



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

**SPOUSES NAMEAL and
LOURDES BONROSTRO,**
Petitioners,

G.R. No. 172346

Present:

- versus -

CARPIO, *Chairperson,*
BRION,
DEL CASTILLO,
PEREZ, *and*
PERLAS-BERNABE, *JJ.*

**SPOUSES JUAN and
CONSTANCIA LUNA,**
Respondents.

Promulgated:

JUL 24 2013 *HON. CARPIO*

x-----

DECISION

DEL CASTILLO, J.:

Questioned in this case is the Court of Appeals' (CA) disquisition on the matter of interest.

Petitioners spouses Nameal and Lourdes Bonrostro (spouses Bonrostro) assail through this Petition for Review on *Certiorari*¹ the April 15, 2005 Decision² of the CA in CA-G.R. CV No. 56414 which affirmed with modifications the April 4, 1997 Decision³ of the Regional Trial Court (RTC) of Quezon City, Branch 104 in Civil Case No. Q-94-18895. They likewise question the CA's April 17, 2006 Resolution⁴ denying their motion for partial reconsideration. *Noel*

¹ *Rollo*, pp. 8-23.

² *CA rollo*, pp. 69-78; penned by Associate Justice Edgardo P. Cruz and concurred in by Presiding Justice Romeo A. Brawner and Associate Justice Jose C. Mendoza (now a member of this Court).

³ *Records*, pp. 300-302; penned by Judge Angel V. Colet.

⁴ *CA rollo*, pp. 101-103; penned by Associate Justice Edgardo P. Cruz and concurred in by Associate Justices Noel G. Tijam and Vicente S.E. Veloso.

Factual Antecedents

In 1992, respondent Constancia Luna (Constancia), as buyer, entered into a Contract to Sell⁵ with Bliss Development Corporation (Bliss) involving a house and lot identified as Lot 19, Block 26 of New Capitol Estates in Diliman, Quezon City. Barely a year after, Constancia, this time as the seller, entered into another Contract to Sell⁶ with petitioner Lourdes Bonrostro (Lourdes) concerning the same property under the following terms and conditions:

1. The stipulated price of ₱1,250,000.00 shall be paid by the VENDEE to the VENDOR in the following manner:
 - (a) ₱200,000.00 upon signing x x x [the] Contract To Sell,
 - (b) ₱300,000.00 payable on or before April 30, 1993,
 - (c) ₱330,000.00 payable on or before July 31, 1993,
 - (d) ₱417,000.00 payable to the New Capitol Estate, for 15 years at [₱6,867.12] a month,
2. x x x [I]n the event the VENDEE fails to pay the second installment on time, [t]he VENDEE will pay starting May 1, 1993 a 2% interest on the ₱300,000.00 monthly. Likewise, in the event the VENDEE fails to pay the amount of ₱630,000.00 on the stipulated time, this CONTRACT TO SELL shall likewise be deemed cancelled and rescinded and x x x 5% of the total contract price [of] ₱1,250,000.00 shall be deemed forfeited in favor of the VENDOR. Unpaid monthly amortization shall likewise be deducted from the initial down payment in favor of the VENDOR.⁷

Immediately after the execution of the said second contract, the spouses Bonrostro took possession of the property. However, except for the ₱200,000.00 down payment, Lourdes failed to pay any of the stipulated subsequent amortization payments.

Ruling of the Regional Trial Court

On January 11, 1994, Constancia and her husband, respondent Juan Luna (spouses Luna), filed before the RTC a Complaint⁸ for Rescission of Contract and Damages against the spouses Bonrostro praying for the rescission of the contract, delivery of possession of the subject property, payment by the latter of their unpaid obligation, and awards of actual, moral and exemplary damages, litigation expenses and attorney's fees.

⁵ Records, pp. 8-13.

⁶ Id. at 14.

⁷ Id.

⁸ Id. at 1-7.

In their Answer with Compulsory Counterclaim,⁹ the spouses Bonrostro averred that they were willing to pay their total balance of ₱630,000.00 to the spouses Luna after they sought from them a 60-day extension to pay the same.¹⁰ However, during the time that they were ready to pay the said amount in the last week of October 1993, Constancia and her lawyer, Atty. Arlene Carbon (Atty. Carbon), did not show up at their rendezvous. On November 24, 1993, Lourdes sent Atty. Carbon a letter¹¹ expressing her desire to pay the balance, but received no response from the latter. Claiming that they are still willing to settle their obligation, the spouses Bonrostro prayed that the court fix the period within which they can pay the spouses Luna.

The spouses Bonrostro likewise belied that they were not paying the monthly amortization to New Capitol Estates and asserted that on November 18, 1993, they paid Bliss, the developer of New Capitol Estates, the amount of ₱46,303.44. Later during trial, Lourdes testified that Constancia instructed Bliss not to accept amortization payments from anyone as evidenced by her March 4, 1993 letter¹² to Bliss.

On April 4, 1997, the RTC rendered its Decision¹³ focusing on the sole issue of whether the spouses Bonrostro's delay in their payment of the installments constitutes a substantial breach of their obligation under the contract warranting rescission. The RTC ruled that the delay could not be considered a substantial breach considering that Lourdes (1) requested for an extension within which to pay; (2) was willing and ready to pay as early as the last week of October 1993 and even wrote Atty. Carbon about this on November 24, 1993; (3) gave Constancia a down payment of ₱200,000.00; and, (4) made payment to Bliss.

The dispositive portion of the said Decision reads:

WHEREFORE, in view of the foregoing, judgment is hereby rendered as follows:

1.) Declaring [t]he Contract to Sell executed by the plaintiff [Constancia] and defendant [Lourdes] with respect to the house and lot located at Blk. 26,

⁹ Id. at 56-60.

¹⁰ See Letter of Lourdes dated August 18, 1993, id. at 63.

¹¹ Id. at 64.

¹² Id. at 224. It states as follows:

x x x x

This is to formally inform you of my previous verbal notice that I have not authorized anyone to negotiate and pay in my behalf my unit at Block 26 Lot 19 New Capitol Estates Project.

Any alleged authority is a forgery or a result of a misrepresentation.

Please communicate with the undersigned in the event anyone pretend[s] to negotiate on the said unit.

Very truly yours,

Sgd.

CONSTANCIA LUNA

¹³ Id. at 300-302.

[L]ot 19, New Capitol Estate[s], Diliman[,] Quezon City to be in force and effect. And that Lourdes Bonrostro must remain in the possession of the premises.

2.) Ordering the defendant[s] to pay plaintiff[s] within 60 days from receipt of this decision the sum of ₱300,000.00 plus an interest of 2% per month from April 1993 to November 1993.

3.) Ordering the defendant[s] to pay plaintiff[s] within sixty (60) days from receipt of this decision the sum of ₱330,000.00 plus an interest of 2% [per month] from July 1993 to November 1993.

4.) Ordering the defendant[s] to reimburse plaintiff[s] the sum of ₱214,492.62 which plaintiff[s] paid to Bliss Development Corporation.

No pronouncement as to Cost.

SO ORDERED.¹⁴

As their Motion for Reconsideration¹⁵ was likewise denied in an Order¹⁶ dated July 15, 1997, the spouses Luna appealed to the CA.¹⁷

Ruling of the Court of Appeals

In its Decision¹⁸ of April 15, 2005, the CA concluded that since the contract entered into by and between the parties is a Contract to Sell, rescission is not the proper remedy. Moreover, the subject contract being specifically a contract to sell a real property on installment basis, it is governed by Republic Act No. 6552¹⁹ or the Maceda Law, Section 4 of which states:

Sec. 4. In case where less than two years of installment were paid, **the seller shall give the buyer a grace period of not less than sixty days from the date the installment became due.**

If the buyer fails to pay the installments due at the expiration of the grace period, **the seller may cancel the contract after thirty days from receipt by the buyer of the notice of cancellation** or the demand for rescission of the contract **by a notarial act.** (Emphases supplied)

The CA held that while the spouses Luna sent the spouses Bonrostro letters²⁰ rescinding the contract for non-payment of the sum of ₱630,000.00, the same could not be considered as valid and effective cancellation under the Maceda

¹⁴ Id. at 302.

¹⁵ Id. at 303-310.

¹⁶ Id. at 327-328.

¹⁷ See Notice of Appeal, id. at 329-330.

¹⁸ CA *rollo*, pp. 69-78.

¹⁹ Also known as the Realty Installment Buyer Protection Act.

²⁰ Dated August 2, 1993, records, p.147; dated September 16, 1993, id. at 149-151; dated November 15, 1993, id. 152-153.

Law since they were made within the 60-day grace period and were not notarized. The CA concluded that there being no cancellation effected in accordance with the procedure prescribed by law, the contract therefore remains valid and subsisting.

The CA also affirmed the RTC's finding that Lourdes was ready to pay her obligation on November 24, 1993.

However, the CA modified the RTC Decision with respect to interest, viz:

Nevertheless, there is a need to modify the appealed decision insofar as (i) the interest imposed on the sum of ₱300,000.00 is only for the period April 1993 to November 1993; (ii) the interest imposed on the sum of ₱330,000.00 is 2% per month and is only for the period July 1993 to November 1993; (iii) it does not impose interest on the amount of ₱214,492.62 which was paid by Constancia to BLISS in behalf of Lourdes x x x

The rule is that 'no interest shall be due unless it has been expressly stipulated in writing' (Art. 1956, Civil Code). However, the contract does not provide for interest in case of default in payment of the sum of ₱330,000.00 to Constancia and the monthly amortizations to BLISS.

Considering that Lourdes had incurred x x x delay in the performance of her obligations, she should pay (i) interest at the rate of 2% per month on the sum of ₱300,000.00 from May 1, 1993 until fully paid and (ii) interest at the legal rate on the amounts of ₱330,000.00 and ₱214,492.62 from the date of default (August 1, 1993 and April 4, 1997 [date of the appealed decision], respectively) until the same are fully paid x x x ²¹

Hence, the dispositive portion of the said Decision:

WHEREFORE, the appealed decision is AFFIRMED with the MODIFICATIONS that paragraphs 2, 3, and 4 of its dispositive portion shall now read:

2.) Ordering the *defendants* to pay *plaintiffs* the sum of ₱300,000.00 plus interest *thereon at the rate of 2% per month from May 1, 1993 until fully paid;*

3.) Ordering the *defendants* to pay *plaintiffs* the sum of ₱330,000.00 plus interest *thereon at the legal rate from August 1, 1993 until fully paid; and*

4.) Ordering the *defendants* to reimburse *plaintiffs* the sum of ₱214,492.62, which *plaintiffs* paid to Bliss Development Corporation, *plus interest thereon at the legal rate from filing of the complaint until fully reimbursed.*

SO ORDERED.²²

²¹ CA rollo, p. 77.

²² Id. at 77-78.

The spouses Luna no longer assailed the ruling. On the other hand, the spouses Bonrostro filed a Partial Motion for Reconsideration²³ questioning the above-mentioned modifications. The CA, however, denied for lack of merit the said motion in a Resolution²⁴ dated April 17, 2006.

Hence, this Petition for Review on *Certiorari*.

Issue

The basic issue in this case is whether the CA correctly modified the RTC Decision with respect to interests.

The Parties' Arguments

As may be recalled, the RTC under paragraphs 2 and 3 of the dispositive portion of its Decision ordered the spouses Bonrostro to pay the spouses Luna the sums of ₱300,000.00 plus interest of 2% per month *from April 1993 to November 1993* and ₱330,000.00 plus interest of 2% per month *from July 1993 to November 1993*, respectively. The CA modified these by reckoning the payment of the 2% interest on the ₱300,000.00 *from May 1, 1993 until fully paid* and *by imposing interest at the legal rate on the ₱330,000.00 reckoned from August 1, 1993 until fully paid*.

The spouses Bonrostro harp on the factual finding of the RTC, as affirmed by the CA, that Lourdes was willing and ready to pay her obligation as evidenced by her November 24, 1993 letter to Atty. Carbon. They also assert that the sending of the said letter constitutes a valid tender of payment on their part. Hence, they argue that they should not be assessed any interest subsequent to the date of the said letter. Neither should they be ordered to pay interest on the amount of ₱214,492.62 which covers the amortizations paid by the spouses Luna to Bliss. They point out that it was Constancia who prevented them from fulfilling their obligation to pay the amortizations when she instructed Bliss not to accept payment from them.²⁵

The spouses Luna, on the other hand, aver that the November 24, 1993 letter of Lourdes is not equivalent to tender of payment since the mere sending of a letter expressing the intention to pay, without the accompanying payment, cannot be considered a valid tender of payment. Also, if the spouses Bonrostro were really willing and ready to pay at that time and assuming that the spouses Luna indeed refused to accept payment, the former should have resorted to

²³ Id. at 79-88.

²⁴ Id. at 101-103.

²⁵ Records, p. 224.

consignation. Anent the payment of amortization, the spouses Luna explain that under the parties' Contract to Sell, Lourdes was to assume Constancia's balance to Bliss by paying the monthly amortization in order to avoid the cancellation of the earlier Contract to Sell entered into by Constancia with Bliss.²⁶ However, since Lourdes was remiss in paying the same, the spouses Luna were constrained to pay the amortization. They thus assert that reimbursement to them of the said amount with interest is proper considering that by reason of such payment, the spouses Bonrostro were spared from the interests and penalties which would have been imposed by Bliss if the amortizations remained unpaid.

Our Ruling

The Petition lacks merit.

The spouses Bonrostro's reliance on the RTC's factual finding that Lourdes was willing and ready to pay on November 24, 1993 is misplaced.

As mentioned, the RTC in resolving the Complaint focused on the sole issue of whether the failure of spouses Bonrostro to pay the installments of ₱300,000.00 on April 30, 1993 and ₱330,000.00 on July 31, 1993 is a substantial breach of their obligation under the contract as to warrant the rescission of the same.²⁷ The said court ratiocinated, viz:

After careful evaluation of the evidence testimonial and documentary, the Court believes that the defendants['] delay in the payment of the two installment[s] is not so substantial [as to] warrant [rescission] of contract. Although, the defendant failed to pay the two installments [i]n due time, she was able to communicate with the plaintiffs through letters requesting for an extension of two months within which to pay the installment[s]. In fact, on November 24, 1993 defendant informed Atty. Arlene Carbon that she was ready to pay the installments and the money is ready for pick-up. However, plaintiff did not bother to get or pick-up the money without any valid reason. It would be very prejudicial on the part of the defendant if the contract to sell be rescinded considering that she made a downpayment of P200,000.00 and made partial amortization to the Bliss Development Corporation. In fact, the defendant testified that she is willing and ready to pay the balance including the interest on November 24, 1993.

²⁶ Article 8.01 of the Contract to Sell entered into by Constancia with Bliss provides:

In the event the BUYER fails to pay any installment [when] due or fails to pay all installments and interests in arrears at the expiration of the grace period when such grace period is available to the BUYER, or otherwise fails to comply with any of the terms and conditions of this contract, the SELLER may, at its sole option, cause the cancellation of this contract by giving the buyer a notice of cancellation or demand for rescission of the contract without need of judicial action. x x x (Id. at 10.)

²⁷ See relevant portion of the RTC Decision, id. at 301.

The Court is of the opinion that the delay in the payment of the balance of the purchase price of the house and lot is not [so] substantial [as to] warrant the rescission of the contract to sell. The question of whether a breach of contract is substantial depends upon the attendant circumstance. x x x²⁸

Clearly, the RTC arrived at the above-quoted conclusion based on its mistaken premise that rescission is applicable to the case. Hence, its determination of whether there was substantial breach. As may be recalled, however, the CA, in its assailed Decision, found the contract between the parties as a contract to sell, specifically of a real property on installment basis, and as such categorically declared rescission to be not the proper remedy. This is considering that in a contract to sell, payment of the price is a positive suspensive condition, failure of which is not a breach of contract warranting rescission under Article 1191²⁹ of the Civil Code but rather just an event that prevents the supposed seller from being bound to convey title to the supposed buyer.³⁰ Also, and as correctly ruled by the CA, Article 1191 cannot be applied to sales of real property on installment since they are governed by the Maceda Law.³¹

There being no breach to speak of in case of non-payment of the purchase price in a contract to sell, as in this case, the RTC's factual finding that Lourdes was willing and able to pay her obligation – a conclusion arrived at in connection with the said court's determination of whether the non-payment of the purchase price in accordance with the terms of the contract was a substantial breach warranting rescission – therefore loses significance. The spouses Bonrostro's reliance on the said factual finding is thus misplaced. They cannot invoke their readiness and willingness to pay their obligation on November 24, 1993 as an excuse from being made liable for interest beyond the said date.

The spouses Bonrostro are liable for interest on the installments due from the date of default until fully paid.

The spouses Bonrostro assert that Lourdes' letter of November 24, 1993 amounts to tender of payment of the remaining balance amounting to ₱630,000.00. Accordingly, thenceforth, accrual of interest should be suspended.

²⁸ Id.

²⁹ Art. 1191. The power to rescind obligations is implied in reciprocal ones, in case one of the obligors should not comply with what is incumbent upon him.

The injured party may choose between the fulfillment and the rescission of the obligation, with the payment of damages in either case. He may also seek rescission, even after he has chosen fulfillment, if the latter should become impossible.

The court shall decree the rescission claimed, unless there be just cause authorizing the fixing of a period.

x x x x

³⁰ *Reyes v. Tuparan*, G.R. No. 188064, June 1, 2011, 650 SCRA 283, 296.

³¹ DESIDERIO, JURADO P., *Comments and Jurisprudence on Obligations and Contracts*, Twelfth Revised Edition, 2010, pp. 138-139.

Tender of payment “is the manifestation by the debtor of a desire to comply with or pay an obligation. If refused without just cause, the tender of payment will discharge the debtor of the obligation to pay but only after a valid consignation of the sum due shall have been made with the proper court.”³² “Consignation is the deposit of the [proper amount with a judicial authority] in accordance with rules prescribed by law, after the tender of payment has been refused or because of circumstances which render direct payment to the creditor impossible or inadvisable.”³³

“Tender of payment, without more, produces no effect.”³⁴ “[T]o have the effect of payment and the consequent extinguishment of the obligation to pay, the law requires the companion acts of tender of payment and consignation.”³⁵

As to the effect of tender of payment on interest, noted civilist Arturo M. Tolentino explained as follows:

When a tender of payment is made in such a form that the creditor could have immediately realized payment if he had accepted the tender, followed by a prompt attempt of the debtor to deposit the means of payment in court by way of consignation, the accrual of interest on the obligation will be suspended from the date of such tender. **But when the tender of payment is not accompanied by the means of payment, and the debtor did not take any immediate step to make a consignation, then interest is not suspended from the time of such tender.** x x x x³⁶ (Emphasis supplied)

Here, the subject letter merely states Lourdes’ willingness and readiness to pay but it was not accompanied by payment. She claimed that she made numerous telephone calls to Atty. Carbon reminding the latter to collect her payment, but, neither said lawyer nor Constancia came to collect the payment. After that, the spouses Bonrostro took no further steps to effect payment. They did not resort to consignation of the payment with the proper court despite knowledge that under the contract, non-payment of the installments on the agreed date would make them liable for interest thereon. The spouses Bonrostro erroneously assumed that their notice to pay would excuse them from paying interest. Their claimed tender of payment did not produce any effect whatsoever because it was not accompanied by actual payment or followed by consignation. Hence, it did not suspend the running of interest. The spouses Bonrostro are therefore liable for interest on the subject installments from the date of default until full payment of the sums of ₱300,000.00 and ₱330,000.00.

³² *Allandale Sportsline Inc. v. The Good Development Corporation*, G.R. No. 164521, December 18, 2008, 574 SCRA 625, 634.

³³ TOLENTINO, ARTURO, M., *Commentaries and Jurisprudence on the Civil Code of the Philippines*, Volume IV, 1973, p. 305.

³⁴ *Allandale Sportsline Inc. v. The Good Development Corporation*, *supra*.

³⁵ *Cinco v. Court of Appeals*, G.R. No. 151903, October 9, 2009, 603 SCRA 108, 119.

³⁶ *Supra* note 32 at 306.

The spouses Bonrostro are likewise liable for interest on the amount paid by the spouses Luna to Bliss as amortization.

The spouses Bonrostro want to be relieved from paying interest on the amount of ₱214,492.62 which the spouses Luna paid to Bliss as amortizations by asserting that they were prevented by the latter from fulfilling such obligation. They invoke Art. 1186 of the Civil Code which provides that “the condition shall be deemed fulfilled when the *obligor* voluntarily prevents its fulfillment.”

However, the Court finds Art. 1186 inapplicable to this case. The said provision explicitly speaks of a situation where it is the obligor who voluntarily prevents fulfillment of the condition. Here, Constancia is not the obligor but the obligee. Moreover, even if this significant detail is to be ignored, the mere intention to prevent the happening of the condition or the mere placing of ineffective obstacles to its compliance, without actually preventing fulfillment is not sufficient for the application of Art. 1186.³⁷ Two requisites must concur for its application, to wit: (1) intent to prevent fulfillment of the condition; and, (2) actual prevention of compliance.³⁸

In this case, while it is undisputed that Constancia indeed instructed Bliss on March 4, 1994 not to accept payment from anyone but her, there is nothing on record to show that Bliss heeded the instruction of Constancia as to actually prevent the spouses Bonrostro from making payments to Bliss. There is no showing that subsequent to the said letter, the spouses Bonrostro attempted to make payment to and was refused by Bliss. Neither was there a witness presented to prove that Bliss indeed gave effect to the instruction contained in Constancia’s letter. While Bliss’ Project Development Officer, Mr. Ariel Cordero, testified during trial, nothing could be gathered from his testimony regarding this except for the fact that Bliss received the said letter.³⁹ In view of these, the spouses Luna could not be said to have placed an effective obstacle as to actually prevent the spouses Bonrostro from making amortization payments to Bliss.

On the other hand, there are telling circumstances which militate against the spouses Bonrostro’s claimed keenness to comply with their obligation to pay the monthly amortization. After the execution of the contract in January 1993, they immediately took possession of the property but failed to make amortization payments. It was only after seven months or on November 18, 1993 that they made payments to Bliss in the amount of ₱46,303.44.⁴⁰ Whether the same covers

³⁷ Id. at 155.

³⁸ Id.

³⁹ See TSN dated June 8, 1995, pp. 1-26.

⁴⁰ Records, p. 65.

previous unpaid amortizations is also not clear as the receipt does not indicate the same⁴¹ and per Statement of Account⁴² as of March 8, 1994 issued by Bliss, the unpaid monthly amortizations for February to November 1993 in the total amount of ₱78,271.69 remained outstanding. There was also no payment made of the amortizations due on December 4, 1993 and January 4, 1994⁴³ before the filing of the Complaint on January 11, 1994.

On the part of the spouses Luna, it is understandable that they paid the amortizations due. The assumption of payment of the monthly amortization to Bliss was made part of the obligations of the spouses Bonrostro under their contract with the spouses Luna precisely to avoid the cancellation of the earlier contract entered into by Constancia with Bliss. But as the spouses Bonrostro failed in this obligation, the spouses Luna were constrained to pay Bliss to avoid the adverse effect of such failure. This act of the spouses Luna proved to be even more beneficial to the spouses Bonrostro as the cancellation of the Contract to Sell between Constancia and Bliss would result in the cancellation of the subsequent Contract to Sell between Constancia and Lourdes. Also, the spouses Bonrostro were relieved from paying the penalties that would have been imposed by Bliss if the monthly amortizations covered by the said payment remained unpaid. The Statements of Account⁴⁴ issued by Bliss clearly state that each monthly amortization is due on or before the fourth day of every month and a penalty equivalent to 1/10th of 1% per day of delay shall be imposed for all payments made after due date. That translates to 3% monthly or 36% *per annum* rate of interest, three times higher than the 12% *per annum* rate of interest correctly imposed by the CA.

Hence, the resulting situation is that the spouses Luna are constrained to part with their money while the spouses Bonrostro, despite being remiss in their obligation to pay the monthly amortization, are relieved from paying higher penalties at the expense of the former. This is aside from the fact that the spouses Bonrostro are in continued possession of the subject property and are enjoying the beneficial use thereof. Under the circumstances and considering that the spouses Bonrostro are obviously in delay in complying with their obligation to pay the amortizations due from February 1993 to January 1995 for which the spouses Luna paid ₱214,492.62,⁴⁵ the CA correctly ordered the reimbursement to the latter of the said amount with interest. "Delay in the performance of an obligation is looked upon with disfavor because, when a party to a contract incurs delay, the other party who performs his part of the contract suffers damages thereby."⁴⁶ As discussed, the spouses Luna obviously suffered damages brought about by the

⁴¹ The said receipt indicates "PAYMENT ACCEPTED w/o PREJUDICE W/ THE TERMS & CONDITIONS OF COMPROMISE AGREEMENT DATED NOV. 27 '91 in CIVIL CASE # 52992 BDC VS. LUNA"

⁴² Records, p. 80.

⁴³ Id.

⁴⁴ Dated March 3, 1994, id. at 80 and January 30, 1995, id. at 159.

⁴⁵ Id.

⁴⁶ *Arwood Industries, Inc. v. D.M. Consunji, Inc.*, 442 Phil. 203, 212 (2002).

failure of the spouses Bonrostro to comply with their obligation on time. “And, *sans* elaboration of the matter at hand, damages take the form of interest x x x.”⁴⁷ Under Article 2209 of the Civil Code, “[i]f the obligation consists in the payment of a sum of money, and the debtor incurs in delay, the indemnity for damages, there being no stipulation to the contrary, shall be the payment of the interest agreed upon, and in the absence of stipulation, the legal interest x x x.” There being no stipulation on interest in case of delay in the payment of amortization, the CA thus correctly imposed interest at the legal rate which is now 12% *per annum*.

WHEREFORE, the Petition for Review on *Certiorari* is **DENIED** and the assailed Decision dated April 15, 2005 and the Resolution dated April 17, 2006 of the Court of Appeals in CA-G.R. CV No. 56414 are **AFFIRMED**.

SO ORDERED.



MARIANO C. DEL CASTILLO
Associate Justice

WE CONCUR:


ANTONIO T. CARPIO
Associate Justice
Chairperson


ARTURO D. BRION
Associate Justice


JOSE PORTUGAL PEREZ
Associate Justice


ESTELA M. PERLAS-BERNABE
Associate Justice

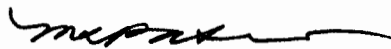
⁴⁷ Id.

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

**ANTONIO T. CARPIO***Associate Justice**Chairperson***CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

**MARIA LOURDES P. A. SERENO***Chief Justice*