

SPECIAL SECOND DIVISION

[G.R. NO. 139290, May 19, 2006]

TRADE & INVESTMENT DEVELOPMENT CORPORATION OF THE PHILIPPINES (FORMERLY PHILIPPINE EXPORT & FOREIGN LOAN GUARANTEE CORPORATION, PETITIONER, VS. ROBLETT INDUSTRIAL CONSTRUCTION CORPORATION, ROBERTO G. ABIERA AND LETICIA ABIERA, AND PARAMOUNT INSURANCE CORPORATION, RESPONDENTS.

R E S O L U T I O N

TINGA, J.:

Under consideration are the motion for reconsideration^[1] dated 23 December 2005 and supplemental motion for reconsideration^[2] dated 23 January 2006, both filed by respondent Paramount Insurance Corporation (Paramount) with regard to our *Decision*^[3] dated 11 November 2005 which disposed of the case as follows:

WHEREFORE, premises considered, the petition is hereby GRANTED. The *Decision* of the Court of Appeals is REVERSED and the judgment of the Regional Trial Court is REINSTATED with the following modifications:

a) ordering respondents Roblett, the Abieras, and Paramount, jointly and severally, to pay petitioner Philguarantee the amount of P11,775,611.25, with the following rates of interest and penalty charge, to wit:

- i. for respondent Paramount, eighteen percent (18%) interest per annum from 5 June 1990 until fully paid;
- ii. for respondents Roblett and the Abieras, sixteen percent (16%) interest per annum from 5 June 1990 until fully paid; and penalty charge of sixteen percent (16%) per annum compounded monthly from 5 June 1990 until fully paid;

b) ordering respondents Roblett and the Abieras, jointly and severally, to pay petitioner Philguarantee the amount of P18,029,219.78 plus 12% interest thereon from the time of finality of judgment until fully paid;

c) ordering respondents Roblett and the Abieras, jointly and severally, to pay petitioner Philguarantee ten percent (10%) of P11,775,611.25, as attorney's fees, plus the costs of suit;

d) ordering respondent Paramount, jointly and severally with respondents Roblett and the Abieras, to pay petitioner Philguarantee P100,000.00 as reasonable attorney's fees;

e) ordering respondents Roblett and Benlot, jointly and severally, to

reimburse respondent Paramount whatever amount it would pay petitioner Philguarantee including all interests, attorney's fees and the costs; and

f) ordering all the respondents, jointly and severally, and the third-party defendants, also jointly and severally, to pay petitioner Philguarantee legal interest of 12% per annum on the judgment awards respectively against them from the time of finality of judgment until fully paid.

SO ORDERED.^[4]

In support of its motion for reconsideration, Paramount submits the following grounds: (1) Paramount issued a bidder's bond and not a performance or guarantee bond so that when respondent Roblett Industrial Construction Corporation (Roblett) executed the sub-contract agreement, Paramount was released from liability thereunder; (2) petitioner is guilty of misrepresentation and concealment in securing Paramount's continuing commitment to answer for Roblett's repayment scheme; (3) petitioner and Roblett entered into a rehabilitation program which novated the principal obligation of the parties resulting in the discharge of Paramount; (4) the subject surety bond expired without any claim being made against the same; and (5) Paramount is not liable for attorney's fees.

The supplemental motion for reconsideration essentially reiterates the allegations and arguments found in the motion for reconsideration with the additional contention that the interest charge on the principal debt is unconscionable.

We have perused the instant motions and find no new substantial arguments to warrant the reversal or modification of our *Decision*. Respondent's motion essentially concerns issues that have been passed upon and fully considered by the Court in the decision sought to be reconsidered. Thus, we find no cogent reason to depart from the ruling subject of this recourse. The only matter left to be resolved is the validity of the interest charge against the principal amount involved in this case.

Under the surety bond,^[5] Paramount bound itself jointly and severally with Roblett to pay petitioner to the extent of P11,775,611.35 for whatever damages and liabilities the latter may suffer by virtue of its counterguarantee. Paramount further agreed to pay petitioner interest thereon at the rate of 18% per annum from the date of receipt of petitioner's first demand letter up to the date of actual payment.

In our *Decision*, we found that none of the parties questioned the validity of the stipulated interest rate. Finding the same legal, we upheld its validity. With the suspension of the Usury Law and the removal of interest ceiling, the parties are free to stipulate the interest to be imposed on monetary obligations. Absent any evidence of fraud, undue influence, or any vice of consent exercised by one party against the other, the interest rate agreed upon is binding upon them.^[6] Nevertheless, we ruled that Paramount's liability therefor should commence from the date of judicial demand, or on 5 June 1990, and not from the date petitioner made a formal notice of demand to Paramount. This is but fair as the delay in the performance of Paramount is attributable to the failure of petitioner to inform the former of the developments in the negotiations with Roblett.