

SIXTEENTH DIVISION

[CA-G.R. SP NO. 121576, June 23, 2014]

**SPOUSES ARNALDO & NIDA CRUZ-TING, ET AL., PETITIONERS,
VS. MEGA NINE CREDIT CORPORATION, RESPONDENT.**

DECISION

CORALES, J.:

This is a Petition for Review^[1] under Rule 42 of the Rules of Court seeking the reversal of the March 21, 2011 Decision^[2] and September 5, 2011 Resolution^[3] of the Regional Trial Court (RTC), Branch 78, Malolos, Bulacan in Civil Case No. 612-M-2010. The assailed decision affirmed *in toto* the October 4, 2010 Decision^[4] of the Municipal Trial Court (MTC), Baliwag, Bulacan ordering petitioners Spouses Arnaldo H. Ting and Nida Cruz-Ting, Spouses Filemon Andres M. Dimaandal, Jr. and Evelyn B. Dimaandal, and Spouses Raul M. Trinidad and Jesusa M. Trinidad (individually referred by their first names but collectively known as petitioners) to pay respondent Mega Nine Credit and Corporation (MNCC) the principal loan obligation alleged in the complaint for sum of money plus interest, penalty charges, attorney's fees and costs of litigation. Meanwhile, the questioned resolution denied petitioners' subsequent motion for reconsideration for utter lack of merit.

The Antecedents

Arnaldo, Filemon and Raul acted as co-makers in the P150,000.00 loan obtained by their friend and business associate, Redentor Boado Bondoc (Bondoc), from MNCC. Under the promissory note, the principal obligation is payable in 24 weekly installments starting February 14, 2003 with four (4)% interest per month. They also agreed to pay four (4)% liquidated penalty per month of default and 25% of the total amount due as attorney's fees in case of litigation.^[5]

Bondoc died on May 19, 2004^[6] without having fully settled his loan with MNCC. On July 26, 2005, MNCC sent demand letters to petitioners requiring them to pay Bondoc's P132,500.00 outstanding loan as of May 12, 2003.^[7] Despite receipt, petitioners reneged in their obligation, hence, the suit for complaint for sum of money, docketed as MTC Civil Case No. 2704, raffled to MTC, Baliwag, Bulacan.^[8]

Petitioners filed their Answer with Counterclaim^[9] claiming that Bondoc issued checks for the payment of his obligation and the promissory note cannot be used as evidence against them because the appropriate excise tax has not been paid.

During pre-trial, the parties stipulated on the following:

1. The loan agreement between the plaintiff and Redentor Bondoc is admitted with qualification that the said loan has already been paid;

2. The defendants Arnond Ting, Felimon Andres Dimaandal, Jr. and Raul Trinidad are co-makers to the Promissory Note and the signatures appearing thereon are theirs;
3. The required documentary stamp tax pertaining to the Promissory Note has not been paid;
4. The issuance of the twenty four (24) checks by Redentor Bondoc as payment of the loan;
5. The existence and due execution of the Promissory Note with qualification as to its enforceability;
6. The existence and due execution of the Secretary's Certificate.

The Decision of the MTC and the RTC

In its October 4, 2010 Decision,^[10] the MTC ruled in favor of MNCC after considering petitioners' admissions during pre-trial. It found that there was still a balance of P132,500.00 because 19 of the 24 checks issued by Bondoc bounced upon presentment to the drawee bank. However, it reduced the stipulated interest and penalty charge considering that there have been previous and irregular payments of the loan. It then disposed the case as follows:

IN VIEW OF THE FOREGOING, judgment is hereby rendered in favour of the plaintiff Mega Nine Credit Corporation and against defendants-spouses Arnaldo H. Ting & Nida Ting, spouses Felimon Andres M. Dimaandal, Jr. & Evelyn B. Dimaandal and spouses Raul M. Trinidad & Jesus M. Trinidad by ordering said defendants to pay, jointly and severally, plaintiff the following:

- (1) The amount of **One Hundred Thirty Two Thousand Five Hundred Pesos (P132,500.00)**, as and by way of outstanding principal obligation;
- (2) The amount equivalent to one (1%) percent per month, or twelve (12%) percent per annum, reckoned from October 11, 2005 until full payment of the obligation, as and by way of interest;
- (3) The amount equivalent to one (1%) percent per month, or twelve (12%) percent per annum, reckoned from October 11, 2005 until full payment of the obligation, as and by way of liquidated penalty;
- (4) The amount of **Twenty Thousand Pesos (P20,000.00)**, as and by way of attorney's fees, which amounts includes (sic) appearance fees; and
- (5) The amount of **Three Thousand Five Hundred Ninety Eight Pesos and 75/100 (P3,598.75)**, as and by way of costs of litigation.

SO ORDERED. (Emphasis appears in the original text of the Decision)

On appeal,^[11] petitioners insisted on the inadmissibility of the promissory note in view of MNCC's failure to pay the documentary stamp tax as required by Sections 173^[12] and 201^[13] of the National Internal Revenue Code. They also argued that their admission as to the existence and due execution of the promissory note does not extend to its enforceability and admissibility.^[14]

The RTC, through its March 21, 2011 Decision, affirmed *in toto* the ruling of the MTC and held that admissibility "should not be equated with weight of evidence". It stressed that by admitting the due execution of the promissory note, petitioners are already estopped from questioning the lack of documentary stamps in the said document.

Petitioners moved for reconsideration^[15] but the RTC denied the same through its September 5, 2011 Order.^[16]

Unfazed, they interposed the instant petition with the following assignment of errors:

THE HONORABLE COURT A QUO ERRED IN ADMITTING THE SUBJECT PROMISSORY NOTE WHICH WAS THE BASIS OF THE DISPUTED "DECISION" AND "ORDER".

THE HONORABLE COURT A QUO ERRED IN AFFIRMING THE DECISION OF THE MTC BASED SOLELY ON THE ALLEGED IMPLIED ADMISSION OF THE PETITIONERS IN THEIR ANSWER AND QUALIFIED ADMISSION DURING THE PRE TRIAL.

Petitioners largely reiterate their arguments before the RTC and added that it cannot be said that they have waived their rights to question the admissibility of the promissory note because their qualified admission sprung out during the pre-trial conference and not by virtue of non-denial under oath of the allegations in the complaint as required by Section 8, Rule 8^[17] of the Rules of Court.

This Court's Ruling

The petition lacks merit.

Indisputably, petitioners admitted the due execution of the promissory note and the genuineness of their signatures therein. It does not matter if the admission was made during pre-trial or as a consequence of the failure to deny under oath the genuineness and due execution of the instrument considering that both has the same effects. Both instances give rise to a judicial admission which binds the person who makes the same absent any showing that this was made through palpable mistake.^[18] Be that as it may, the Court notes that petitioners' Answer with Counterclaim does not also contain any denial under oath as to the genuineness and due execution of the promissory note. Except for the failure to pay the excise tax for the promissory note, petitioners did not impugn the genuineness of their signatures in the actionable document or its due execution, thus, the RTC aptly ruled in holding them liable for such instrument.

We also concur with the RTC's ruling that non-payment of the documentary stamp tax does not affect the admissibility of the promissory note as evidence. The case of *Filipinas Textile Mills, Inc. v. Court of Appeals*^[19] is instructive: