October 26, 1981 asking it to do so. Meridian thereupon proceeded to this Court praying for a writ of certiorari to annul the orders denying its aforementioned motion to deposit, etc. dated September 1981, and to authorize it "to satisfy the amount of the judgment with 6% interest per annum and the approved costs of P237.00 totalling P170,061.03 ***."

The writ will issue as prayed for. As pointed out in this opinion's opening paragraph, the matter in question has already been settled in *Reformina v. Tomol, Jr. and Philippine Rabbit Bus Lines, Inc. v. Cruz*, supra.[5]

The question posed in *Reformina* was whether or not Circular No. 416 of the Central Bank of the Philippines[6] — amending Section 1 of the Usury Law (Act No. 2655) by prescribing twelve percent (12%) per annum as the "rate of interest for the loan, or forbearance of any money, goods, or credits and the rate allowed in judgments, in the absence of express contract as to such rate of interest * * *" — applied to "all kinds of monetary judgment." *Reformina* held that the "judgments spoken of and referred to are (only) judgments in litigations involving loans or forbearance of any money, goods or credits." It declared[7] that —

"* * * Any other kind of monetary judgment which has nothing to do with, nor involving loans or forbearance of any money, goods or credits does not fall within the coverage of the said law (P.D. No. 116) for it is not within the ambit of the authority granted to the Central Bank. The Monetary Board may not tread on forbidden grounds. It cannot rewrite other laws. That function is vested solely with the legislative authority. It is axiomatic in legal hermeneutics that statutes should be construed as a whole and not as series of disconnected articles and phrases. In the absence of a clear contrary intention, words and phrases in statutes should not be interpreted in isolation from one another. A word or phrase in a statute is always used in association with other words or phrases and its meaning may thus be modified or restricted by the latter."

And, as in *Philippine Rabbit Bus Lines, Inc. v. Cruz*, supra, there is "no reason to depart or deviate from that ruling here. It seems quite clear that Section 1-a of Act No. 2655, as amended[8] — which, as distinguished from Sec. 1 of the same law, appears to be the actual and operative grant of authority to the Monetary Board of the Central Bank to prescribe maximum rates of interest where the parties have not stipulated thereon — in excluding mention of rates allowed in judgments, should, at the least, be construed as limiting the authority thus granted only to loans or forbearances of money, etc., and to judgments involving such loans or forbearances."

WHEREFORE, the petition is granted. The Orders promulgated on October 15, 1981 and December 2, 1981 are ANNULLED AND SET ASIDE. The petitioner's deposit with the Trial Court of the amount of P170,061.03 is declared to constitute full satisfaction of the judgment against it, and the Trial Court is DIRECTED to cause entry of said full satisfaction of judgment, and declare the case closed and terminated as far as the petitioner is concerned. No costs.

SO ORDERED.

Cruz, Gancayco, Grino-Aquino, and Medialdea, JJ., concur.

[1] *Reformina v. Tomol, Jr.*, 139 SCRA 260 (1985). reiterated in *Philippine Rabbit Bus Lines, Inc. v. Cruz*. 143 SCRA 158. 160-162.

[2] Rendered by Hon. Jose N. Leuterio. later. Associate Justice of the Court of Appeals.

[3] The ponente was German. J., with whom concurred Gancayco and Patajo. JJ.

[4] The Order was issued by Hon. Abelardo M. Dayrit. who had succeeded Hon. Jose N. Leuterio upon the latter's

elevation to the Court of Appeals.

[5] Respectively. 139 SCRA 260 (1985), and 143 SCRA 158, 160-162.

[6] Issued pursuant to authority granted by P.D. No. 116, adding Section 1-a to the Usury Law, which empowered the Monetary Board "to prescribe the maximum rate or rates of interest for the loan or renewal thereof or the forbearance of any money, goods or credits, and to change such rate or rates whenever warranted by prevailing economic and social conditions * * *." (*italics supplied*).

[7] At pp. 265-266.

[8] SEE footnote 5, *supra*.

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