

# FIRST DIVISION

[ CA-G.R. CV NO. 99292, June 02, 2014 ]

**NICODEMUS G. REYES, PLAINTIFF-APPELLEE, VS. ROGELIO PANGILINAN AND ROSA PANGILINAN, DEFENDANTS-APPELLANTS.**

## DECISION

**BARRIOS, M. M., J.:**

This is an appeal from the Decision dated 01 June 2012<sup>[1]</sup> of the Regional Trial Court, Branch 80, Quezon City. The dispositive portion reads:

x x x

*"WHEREFORE, premises considered, judgment is hereby rendered in favor of plaintiff Nicodemus Reyes and against defendants Rogelio Pangilinan and Rosa Pangilinan as follows:*

Ordering defendants Rogelio Pangilinan and Rosa Pangilinan to pay the amount of P928,000.00 at 12 per cent per annum from the finality of this Decision until full payment; and

*Ordering said defendants to pay the amount of P50,000.00 as reasonable attorney's fees.*

*SO ORDERED."*

x x x

## The Antecedents

On several occasions, defendants-appellants incurred loans from plaintiff-appellee in the aggregate amount of Nine Hundred Twenty Eight Thousand Pesos (P928,000.00). To secure the payment of said loan obligations, defendants-appellants issued three (3) postdated Banco San Juan checks, to wit: a) Check No. 63657 dated 09 October 2006 in the amount of Five Hundred Fifty Thousand Pesos (P550,000.00); b) Check No. 63661 dated 22 October 2006 in the amount of Two Hundred Forty Eight Thousand Pesos (P248,000.00); and c) Check No. 63662 dated 12 January 2007 in the amount of One Hundred Thirty Thousand Pesos (P130,000.00).<sup>[2]</sup>

Defendants-appellants failed to settle their loan obligations when the amounts became due and demandable. Everytime a check would fall due, defendants-appellants would request plaintiff-appellee not to encash or deposit the checks because these will be replaced with cash. However, defendants-appellants never made good of their commitments. Consequently, plaintiff-appellee sent a demand letter dated 13 July 2007<sup>[3]</sup> asking defendants-appellants to settle their obligations,

but to no avail. Again, on 18 October 2007, plaintiff-appellee sent a final demand letter to defendants-appellants which also proved futile.<sup>[4]</sup>

In defense, defendants-appellants concede that they, indeed, contracted several loans from plaintiff-appellee; however, they assert that the aggregate of their loans amount only to Seven Hundred Thousand Pesos (P700,000.00), and not Nine Hundred Twenty Eight Thousand Pesos (P928,000.00) as claimed by plaintiff-appellee. It seems that the difference between the two (2) amounts represents the interests being imposed by plaintiff-appellee.

Defendants-appellants alleged that these loans were obtained as follows:

a) On 30 November 2005, a loan for Two Hundred Thousand Pesos (P200,000.00) was obtained payable within three (3) months with ten percent (10%) monthly interest. To secure said obligation, defendants-appellants issued Banco San Juan check dated 28 February 2006 in the amount of Two Hundred Sixty Thousand Pesos (P260,000.00) including interest.

b) On 12 December 2005, another loan was obtained by defendants-appellants in the amount of Two Hundred Thousand Pesos (P200,000.00) likewise payable within three (3) months at the same rate of ten percent (10%) monthly interest. Said loan obligation was also secured by Banco San Juan check dated 12 March 2006 in the amount of Two Hundred Thousand Pesos (P260,000.00).

c) On 12 July 2006, defendants-appellants obtained a new loan in the amount of One Hundred Thousand Pesos (P100,000.00) at five percent (5%) monthly interest and payable within three (3) months. To secure said obligation, defendants-appellants issued Banco San Juan check dated 12 October 2006 in the amount of One Hundred Fifteen Thousand Pesos (P115,000.00). However, defendants-appellants failed to settle the full amount and only managed to pay Fifteen Thousand Pesos (P15,000.00) representing interest. Later, defendants-appellants replaced the first check and issued a new one in the amount of One Hundred Thirty Thousand Pesos (P130,000.00). The additional amount of Thirty Thousand Pesos (P30,000.00) represented the interest for three (3) months at ten percent (10%) per month.

d) The last loan was obtained on 19 July 2006 in the amount of Two Hundred Thousand Pesos (P200,000.00) payable within three (3) months and with eight percent (8%) monthly interest. Again, defendants-appellants issued Banco San Juan check dated 22 October 2006 in the amount of Two Hundred Forty Eight Thousand Pesos (P248,000.00) and surrendered to plaintiff-appellee the original owner's copy of TCT No. T-327546 registered in the names of one Luzviminda P. Mendoza and Julito O. Dela Rosa. Luzviminda Mendoza is defendant-appellant Rogelio Pangilinan's sister. Said loan was embodied in an Agreement dated 19 July 2006.<sup>[5]</sup>

Defendants-appellants were not able to settle their obligation to pay their first two (2) loans. The parties agreed that the checks previously issued to cover the two loans, shall be replaced by another Banco San Juan check dated 09 October 2006 in the amount of Five Hundred Fifty Thousand Pesos (P550,000.00) to cover the unpaid loans plus Thirty Thousand Pesos (P30,000.00) additional interest.

Unfortunately, allegedly due to business reverses, defendants-appellants failed to settle all their loan obligations. They asseverate that it was a problem of their capacity to pay and not the desire to pay. Sometime in May 2007, defendants-