

INTEGRATED REALTY CORPORATION AND RAUL L. SANTOS, PETITIONERS, VS. PHILIPPINE NATIONAL BANK, OVERSEAS BANK OF MANILA AND THE HON. COURT OF APPEALS, RESPONDENTS.

G.R. No. 60705. June 28, 1989

Ponente: REGALADO, J.

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REGALADO, J.:

In these petitions for review on certiorari, Integrated Realty Corporation and Raul Santos (G.R. No. 60705), and Overseas Bank of Manila (G.R. No. 60907) appeal from the decision of the Court of Appeals,[1] the decretal portion of which states:

"WHEREFORE, with the modification that appellee Overseas Bank of Manila is ordered to pay to the appellant Raul Santos the sum of P700,000.00 due under the time deposit certificates Nos. 2308 and 2367 with 6 1/2 (sic) interest per annum from date of issue until fully paid, the appealed decision is affirmed in all other respects."

In G.R. No. 60705, petitioners Integrated Realty Corporation (hereafter, IRC) and Raul L. Santos (hereafter, Santos) seek the dismissal of the complaint filed by the Philippine National Bank (hereafter, PNB), or in the event that they be held liable thereunder, to revive and affirm that portion of the decision of the trial court ordering Overseas Bank of Manila (hereafter, OBM) to pay IRC and Santos whatever amounts the latter will pay PNB, with interest from the date of Payment.[2]

On the other hand, in G.R. No. 60907, petitioner OBM challenges the decision of respondent court insofar as it holds OBM liable for interest on the time deposit with it of Santos corresponding to the period of its closure by order of the Central Bank.[3]

In its assailed decision, the respondent Court of Appeals, quoting from the decision of the lower court,[4] narrated the antecedents of this case in this wise:

"The facts of this case are not seriously disputed by any of the parties. They are set forth in the decision of the trial court as follows:

Under date 11 January 1967 defendant Raul L. Santos made a time deposit with defendant OBM in the amount of P500,000.00. (Exhibit-10 OBM) and was issued a Certificate of Time Deposit No. 2308 (Exhibit 1-Santos, Exhibit D). Under date 6 February 1967 defendant Raul L. Santos also made a time deposit with defendant OBM in the amount of P200,000.00 (Exhibit 11-OBM) and was issued certificate of Time Deposit No. 2367 (Exhibit 2-Santos, Exhibit E).

Under date 9 February 1967 defendant IRC, thru its President - defendant Raul L. Santos, applied for a loan and/ or credit line (Exhibit A) in the amount of P700,000.00 with plaintiff bank. To secure the said loan, defendant Raul L. Santos executed on August 11, 1967 a Deed of Assignment (Exhibit C) of the two time deposits (Exhibit 1-Santos and Exhibit 2-Santos, also Exhibits D and E) in favour of plaintiff. Defendant OBM gave its conformity to the assignment thru letter dated 11 August 1967 (Exhibit F). On the same date, defendant IRC, thru its President Raul L. Santos, also executed a Deed of Conformity to Loan Conditions (Exhibit G).

The defendant OBM, after the due dates of the time deposit certificates, did not pay plaintiff PNB. Plaintiff demanded payment from defendants IRC and Raul L. Santos (Exhibit K) and from defendant OBM (Exhibit L). Defendants IRC and Raul L. Santos replied that the obligation (loan) of defendant IRC was deemed paid with the irrevocable assignment of the time deposit certificates (Exhibits 5-Santos, 6-Santos and 7-Santos).

"On April 6, 1969 (sic) [*]PNB filed a complaint to collect from IRC and Santos the loan of P700,000.00 with interest as well as attorney's fees. It impleaded OBM as a defendant to compel it to redeem and pay to it Santos' time deposit certificates with interest, plus exemplary and corrective damages, attorney's fees, and costs.

"In their answer to the complaint, IRC and Santos alleged that PNB has no cause of action against them because their obligation to PNB was fully paid or extinguished upon the 'irrevocable' assignment of the time deposit certificates, and that they are not answerable for the insolvency of OBM. They filed a counterclaim for damages against PNB and a cross-claim against OBM, alleging that OBM acted fraudulently in refusing to pay the time deposit certificates to PNB resulting in the filing of the suit against them by PNB, and that, therefore, OBM should pay them whatever amount they may be ordered by the court to pay PNB with interest. They also asked that OBM be ordered to pay them compensatory, moral, exemplary and corrective damages.

"In its answer to the complaint, OBM denied knowledge of the time deposit certificates because the alleged time deposit of Santos 'does not appear' in its books of account.

"Whereupon, IRC and Santos, with leave of court, filed a third-party complaint against Emerito B. Ramos, Jr., president of OBM, and Rodolfo R. Sunico, treasurer of said bank, who allegedly received the time deposits of Santos and issued the certificates therefor.

"Answering the third-party complaint, Ramos and Sunico alleged that IRC and Santos have no cause of action against them because they received and signed the time deposit certificates as officers of OBM, that the time deposits are recorded in the subsidiary ledgers of the bank and are 'civil liabilities of the defendant OBM.'

"On November 18, 1970, OBM filed an amended or supplemental answer to the complaint, acknowledging the certificates of time deposit that it issued to Santos, and admitting its failure to pay the same due to its distressed

financial situation. As affirmative defenses, it alleged that by reason of its state of insolvency its operations have been suspended by the Central Bank since August 1, 1968; that the time deposits ceased to earn interest from that date; that it may not give preference to any depositor or creditor; and that payment of the plaintiffs claim is prohibited.

"On January 30, 1976, the lower court rendered judgment for the plaintiff, the dispositive portion of which reads as follows:

'WHEREFORE, judgment is hereby rendered, ordering:

1. The defendant Integrated Realty Corporation and Raul L. Santos to pay the plaintiff, jointly and solidarily, the total amount of ₱700,000.00 plus interest at the rate of 9% per annum from maturity dates of the two promissory notes on January 11 and February 6, 1968, respectively (Exhibits M and I), plus 1-1/2% additional interest effective February 28, 1968 and additional penalty interest of 1% per annum of the said amount of ₱700,000.00 from the time of maturity of said loan up to the time the said amount of ₱700,000.00 is actually paid to the plaintiff;
2. The defendants to pay 10% of the amount of ₱700,000.00 as and for attorney's fees;
3. The defendant Overseas Bank of Manila to pay cross-plaintiffs Integrated Realty Corporation and Raul L. Santos whatever amounts the latter will pay to the plaintiff with interest from date of payment;
4. The defendant Overseas Bank of Manila to pay cross-plaintiffs Integrated Realty Corporation and Raul L. Santos the amount of ₱10,000.00 as and for attorney's fees;
5. The third-party complaint and cross-claim dismissed;
6. The defendant Overseas Bank of Manila to pay the costs.

SO ORDERED.'"[5]

IRC, Santos and OBM all appealed to the respondent Court of Appeals. As stated in limine, on March 16, 1982 respondent court promulgated its appealed decision, with a modification and the deletion of that portion of the judgment of the trial court ordering OBM to pay IRC and Santos whatever amounts they will pay to PNB with interest from the date of payment.

Therein defendants-appellants, through separate petitions, have brought the said decision to this Court for review.

1. The first issue posed before Us for resolution is whether the liability of IRC and Santos with PNB should be deemed to have been paid by virtue of the deed of assignment made by the former in favor of PNB, which reads:

"KNOW ALL MEN BY THESE PRESENTS:

I, RAUL L. SANTOS, of legal age, Filipino, with residence and postal address at 661 Richmond St., Mandaluyong, Rizal for and in consideration of certain loans, overdrafts and other credit accommodations granted or those that may hereafter be granted to me/us by the PHILIPPINE NATIONAL BANK,, have assigned, transferred and conveyed and by these presents, do hereby assign, transfer and convey by way of security unto said PHILIPPINE NATIONAL BANK its successors and assigns the following Certificates of Time Deposit issued by the OVERSEAS BANK OF MANILA, its CONFORMITY issued on August 11, 1967, hereto enclosed as Annex 'A', in favor of RAUL L. SANTOS and/or NORA S. SANTOS, in the aggregate sum of SEVEN HUNDRED THOUSAND PESOS ONLY (P700,000.00), Philippine Currency, x x x.

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"It is also understood that the herein Assignor/s shall remain liable for any outstanding balance of his/their obligation if the Bank is unable to actually receive or collect the above assigned sums, monies or properties resulting from any agreements, orders or decisions of the court or for any other cause whatsoever."[6]

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Respondent Court of Appeals did not consider the aforesaid assignment as payment, thus:

"The contention of IRC and Santos that the irrevocable assignment of the time deposit certificates to PNB constituted 'payment' of their obligation to the latter is not well taken.

"Where a certificate of deposit in a bank, payable at a future day, was handed over by a debtor to his creditor, it was not payment, unless there was an express agreement on the part of the creditor to receive it as such, and the question whether there was or was not such an agreement, was one of facts to be decided by the jury.¹ (Downey vs. Hicks, 55 U.S. [14 How.] 240 L. Ed. 404; See also Michie, Vol. 5B Banks and Banking, p. 200)."[7]

We uphold respondent court on this score.

In Lopez vs. Court of Appeals, et al.,[8] petitioner Benito Lopez obtained a loan for P20,000.00 from the Prudential Bank and Trust Company. On the same day, he executed a promissory note in favor of the bank and, in addition, he executed a surety bond in which he, as principal, and Philippine American General Insurance Co.,

Inc. (Philamgen), as surety, bound themselves jointly and severally in favor of the bank for the payment of the loan. On the same occasion, Lopez also executed in favor of Philamgen an indemnity agreement whereby he agreed to indemnify the company against any damages which the latter may sustain in consequence of having become a surety upon the bond. At the same time, Lopez executed a deed of assignment of his shares of stock in the Baguio Military Institute, Inc. in favor of Philamgen. When Lopez' obligation matured without being settled, Philamgen caused the transfer of the shares of stocks to its name in order that it may sell the same and apply the proceeds thereof in payment of the loan to the bank. However, when no payment was still made by the principal debtor or surety, the bank filed a complaint which compelled Philamgen to pay the bank. Thereafter, Philamgen filed an action to recover the amount of the loan against Lopez. The trial court therein held that the obligation of Lopez was deemed paid when his shares of stocks were transferred in the name of Philamgen. On appeal, the Court of Appeals ruled that Lopez was still liable to Philamgen because, pending payment, Philamgen was merely holding the stock as security for the payment of Lopez' obligation.

In upholding the finding therein of the Court of Appeals, We held that:

"Notwithstanding the express terms of the 'Stock Assignment Separate from Certificate,' however, We hold and rule that the transaction should not be regarded as an absolute conveyance in view of the circumstances obtaining at the time of the execution thereof.

"It should be remembered that on June 2, 1959, the day Lopez obtained a loan of P20,000.00 from Prudential Bank, Lopez executed a promissory note for P20,000.00, plus interest at the rate often (10%) per cent per annum, in favor of said Bank. He likewise posted a surety bond to secure his full and faithful performance of his obligation under the promissory note with Philamgen as his surety. In return for the undertaking of Philamgen under the surety bond, Lopez executed on the same day not only an indemnity agreement but also a stock assignment.

"The indemnity agreement and stock assignment must be considered together as related transactions because in order to judge the intention of the contracting parties, their contemporaneous and subsequent acts shall be principally considered. (Article 1371, New Civil Code). Thus, considering that the indemnity agreement connotes a continuing obligation of Lopez towards Philamgen while the stock assignment indicates a complete discharge of the same obligation, the existence of the indemnity agreement whereby Lopez had to pay a premium of P1 ,000.00 for a period of one year and agreed at all times to indemnify Philamgen of any and all kinds of losses which the latter might sustain by reason of it becoming a surety, is inconsistent with the theory of an absolute sale for and in consideration of the same undertaking of Philamgen. There would have been no necessity for the execution of the indemnity agreement if the stock assignment was really intended as an absolute conveyance, x x x"

Along the same vein, in the case at bar it would not have been necessary on the part of IRC and Santos to execute promissory notes in favor of PNB if the assignment of the time deposits of Santos was really intended as an absolute conveyance.

There are cogent reasons to conclude that the parties intended said deed of assignment to complement the promissory notes. In declaring that the deed of assignment did not operate as payment of the loan so as to extinguish the obligations of IRC and Santos with PNB, the trial court advanced several valid bases, to wit:

"a. It is clear from the Deed of Assignment that it was only by way of security;

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"b. The promissory notes (Exhibits H and I) were executed on August 16, 1967. If defendants IRC and Raul L. Santos, upon executing the Deed of Assignment on August 11, 1967 had already paid their loan of P700,000.00 or otherwise extinguished the same, why were the promissory notes made on August 16, 1967 still executed by IRC and signed by Raul L. Santos as President?

"c. In the application for a credit line (Exhibit A), the time deposits were offered as collateral." [9]

For all intents and purposes, the deed of assignment in this case is actually a pledge. Adverting again to the Court's pronouncements in *Lopez*, supra, we quote therefrom:

"The character of the transaction between the parties is to be determined by their intention, regardless of what language was used or what the form of the transfer was. If it was intended to secure the payment of money, it must be construed as a pledge; but if there was some other intention, it is not a pledge. However, even though a transfer, if regarded by itself, appears to have been absolute, its object and character might still be qualified and explained by a contemporaneous writing declaring it to have been a deposit of the property as collateral security. It has been said that a transfer of property by the debtor to a creditor, even if sufficient on its face to make an absolute conveyance, should be treated as a pledge if the debt continues in existence and is not discharged by the transfer, and that accordingly, the use of the terms ordinarily importing conveyance, of absolute ownership will not be given that effect in such a transaction if they are also commonly used in pledges and mortgages and therefore do not unqualifiedly indicate a transfer of absolute ownership, in the absence of clear and unambiguous language or other circumstances excluding an intent to pledge." [10]

The facts and circumstances leading to the execution of the deed of assignment, as found by the court a quo and the respondent court, yield said conclusion that it is in fact a pledge. The deed of assignment has satisfied the requirements of a contract of pledge (1) that it be constituted to secure the fulfillment of a principal obligation; (2) that the pledgor be the absolute owner of the thing pledged; (3) that the persons constituting the pledge have the free disposal of their property, and in the absence thereof, that they be legally authorized for the purpose. [11] The further requirement that the thing pledged be placed in the possession of the creditor, or of a third person by common agreement [12] was complied with by the execution of the deed of assignment in favor of PNB.

It must also be emphasized that Santos, as assignor, made an express undertaking that he would remain liable for any outstanding balance of his obligation should PNB be unable to actually receive or collect the assigned sums resulting from any agreements, orders or decisions of the court or for any other cause whatsoever. The term "for any cause whatsoever" is broad enough to include the situation involved in the present case.

Under the foregoing circumstances and considerations, the unavoidable conclusion is that IRC and Santos should be held liable to PNB for the amount of the loan with the corresponding interest thereon.

2. We find nothing illegal in the interest of one and one-half percent (1/2%) imposed by PNB pursuant to the resolution of its Board which presumably was done in accordance with ordinary banking procedures. Not only did IRC and Santos fail to overcome the presumption of regularity of business transactions, but they are likewise

estopped from questioning the validity thereof for the first time in this petition. There is nothing in the records to show that they raised this issue during the trial by presenting countervailing evidence. What was merely touched upon during the proceedings in the court below was the alleged lack of notice to them of the board resolution, but not the veracity or validity thereof.

3. On the issue of whether OBM should be held liable for interests on the time deposits of IRC and Santos from the time it ceased operations until it resumed its business, the answer is in the negative.

We have held in *The Overseas Bank of Manila vs. Court of Appeals and Tony D. Tapia* [13] that:

"It is a matter of common knowledge, which We take judicial notice of, that what enables a bank to pay stipulated interest on money deposited with it is that thru the other aspects of its operation it is able to generate funds to cover the payment of such interest. Unless a bank can lend money, engage in international transactions, acquire foreclosed mortgaged properties or their proceeds and generally engage in other banking and financing activities from which it can derive income, it is inconceivable how it can carry on as a depository obligated to pay stipulated interest. Conventional wisdom dictates this inexorable fair and just conclusion. And it can be said that all who deposit money in banks are aware of such a simple economic proposition. Consequently, it should be deemed read into every contract of deposit with a bank that the obligation to pay interest on the deposit ceases the moment the operation of the bank is completely suspended by the duly constituted authority, the Central Bank.

"We consider it of trivial consequence that the stoppage of the bank's operation by the Central Bank has been subsequently declared illegal by the Supreme Court, for before the Court's order, the bank had no alternative under the law than to obey the orders of the Central Bank. Whatever be the juridical significance of the subsequent action of the Supreme Court, the stubborn fact remained that the petitioner was totally crippled from then on from earning the income needed to meet its obligations to its depositors. If such a situation cannot, strictly speaking, be legally denominated as 'force majeure,' as maintained by private respondent, We hold it is a matter of simple equity that it be treated as such."

The Court further adjured that:

"Parenthetically, We may add for the guidance of those who might be concerned, and so that unnecessary litigations be avoided from further clogging the dockets of the courts, that in the light of the considerations expounded in the above opinion, the same formula that exempts petitioner from the payment of interest to its depositors during the whole period of factual stoppage of its operations by orders of the Central Bank, modified in effect by the decision as well as the approval of a formula of rehabilitation by this Court, should be, as a matter of consistency, applicable or followed in respect to all other obligations of petitioner which could not be paid during the period of its actual complete closure."

We cannot accept the holding of the respondent Court of Appeals that the above-cited decisions apply only where the bank is in a state of liquidation. In the very case aforecited, this issue was likewise raised and We resolved:

"Thus, Our task is narrowed down to the resolution of the legal problem of whether or not, for purposes of the payment of the interest here in question, stoppage of the operations of a bank by a legal order of liquidation may be equated with actual cessation of the bank's operation, not different, factually speaking, in its effects, from legal liquidation the factual cessation having been ordered by the Central Bank.

"In the case of Chinese Grocer's Association, et al, vs. American Apothecaries, 65 Phil. 395, this Court held:

'As to the second assignment of error, this Court, in G.R. No. 43682, In re Liquidation of the Mercantile Bank of China, Tan Tiong Tick, claimant and appellant, vs. American Apothecaries, C, et al., claimants and appellees, through Justice Imperial, held the following:

'4. The court held that the appellant is not entitled to charge interest on the amounts of his claims, and this is the object of the second assignment of error. Upon this point a distinction must be made between the interest which the deposits should earn from their existence until the bank ceased to operate, and that which they may earn from the time the bank's operations were stopped until the date of payment of the deposits. As to the first class, we hold that it should be paid because such interest has been earned in the ordinary course of the bank's business and before the latter has been declared in a state of liquidation. Moreover, the bank being authorized by law to make use of the deposits with the limitation stated, to invest the same in its business and other operations, it may be presumed that it bound itself to pay interest to the depositors as in fact it paid interest prior to the dates of the said claims. As to the interest which may be charged from the date the bank ceased to do business because it was declared in a state of liquidation, we hold that the said interest should not be paid.'

"The Court of Appeals considered this ruling inapplicable to the instant case, precisely because, as contended by private respondent, the said Apothecaries case had in fact in contemplation a valid order of liquidation of the bank concerned, whereas here, the order of the Central Bank of August 13, 1968 completely forbidding herein petitioner to do business preparatory to its liquidation was first restrained and then nullified by this Supreme Court. In other words, as far as private respondent is concerned, it is the legal reason for cessation of operations, not the actual cessation thereof, that matters and is decisive insofar as his right to the continued payment of the interest on his deposit during the period of cessation is concerned.

"In the light of the peculiar circumstances of this particular case, We disagree. It is Our considered view, after mature deliberation, that it is utterly unfair to award private respondent his prayer for payment of interest on his deposit during the period that petitioner bank was not allowed by the Central Bank to operate."

4. Lastly, IRC and Santos claim that OBM should reimburse them for whatever amounts they may be adjudged to pay PNB by way of compensation for damages incurred, pursuant to Articles 1170 and 2201 of the Civil Code.

It appears that as early as April, 1967, the financial situation of OBM had already caused mounting concern in the Central Bank.[14] On December 5, 1967, new directors and officers drafted from the Central Bank (CB) itself, the Philippine National Bank (PNB) and the Development Bank of the Philippines (DBP) were elected and installed and they took over the management and control of the Overseas Bank.[15] However, it was only on July 31, 1968 when OBM was excluded from clearing with the CB under Monetary Board Resolution No. 1263. Subsequently, on August 2, 1968, pursuant to Resolution No. 1290 of the CB, OBM's operations were suspended.[16] These CB resolutions were eventually annulled and set aside by this Court on October 4, 1971 in the decision rendered in the herein cited case of Ramos.

Thus, when PNB demanded from OBM payment of the amounts due on the two time deposits which matured on January 11, 1968 and February 6, 1968, respectively, there was as yet no obstacle to the faithful compliance by

OBM of its liabilities thereunder. Consequently, for having incurred in delay in the performance of its obligation, OBM should be held liable for damages.[17] When respondent Santos invested his money in time deposits with OBM, they entered into a contract of simple loan or mutuum[18] not a contract of deposit.

While it is true that under Article 1956 of the Civil Code no interest shall be due unless it has been expressly stipulated in writing, this applies only to interest for the use of money. It does not comprehend interest paid as damages.[19] OBM contends that it had agreed to pay interest only up to the dates of maturity of the certificates of time deposit and that respondent Santos is not entitled to interest after the maturity dates had expired, unless the contracts are renewed. This is true with respect to the stipulated interest, but the obligations consisting as they did in the payment of money, under Article 1108 of the Civil Code he has the right to recover damages resulting from the default of OBM, and the measure of such damages is interest at the legal rate of six percent (6%) per annum on the amounts due and unpaid at the expiration of the periods respectively provided in the contracts. In fine, OBM is being required to pay such interest, not as interest income stipulated in the certificates of time deposit, but as damages for failure and delay in the payment of its obligations which thereby compelled IRC and Santos to resort to the courts.

The applicable rule is that legal interest, in the nature of damages for non-compliance with an obligation to pay a sum of money, is recoverable from the date judicial or extrajudicial demand is made,[20] which latter mode of demand was made by PNB, after the maturity of the certificates of time deposit, on March 1, 1968.[21] The measure of such damages, there being no stipulation to the contrary, shall be the payment of the interest agreed upon in the certificates of deposit[22] which is six and one-half percent (6 1/2%). Such interest due or accrued shall further earn legal interest from the time of judicial demand.[23]

We reject the proposition of IRC and Santos that OBM should reimburse them the entire amount they may be adjudged to pay PNB. It must be noted that their liability to pay the various interests of nine percent (9%) on the principal obligation, one and one-half percent (1 1/2) additional interest and one percent (1%) penalty interest is an offshoot of their failure to pay under the terms of the two promissory notes executed in favor of PNB. OBM was never a party to said promissory notes. There is, therefore, no privity of contract between OBM and PNB which will justify the imposition of the aforesaid interests upon OBM whose liability should be strictly confined to and within the provisions of the certificates of time deposit involved in this case. In fact, as noted by respondent court, when OBM assigned as error that portion of the judgment of the court a quo requiring OBM to make the disputed reimbursement, IRC and Santos did not dispute that objection of OBM. Besides, IRC and Santos are not without fault. They likewise acted in bad faith when they refused to comply with their obligations under the promissory notes, thus incurring liability for all damages reasonably attributable to the non-payment of said obligations.²⁴

WHEREFORE, judgment is hereby rendered, ordering:

1. Integrated Realty Corporation and Raul L. Santos to pay Philippine National Bank, jointly and severally, the total amount of seven hundred thousand pesos (P700,000.00), with interest thereon at the rate of nine percent (9%) per annum from the maturity dates of the two promissory notes on January 11 and February 6, 1968, respectively, plus one and one-half percent (114%) additional interest per annum effective February 28, 1968 and additional penalty interest of one percent (1%) per annum of the said amount of seven hundred thousand pesos (P700,000.00) from the time of maturity of said loan up to the time the said amount of seven hundred thousand pesos (P700,000.00) is fully paid to Philippine National Bank.
2. Integrated Realty Corporation and Raul L. Santos to pay solidarily Philippine National Bank ten percent (10%) of the amount of seven hundred thousand pesos (P700,000.00) as and for attorney's fees.

3. Overseas Bank of Manila to pay Integrated Realty Corporation and Raul L. Santos the sum of seven hundred thousand pesos (P700,000.00) due under Time Deposit Certificates Nos. 2308 and 2367, with interest thereon of six and one-half percent (6 1/2%) per annum from their dates of issue on January 11, 1967 and February 6, 1967, respectively, until the same are fully paid, except that no interest shall be paid during the entire period of actual cessation of operations by Overseas Bank of Manila;

4. Overseas Bank of Manila to pay Integrated Realty Corporation and Raul L. Santos six and one-half per cent (6 1/2%) interest in the concept of damages on the principal amounts of said certificates of time deposit from the date of extrajudicial demand by PNB on March 1, 1968, plus legal interest of six percent (6%) on said interest from April 6, 1968, until full payment thereof, except during the entire period of actual cessation of operations of said bank.

5. Overseas Bank of Manila to pay Integrated Realty Corporation and Raul L. Santos ten thousand pesos (P10,000.00) as and for attorney's fees.

SO ORDERED.

Melencio-Herrera (Chairperson), Paras, Padilla, and Sarmiento, JJ., concur.

[1] CA-G.R. No. 60005, penned by Associate Justice Carolina C. Griño-Aquino, with the concurrence of Associate Justices Milagros A. German and Vicente V. Mendoza, Tenth Division; Annex A, Petition, G.R. No. 60705; Rollo, 36.

[2] Petition G.R. No. 60705, p. 24; Rollo, 32.

[3] Petition G.R. No. 60705, p. 1; Rollo, 8.

[4] Civil Case No. 72557, Court of First Instance of Manila, Branch XIX, Judge Victorino A. Savellano, presiding.

[*] This should be April 6, 1968.

[5] Annex A, Petition, G.R. No. 60705; Rollo, 36-39.

[6] Record on Appeal, CA-G.R. No. 60005. 13-17.

[7] Rollo, G.R. No. 60705, 42.

[8] 114 SCRA 671 (1982).

[9] Record on Appeal, 267-268.

[10] Footnote 8, at p. 683, citing Am. Jur. 2d, Secured Transactions, Sec. 50.

[11] Art. 2085, Civil Code.

[12] Art. 2093, Civil Code.

[13] 105 SCRA 49 (1981); See also *The Overseas Bank of Manila v. Court of Appeals*, *el al.*, 113 SCRA 778 (1982).

[14] *Ramos, el al. vs. Central Bank of the Philippines*, 41 SCRA 565, 573 (1971).

[15] *Id.*, 579.

[16] Id., 572.

[17] Art. 1170, Civil Code.

[18] Art. 1980, Civil Code.

[19] Civil Code of the Philippines Annotated, Paras, 10th Ed., Vol. V, 695.

[20] Art. 1169, Civil Code.

[21] Exhibit L, Original Record, 317.

[22] Art. 2209, Civil Code.

[23] Art. 2212, Civil Code.

[24] Art. 2201, Civil Code.

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