

SECOND DIVISION

[G.R. No. 127232, September 28, 2001]

**GOLDENROD, INCORPORATED AND SONIA G. MATHAY,
PETITIONERS, VS. HONORABLE COURT OF APPEALS AND
PATHFINDER HOLDINGS (PHILIPPINES), INC., RESPONDENTS.**

D E C I S I O N

DE LEON, JR., J.:

Before us is a petition for review of the Decision^[1] dated July 29, 1996 and Resolution^[2] dated November 15, 1996 of the Court of Appeals^[3] affirming with modification the Decision^[4] dated March 18, 1993 of the Regional Trial Court, Branch 132, Makati City.

The facts are as follows:

Petitioner Goldenrod, Inc. is a corporation engaged in real estate development. Co-petitioner Sonia G. Mathay is the president of Goldenrod, Inc. while the private respondent, Pathfinder Holdings (Phils.), Inc., is a corporation engaged in investment of acquired real properties, shares, and other properties.

On June 30, 1988, respondent loaned the amount of Seventy-Six Million Pesos (P76,000,000.00) to petitioner Goldenrod, Inc. As evidence of the loan, petitioner Goldenrod, Inc. executed a promissory note with maturity date on September 28, 1988. It stated that "in case of non-payment of the loan on maturity date, interest shall be charged on the outstanding balance thereof at the rate of your cost of funds plus 1.75% per annum. 'Your cost of funds' should be your cost of borrowing the funds being loaned to the undersigned (Goldenrod) inclusive of interests and all fees and charges." Together with the promissory note, a document denominated as "Joint and Several Guarantee" was executed by co-petitioner Mathay, as surety, to secure the payment of the loan to the private respondent.

On September 28, 1988, petitioner Goldenrod, Inc. failed to pay its debt to the respondent. About seven (7) months thereafter, or on April 27, 1989, petitioner Goldenrod, Inc. offered to settle its account. The respondent prepared a statement of account of the total indebtedness together with the interests and charges of petitioner Goldenrod, Inc. The computation amounted to Ninety-Five Million Sixty-Nine Thousand Six Hundred Nine Pesos (P95,069,609.00). Petitioner Goldenrod, Inc. paid the amount of Eighty-Five Million Pesos (P85,000,000.00) in two (2) checks - one for Eighty Million Pesos (P80,000,000.00) and the other for Five Million Pesos (P5,000,000.00) - evidenced by two (2) vouchers duly received by the respondent.

On the same day that petitioner Goldenrod, Inc. paid the Eighty-Five Million Pesos (P85,000,000.00), it executed the two (2) promissory notes in controversy in favor

of the respondent, namely, Promissory Note No. G1-89-100 for Five Million Pesos (P5,000,000.00) with maturity date on July 26, 1989, and Promissory Note No. G1-89-101 also for Five Million Pesos (P5,000,000.00) with maturity date on October 24, 1989. As security for the said two (2) promissory notes, petitioner Goldenrod, Inc. through co-petitioner Mathay, executed on the same date a real estate mortgage contract over parcels of land covered by Transfer Certificate of Title Nos. T-5138, T-5139, T-5140 and T-5141. However, the real estate mortgage contract was not notarized.

When the maturity dates stated in the two (2) promissory notes arrived, petitioner Goldenrod, Inc. failed to pay the total amount of Ten Million Pesos (P10,000,000.00.) notwithstanding several follow-ups and written demand by the respondent. The demand letter dated April 1, 1991 states that as of March 31, 1991 the obligation together with accrued interest and liquidated damages amounted to Thirty Million Six Hundred Sixty-Seven Thousand Eight Hundred Thirty-Three Pesos and Thirty-Three Centavos (P30,667,833.33).

On April 1, 1991, the respondent filed Civil Case No. 91-1050, which is a complaint for the judicial foreclosure of the said real estate mortgage in view of the petitioners' failure to pay the principal amount of Ten Million Pesos (P10,000,000.00) plus accrued interest thereon and liquidated damages despite maturity of the covering promissory notes.

On March 18, 1993, the trial court rendered judgment in favor of the respondent, the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered ordering defendants to pay plaintiff jointly and severally (1) the amount of P30,667,833.33; (2) 5% of the total amount due as attorney's fees; and (3) the costs of suit.

On the other hand, the prayer for the judicial foreclosure of the mortgage is hereby denied.

SO ORDERED.

Both parties filed an appeal from the said Decision of the trial court. Petitioners questioned their liability to pay the amount in the promissory notes together with the interests and charges. Meanwhile, the respondent appealed the decision of the trial court insofar as it ruled that the mortgage contract was not perfected and in ordering the petitioners to pay Thirty Million Six Hundred Sixty-Seven Thousand Eight Hundred Thirty-Three Pesos and Thirty-Three Centavos (P30,667,833.33) and five percent (5%) attorney's fees instead of Thirty-Nine Million Five Hundred Fifteen Thousand Pesos (P39,515,000.00) and ten percent (10%) attorney's fees.

On July 29, 1996, the Court of Appeals rendered a Decision, the dispositive portion of which reads:

WHEREFORE, the appealed decision is AFFIRMED with the modification as regards the award of attorney's fees which is 10% of the total amount

due. Costs against defendants-appellants.

Hence, this petition.

There are two (2) issues for resolution in this case. The first issue is whether petitioner Goldenrod, Inc. can be held liable for the amounts stated in the promissory notes in question. To resolve the same, it is necessary to determine whether the loan for Seventy-Six Million Pesos (P76,000,000.00) together with its interest and charges has been fully paid when respondent accepted from petitioner Goldenrod, Inc. the amount of Eighty-Five Million Pesos (P85,000,000.00). Supposing respondent is found to be liable for the amounts in the promissory notes, the second issue is whether co-petitioner Mathay can be held solidarily liable with petitioner Goldenrod, Inc.

Anent the first issue, petitioners disclaim liability for the amount stated in the two (2) promissory notes on the ground that the same were issued in contemplation of a new and separate loan that did not materialize. According to the petitioners, the Seventy-Six Million Pesos (P76,000,000.00) loan together with its interests and charges have been paid when petitioner Goldenrod, Inc. tendered the amount of Eighty-Five Million Pesos (P85,000,000.00) in two (2) checks as full payment for the entire debt. The check voucher for Eighty Thousand Pesos (P80,000.00) which was duly received by the respondent stated that said amount was a "(F)ull payment of the loan granted in favor of Goldenrod, Inc. xxx." The petitioners therefore argue that the entire loan has been extinguished upon receipt by the respondent of partial payment without any protest or objection despite knowledge of its incompleteness, pursuant to Article 1235^[5] of the New Civil Code.

We do not find merit in petitioners' contention on this issue.

Section 1 of Rule 45 of the 1997 Rules of Civil Procedure provides that "(T)he petition (for review) shall raise *only questions of law* which must be distinctly set forth." In consonance with this provision, we have ruled that factual findings of the Court of Appeals are conclusive on the parties and not reviewable by this Court - and they carry even more weight when the Court of Appeals affirms the factual findings of the trial court. As such, this Court is not duty-bound to analyze and weigh all over again the evidence already considered in the proceedings below.^[6]

We are not prepared to deviate from this rule for the reason that the courts *a quo* have sufficient factual basis in ruling that the promissory notes worth Ten Million Pesos (P10,000,000.00) were issued to cover payment of the balance of the original debt.

Atty. Cezar Suñaz, the private respondent's former vice-president for corporate affairs, testified that the total indebtedness stated in the statement of account is Ninety-Five Million Sixty-Nine Thousand Six Hundred Nine Pesos (P95,069,609.00). In payment thereof, petitioner Goldenrod, Inc. issued two (2) checks worth Eighty-Five Million Pesos (P85,000,000.00) and two (2) promissory notes worth Ten Million Pesos (P10,000,000.00) all in the same day. The payment amounted to Ninety-Five Million Pesos (P95,000,000.00). The remaining Sixty-Nine Thousand Six Hundred Nine Pesos (P69,609.00) was deemed condoned. Clarifying the statement in the check voucher that the Eighty Million Pesos (P80,000,000.00) was "full payment" of