

SECOND DIVISION

[G.R. NO. 154430, June 16, 2006]

**SPS. JOSE N. BINARAO AND PRECIOSISIMA BINARAO,
PETITIONERS, VS. PLUS BUILDERS, INC., 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^[1] dated July 19, 2002, of the Court of Appeals in CA-G.R. CV No. 68921, entitled "*Sps. Jose N. Binarao and Preciosisima Binarao v. Plus Builders, Inc.*"

The facts are:

Bahayang Pag-asa, Inc., and its sister corporation, Delfin Hermanos, Inc., are the owners and developers of Bahayang Pag-asa Subdivision in Cavite City. Plus Builders, Inc., herein respondent, is in charge of the construction and sale of the houses therein.

On April 19, 1990, spouses Jose and Preciosisima N. Binarao, petitioners, purchased a house and lot in Bahayang Pag-asa Subdivision for a total price of P327,491.95.

Petitioner Jose Binarao executed an *Affidavit of Undertaking on Equity* whereby he agreed to pay respondent P96,791.95 in the following manner: P5,000.00 upon signing of the contract, and the remaining P91,791.95 within 15 days thereafter.

However, petitioners failed to comply with their undertaking, prompting respondent's counsel to send them a demand letter.

On July 6, 1998, petitioners paid respondent P20,000.00, leaving a balance of P65,571.22 payable in three installments.

On March 10, 1999, respondent's counsel sent petitioners another demand letter, but they refused to pay.

Consequently, respondent filed with the Metropolitan Trial Court (MTC), Branch 25, Manila a complaint for a sum of money against petitioners, docketed as Civil Case No. 163822-CV.

On June 11, 2001, the MTC rendered a Decision^[2] in favor of respondent, thus:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff Plus Builders, Inc. and against defendants Spouses Jose and Preciosisima Binarao ordering the latter jointly and severally to pay

the former the sum of P65,571.75, plus interest thereon at the stipulated rate of 16% per annum computed from March 22, 1990, and a sum equivalent to 25% of the amount due as liquidated damages until the same is fully paid, and the sum equivalent to 25% of the unpaid balance as and by way of attorney's fees and the costs of suit.

SO ORDERED.

On appeal, the Regional Trial Court, Branch 7, Manila, rendered a Decision^[3] dated November 23, 2001, affirming in *toto* the MTC Decision, holding that petitioners, in their answer, did not deny respondent's allegation in its complaint that they have still an outstanding balance of P65,571.22.

Petitioners filed a motion for reconsideration but was denied by the RTC in an Order^[4] dated January 15, 2002.

Petitioners then filed with the Court of Appeals a petition for review.

On July 19, 2002, the Appellate Court rendered a Decision affirming in *toto* the RTC Decision.

The Court of Appeals held:

x x x Section 11, Rule 8 of the 1997 Rules of Court states:

Sec. 11. Allegations not specifically denied deemed admitted.
– Material averment in the complaint, other than those as to the amount of unliquidated damages, shall be deemed admitted when not specifically denied. Allegations of usury in a complaint to recover usurious interest are deemed admitted if not denied under oath.

And, Section 10, Rule 8 of the 1997 Rules of Court, as to the manner of making denials, provides:

Sec. 10. Specific denial. – A defendant must specify each material allegation of fact the truth of which he does not admit and, whenever practicable, shall set forth the substance of the matters upon which he relies to support his denial. Where a defendant desires to deny only a part of an averment, he shall specify so much of it as is true and material and shall deny only the remainder. Where a defendant is without knowledge or information sufficient to form a belief as to the truth of a material averment made in the complaint, he shall so state, and this shall have the effect of a denial.

In the instant case, petitioners did not deny the allegations as stipulated in paragraph 4 of the complaint of herein respondent corporation. In fact, petitioners even admitted the allegations thereon. xxx

Petitioners, in their answer, specifically paragraph 1 thereof, stated:

1. Defendants admit paragraphs 1 and 4 of the complaint.