

## FIRST DIVISION

[ G.R. No. 131491, August 17, 2007 ]

**SPOUSES ELVIRA AND CESAR DUMLAO, PETITIONERS, VS.  
MARLON REALTY CORPORATION, RESPONDENT.**

### DECISION

**SANDOVAL-GUTIERREZ, J.:**

For our resolution is the instant Petition for Review on Certiorari under Rule 45 of the 1997 Rules of Civil Procedure, as amended, assailing the Decision<sup>[1]</sup> dated August 25, 1997 and Resolution<sup>[2]</sup> dated November 13, 1997 rendered by the Court of Appeals in CA-G.R. SP No. 43366, entitled "*MARLON REALTY CORPORATION, petitioner, v. HON. JUDGE REGIONAL TRIAL COURT OF PARAÑAQUE, BRANCH 258 and ELVIRA D. DUMLAO, ET AL., respondents.*"

The following facts are undisputed:

On November 26, 1991, spouses Elvira and Cesar Dumlao, petitioners, and Marlon Realty Corporation, respondent, entered into a *Contract to Sell*<sup>[3]</sup> involving a 109 square meter lot in Welcome Village, Parañaque City. The terms of payment are:

1. Petitioners shall pay respondent P218,000.00 as cost of the lot;
2. The sum of P61,000.00 shall be paid upon the signing of the contract; and
3. The balance of P157,000.00 shall be paid with interest at 24% per annum within six (6) months.

Petitioners paid P61,000.00 as downpayment upon the signing of the contract. In the meantime, interest began to accrue on the P157,000.00 balance of the purchase price.

On November 4, 1992, the Urban Bank informed respondent corporation that petitioners' loan of P148,000.00, intended as payment for their obligation, was approved. However, the bank imposed the following conditions: the amount shall be released only after its mortgage lien shall have been registered in the Registry of Deeds and annotated on petitioners' land title; and that respondent must first execute a deed of absolute sale in favor of petitioners.

On November 26, 1992, the parties entered into a *Compromise Agreement*<sup>[4]</sup> whereby petitioners agreed to pay respondent, on or before March 26, 1993, the amount of P38,203.33 representing the accrued interest as of that date on the P157,000.00 balance of the purchase price; and that respondent shall execute a *Deed of Sale* to facilitate the transfer of title to petitioners. On the same day,

petitioners paid the buyer's equity of P9,000.00.

On December 1, 1992, respondent, pursuant to the *Compromise Agreement*, executed a *Deed of Sale*<sup>[5]</sup> in favor of petitioners. But they refused to pay the interest agreed upon despite respondent's repeated demand.

On January 26, 1995, respondent filed with the Metropolitan Trial Court (MTC), Branch 78, Parañaque City a complaint for a sum of money against petitioners. The MTC, in its Decision<sup>[6]</sup> dated June 17, 1996, dismissed the complaint, holding that it is for specific performance cognizable by the Regional Trial Court (RTC).

On appeal by respondent, the RTC, Branch 258, Parañaque City rendered its Decision dated November 19, 1996 affirming the MTC judgment dismissing the complaint "not on the ground of lack of jurisdiction, but for lack of cause of action."<sup>[7]</sup>

Petitioners filed a motion for reconsideration but it was denied by the RTC in its Order of February 04, 1997.

On February 28, 1997, respondent filed with the Court of Appeals a petition for review. In its Decision dated August 25, 1997, the appellate court held that respondent's complaint is for a sum of money, the *Contract to Sell* being a "unilateral acknowledgment of an existing debt" on petitioners' part. The dispositive portion of the Decision reads:

WHEREFORE, premises considered, the petition is hereby given DUE COURSE and the assailed Decision dated November 19, 1996 of the RTC of Parañaque, Branch 258, and its Order dated February 4, 1997 denying therein plaintiff's Motion for Reconsideration, as well as the Decision dated June 17, 1996 of the Metropolitan Trial Court of Parañaque, Branch 78, are REVERSED and SET ASIDE.

A new judgment is hereby entered ordering defendant spouses Cesar and Elvira Dumlao to pay the sum of P109,929.79 representing the accumulated interests **as of January 6, 1995** with interest at 2% per month computed from January 6, 1995.

SO ORDERED.<sup>[8]</sup>

Petitioners filed a motion for reconsideration but it was denied by the Court of Appeals in its Resolution dated November 13, 1997.

Hence, this petition.

The issue for our resolution is whether petitioners are liable to pay interest on the balance of the purchase price.

Petitioners insist that they are not liable to pay interest since the loan proceeds were released, not to petitioners, but directly to respondent; and that pending the release, no interest should accrue.

Petitioners' arguments are misplaced.