Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

ROBERTO R. IGNACIO and TERESA R. IGNACIO doing business under the name and style TERESA R. IGNACIO ENTERPRISES, Petitioners,	**G.R. No. 227896**
	Present:
- versus –	PERALTA, *C.J.*, *Chairperson*, CAGUIOA, REYES, J., LAZARO-JAVIER, and ZALAMEDA,* *JJ.*
MYRNA P. RAGASA and AZUCENA B. ROA, Respondents.	**Promulgated:** JAN 29 2020

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DECISION

PERALTA, *C.J.*:

Before Us is a petition for review on *certiorari* under Rule 45 of the Rules of Court assailing the Decision[1] dated September 30, 2015 and the Resolution[2] dated October 21, 2016 of the Court of Appeals (*CA*) in CA-G.R. CV No. 102112, which affirmed the Decision of the Regional Trial Court, Parañaque City, Branch 274, in favor of herein respondents.

The antecedent facts, as culled from the CA Decision, are as follows:

On January 11, 2000, petitioners engaged, on an exclusive basis, the services of the respondents, who are both licensed real estate brokers, to look for and negotiate with a person or entity for a joint venture project involving petitioners' undeveloped lands in Mindanao Avenue, Quezon City

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* Designated Additional Member in lieu of Associate Justice Mario V. Lopez, per Raffle dated January 27, 2020.

1 Penned by Associate Justice Mario V. Lopez, (now a member of this Court), with Associate Justices Rosmari D. Carandang (now a member of this Court), Chairperson and Myra V. Garcia-Fernandez, concurring, *rollo*, pp. 94-105.

2 *Id.* at 107-112.

and the developed subdivision sites in Las Piñas City, Parañaque City, and Bacoor.[3] The contract was embodied in the *Authority to Look and Negotiate for a Joint Venture Partner*,[4] effective for six months from January 10, 2000, or until July 10, 2000. The said *Authority* provided that the petitioners will pay the respondents a commission equivalent to five percent (5%) of the price of the properties.[5]

On January 13, 2000, respondents met with Mr. Porfirio Yusingbo, Jr. (*Yusingbo*), the General Manager of Woodridge Properties, Inc. (*Woodridge*), and they presented to him the different subdivisions and project sites available for investment. After inspecting the properties, Yusingbo expressed Woodridge's interest in acquiring and developing the Krause Park and Teresa Park properties.

As a result, Woodridge sent respondents a formal proposal dated January 21, 2000[6] for a joint venture agreement with the petitioners covering the Teresa Park. The proposal was sent by the respondents to the petitioners via facsimile. On January 25, 2000, the petitioners met with the representatives of Woodridge to discuss the prices of the properties, and Woodridge likewise intimated that it would develop both the Krause Park and the Teresa Park.

On February 4, 2000, respondents met again with Yusingbo and Mr. Elmer Loredo (*Loredo*), Woodridge's broker, to discuss Woodridge's proposal for bulk purchase covering the Teresa Park, including the terms of payment. On February 9, 2000, respondents presented Woodridge's offer to petitioner Roberto Ignacio. They discussed the projected cash inflows and the advantages of the scheme. Petitioner Ignacio said he wanted to sell the lots in batches at a lower volume, instead of in bulk. Respondents communicated the offer to Woodridge and the latter intimated that it will make a revised offer. On March 9, 2000,[7] Woodridge, however, changed its offer from direct acquisition to joint venture, covering 200 lots in Teresa Park, and sent the proposal to the respondents, who, in turn, relayed it to the petitioners. In a meeting on March 13, 2000, petitioners and respondents

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3 *Id.* at 94. The developed subdivision sites are the following:
(a) Camella Classic Homes (Almanza, Las Piñas City);
(b) St. Catherine's Sucat (Kabesang Segundo Street, Dr. A. Santos Avenue, Parañaque City);
(c) Christianville, Sucat, Greenheights (Dr. A. Santos Avenue, Parañaque City);
(d) Teresa Park (Almanza, Las Piñas City); and
(e) Krause Park, Molino I (Molino, Bacoor).

4 *Id.* at 95.

5 The Commission will be paid as follows:
(a) Fifty percent (50%) of the total commissions or fee would be due within thirty days from receipt by [petitioners] of any funds or proceeds from any joint venture partner or buyer constituting at least thirty percent (30%) of the amount due from the joint venture partners, developers, or buyers, or from projects on any or all of the aforementioned properties;
(b) The balance of fifty percent (50%) would be due and payable to [respondents] within a period of one (1) year on a quarterly basis to start three (3) months after the first fifty percent (50%) was due and payable.

6 *Rollo*, p. 95.

7 *Id.* at 96.

discussed the proposal for joint venture. Petitioners commented that Woodridge's offer was low, but respondents reassured them that they could negotiate for a better price. After this March 13, 2000 meeting, however, petitioners stopped communicating with the respondents. Several attempts were made by the respondents to contact the petitioners to follow-up on the proposal of Woodridge, but to no avail.

Sometime thereafter, respondents learned that the petitioners continued to negotiate with Woodridge, and this led to the execution of two joint venture agreements between the petitioners and Woodridge, covering the Krause Park. The two joint venture agreements were notarized on March 7, 2000 and October 16, 2000.[8]

For the Teresa Park, four joint venture agreements were executed between the petitioners and Woodridge, and these were notarized on December 6, 2000, March 12, 2001, September 25, 2001, and October 1, 2002.[9] Aside from the joint venture agreements, several deeds of sale were also executed between the petitioners and Woodridge, and these are dated September 24, 2001 and August 25, 2003.[10]

Per respondents' estimate, petitioners earned ₱26,068,000.00 and ₱22,497,000.00 for the sale of the Krause Park and Teresa Park projects, respectively. Respondents demanded payment of their commission from the petitioners, contending that the joint venture agreements and the sales over the Krause Park and Teresa Park were products of their successful negotiation with Woodridge. Petitioners, however, refused to pay despite demand.[11] Thus, respondents filed a complaint for sum of money, damages, attorney's fees, and litigation expenses before the Regional Trial Court of Parañaque City.[12]

In their Answer,[13] petitioners denied that they have an obligation to pay the respondents. Petitioners contend that the respondents offered their services as exclusive real estate brokers, but they were never engaged. Petitioners further state that they were not looking for an exclusive agency and they entertained brokers on a "first come, first served" basis. Petitioners, likewise, contend that they were not agreeable with the respondents' proposal to sell the lots below the prevailing market value with no escalation clause, and that the sale of the Krause Park and the Teresa Park was made through the joint efforts of their consultants, Engr. Julius Aragon and Florence Cabansag. No sales transaction was realized on account of the respondents.

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8 *Id.*
9 *Id.*
10 *Id.*
11 *Id.*
12 *Id.*
13 *Id.* at 97.

Ruling of the RTC

After trial on the merits, the trial court rendered judgment in favor of herein respondents. It ruled that herein respondents are entitled to brokers' fees and damages because the sale and development of the Krause Park and the Teresa Park were made possible because of the efforts of the respondents. The RTC Decision reads –

> WHEREFORE, all the foregoing duly considered, judgment is hereby rendered for the plaintiffs and against the defendants, as follows:
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> (1) Ordering the defendants solidarily to pay the plaintiffs the sum of P11,881,915.50 as brokers' fee affecting Krause Park, Molino, Bacoor, Cavite, and Teresa Park, Almanza, Las Piñas City, plus legal interest of 12% per annum to be computed thereon starting July 3, 2001, the date of the first demand letter of plaintiffs' counsel until the obligation shall be fully paid;
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> (2) Ordering the defendants solidarily to pay the plaintiffs the sum of P200,000[.00] as moral damages, the sum of P100,000[.00] as exemplary damages, the sum of P200,000[.00] as attorney's fees, and costs of suit.
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> SO ORDERED.[14]

Aggrieved, petitioners filed an appeal before the Court of Appeals.

Ruling of the CA

In its Decision dated September 30, 2015, the CA denied the appeal and affirmed *in toto* the ruling of the RTC.

The CA held that herein respondents are entitled to their commission because they were the procuring cause of the joint venture agreements and sales between the petitioners and Woodridge. Through the respondents' efforts, they held meetings with the officers of Woodridge in the year 2000, started negotiating with them, and accompanied them during the ocular inspection. All these brought the petitioners and Woodridge together and resulted in joint venture agreements and deeds of sale.

The CA did not find any credence in petitioner Ignacio's claim that it was Julius Aragon who brokered the said transactions, particularly the March 7, 2000 joint venture agreement. This is because respondents were already in active negotiation with Woodridge and, in fact, held meetings with them on separate dates of January 13, 21, and 25, 2000, and February 4,

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14 *Id.* at 97-98.

2000, wherein they extensively discussed about Teresa Park and Krause Park, and that Aragon had no participation in those meetings.

A motion for reconsideration was filed by herein petitioners, but the same was denied by the CA in its Resolution dated October 21, 2016.

Thus, this petition for review.

Issues

The petitioners raised the sole issue:

WHETHER OR NOT THE COURT OF APPEALS COMMITTED SERIOUS AND REVERSIBLE ERROR IN RULING THAT RESPONDENTS ARE ENTITLED TO BROKERS' FEES.

Petitioners contend that the respondents are not entitled to commission or brokers' fees because they are not the procuring cause for the successful business transactions between the petitioners and Woodridge.

Petitioners anchored their position on the following: (1) respondents allegedly admitted that they did not negotiate a successful joint venture agreement between the petitioners and Woodridge because, according to the respondents, their sole responsibility was merely to look for or source potential buyers and not to successfully negotiate a joint venture agreement; (2) respondents miserably failed in their duty to negotiate a successful joint venture agreement between the petitioners and Woodridge because respondents insisted on the bulk sale of the petitioners' properties instead of a joint venture agreement; (3) respondents' authority already expired when the petitioners entered into the joint venture agreements and deeds of sale with Woodridge for the development of the properties in Teresa Park and Krause Park.

Our Ruling

The petition lacks merit.

The Rules of Court requires that only questions of law should be raised in petitions filed under Rule 45.[15] This Court is not a trier of facts. It will not entertain questions of fact as the factual findings of the appellate

[15] Rules of Court, Rule 45, Sec. I.

courts are "final, binding[,] or conclusive on the parties and upon this [c]ourt"[16] when supported by substantial evidence.[17] Factual findings of the appellate courts will not be reviewed nor disturbed on appeal to this court.[18]

However, these rules do admit exceptions. Over time, the exceptions to these rules have expanded. At present, there are ten (10) recognized exceptions that were first listed in *Medina v. Mayor Asistio, Jr.*:

> (1) When the conclusion is a finding grounded entirely on speculation, surmises or conjectures; (2) When the inference made is manifestly mistaken, absurd or impossible; (3) Where there is a grave abuse of discretion; (4) When the judgment is based on a misapprehension of facts; (5) When the findings of fact are conflicting; (6) When the Court of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee; (7) The findings of the Court of Appeals are contrary to those of the trial court; (8) When the findings of fact are conclusions without citation of specific evidence on which they are based; (9) When the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondents; and (10) The finding of fact of the Court of Appeals is premised on the supposed absence of evidence and is contradicted by the evidence on record. [19]

These exceptions similarly apply in petitions for review filed before this court involving civil,[20] labor,[21] tax,[22] or criminal cases.[23]

A question of fact requires this Court to review the truthfulness or falsity of the allegations of the parties.[24] This review includes assessment of the "probative value of the evidence presented."[25] There is also a question of fact when the issue presented before this Court is the correctness of the lower courts' appreciation of the evidence presented by the parties.[26]

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16 *Commissioner of Internal Revenue v. Embroidery and Garments Industries* (Phil.), Inc., 364 Phil. 541, 546 (1999) [Per J. Pardo, First Division].

17 *Siasat v. Court of Appeals*, 425 Phil. 139, 145 (2002) [Per J. Pardo, First Division]; *Tabaco v. Court of Appeals*, 239 Phil. 485, 490 (1994) [Per J. Bellosillo, First Division]; and *Padilla v. Court of Appeals*, 241 Phil. 776, 781 (1988)"[Per J. Paras, Second Division].

18 *Bank of the Philippine Islands v. Leobrera*, 461 Phil. 461, 469 (2003) [Per J. Ynares-Santiago, Special First Division].

19 269 Phil. 225 (1990) [Per J. Bidin, Third Division].

20 *Dichoso, Jr., et al. v. Marcos*, 663 Phil. 48 (2011) [Per J. Nachura, Second Division] and *Spouses Caoili v. Court of Appeals*, 373 Phil. 122, 132 (1999) [Per J. Gonzaga- Reyes, Third Division].

21 *Go v. Court of Appeals*, 474 Phil. 404, 411 (2004) [Per J. Ynares-Santiago, First Division] and *Arriola v. Filipino Star Ngayon*, Inc., et al., 741 Phil. 171 (2014) [Per J. Leonen, Third Division].

22 *Commissioner of Internal Revenue v. Embroidery and Garments Industries* (Phil), Inc., 364 Phil. 541, 546-547 (1999) [Per J. Pardo, First Division].

23 *Macayan, Jr. v. People*, 756 Phil. 202 (2015) [Per J. Leonen, Second Division]; *Benito v. People*, 753 Phil. 616 (2015) [Per J. Leonen, Second Division].

24 *Republic v. Ortigas and Company Limited Partnership*, 728 Phil. 277, 287-288 (2014) [Per J. Leonen, Third Division] and *Cirtek Employees Labor Union-Federation of Free Workers v. Cirtek Electronics, Inc.*, 665 Phil. 784, 788 (2011) [Per J. Carpio Morales, Third Division].

25 *Republic v. Ortigas and Company Limited Partnership*, [Per J. Leonen, Third Division].

26 *Pascual v. Burgos, et al.*, 776 Phil. 167, 183 (2016).

In this case, the issue raised by the petitioners obviously asks this Court to review the evidence presented during the trial. Clearly, this is not the role of this Court because the issue presented is factual in nature. None of the exceptions are present. The findings of the lower courts are supported by substantial evidence. Thus, the present petition must fail.

Nevertheless, even if the Court were to look into the merits of the petitioners' main contention that respondents are not entitled to commission or brokers' fees, the petition must still fail.

In *Medrano v. Court of Appeals*,[27] We held that "when there is a close, proximate, and causal connection between the broker's efforts and the principal's sale of his property – or joint venture agreement, in this case – the broker is entitled to a commission."

Here, as aptly ruled by the CA, the proximity in time between the meetings held by the respondents and Woodridge and the subsequent execution of the joint venture agreements leads to a logical conclusion that it was the respondents who brokered it. Likewise, it is inconsequential that the authority of the respondents as brokers had already expired when the joint venture agreements over the subject properties were executed. The negotiation for these transactions began during the effectivity of the authority of the respondents, and these were carried out through their efforts. Thus, the respondents are entitled to a commission.

We, however, agree with the petitioners that the interest rate should be at the prevailing rate of six percent (6%) *per annum*, and not twelve percent (12%) *per annum*. In *Nacar v. Gallery Frames, et al.*,[28] We modified the guidelines laid down in the case of *Eastern Shipping Lines, Inc. v. Court of Appeals*[29] to embody BSP-MB Circular No. 799, as follows:

> I. When an obligation, regardless of its source, *i.e.*, law, contracts, quasi-contracts, delicts or quasi-delicts is breached, the contravenor can be held liable for damages. The provisions under Title XVIII on "Damages" of the Civil Code govern in determining the measure of recoverable damages.
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> II. With regard particularly to an award of interest in the concept of actual and compensatory damages, the rate of interest, as well as the accrual thereof, is imposed, as follows:

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27 492 Phil. 222, 234 (2005).
28 716 Phil. 267, 278-279 (2013).
29 304 Phil. 236, 252-254 (1994).

> 1. When the obligation is breached, and it consists in the payment of a sum of money, *i.e.*, a loan or forbearance of money, the interest due should be that which may have been stipulated in writing. Furthermore, the interest due shall itself earn legal interest from the time it is judicially demanded. In the absence of stipulation, the rate of interest shall be 6% per annum to be computed from default, i.e., from judicial or extrajudicial demand under and subject to the provisions of Article 1169 of the Civil Code.
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> 2. When an obligation, not constituting a loan or forbearance of money, is breached, an interest on the amount of damages awarded may be imposed at the discretion of the court at the rate of 6% per annum. No interest, however, shall be adjudged on unliquidated claims or damages, except when or until the demand can be established with reasonable certainty. Accordingly, where the demand is established with reasonable certainty, the interest shall begin to run from the time the claim is made judicially or extra-judicially (Art. 1169, Civil Code), but when such certainty cannot be so reasonably established at the time the demand is made, the interest shall begin to run only from the date the judgment of the court is made (at which time the quantification of damages may be deemed to have been reasonably ascertained). The actual base for the computation of legal interest shall, in any case, be on the amount finally adjudged.
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> 3. When the judgment of the court awarding a sum of money becomes final and executory, the rate of legal interest, whether the case falls under paragraph 1 or paragraph 2, above, shall be 6% per annum from such finality until its satisfaction, this interim period being deemed to be by then an equivalent to a forbearance of credit.

And, in addition to the above, judgments that have become final and executory prior to July 1, 2013, shall not be disturbed and shall continue to be implemented applying the rate of interest fixed therein.[30]

It should be noted, however, that the rate of six percent (6%) *per annum* could only be applied prospectively and not retroactively. Consequently, the twelve percent (12%) *per annum* legal interest shall apply only until June 30, 2013. Starting July 1, 2013, the rate of six percent (6%) *per annum* shall be the prevailing rate of interest when applicable. Thus, the need to determine whether the obligation involved herein is a loan and forbearance of money nonetheless exists.

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30 *Nacar v. Gallery Frames, et al., supra* note 26, at 283.

The term "forbearance," within the context of usury law, has been described as a contractual obligation of a lender or creditor to refrain, during a given period of time, from requiring the borrower or debtor to repay the loan or debt then due and payable.[31]

Forbearance of money, goods or credits, therefore, refers to arrangements other than loan agreements, where a person acquiesces to the temporary use of his money, goods or credits pending the happening of certain events or fulfilment of certain conditions.[32] Consequently, if those conditions are breached, said person is entitled not only to the return of the principal amount paid, but also to compensation for the use of his money which would be the same rate of legal interest applicable to a loan since the use or deprivation of funds therein is similar to a loan.[33]

This case, however, does not involve an acquiescence to the temporary use of a party's money but the performance of a brokerage service.

Thus, the matter of interest award arising from the dispute in this case falls under the paragraph II, subparagraph 2, of the above-quoted modified guidelines, which necessitates the imposition of interest at the rate of 6%, instead of the 12% imposed by the courts below.

WHEREFORE, premises considered, the instant petition is **DENIED**. The Decision dated September 30, 2015 and the Resolution dated October 21, 2016 of the Court of Appeals in CA-G.R. CV No. 102112 are hereby **AFFIRMED** with **MODIFICATION**. The interest rate of six percent (6%) *per annum*, instead of twelve percent (12%), is imposed on all the monetary awards from the date of finality of this Decision until full payment.

SO ORDERED.

DIOSDADO M. PERALTA
Chief Justice

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31 *S.C. Megaworld Construction and Development Corporation v. Engr. Parada*, 717 Phil. 752, 771 (2013).

32 *Estores v. Spouses Supangan*, 686 Phil. 86, 97 (2012).

33 *Id.*

WE CONCUR:

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

JOSE C. REYES, JR.
Associate Justice

AMY C. LAZARO-JAVIER
Associate Justice

RODIL V. ZALAMEDA
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

DIOSDADO M. PERALTA
Chief Justice