

## FIRST DIVISION

[ G.R. No. 204289, November 22, 2017 ]

**FERNANDO MANCOL, JR., PETITIONER, VS. DEVELOPMENT BANK OF THE PHILIPPINES, RESPONDENT.**

### DECISION

**TIJAM, J.:**

Assailed in this Petition for Review on *Certiorari*<sup>[1]</sup> is the Decision<sup>[2]</sup> dated February 22, 2012 and Resolution<sup>[3]</sup> dated September 27, 2012 of the Court of Appeals (CA), Visayas Station in CA-G.R. CEB-CV No. 03030, affirming the Orders dated June 13, 2008,<sup>[4]</sup> November 4, 2008<sup>[5]</sup> and April 17, 2009<sup>[6]</sup> of the Regional Trial Court (RTC) of Calbayog City, Branch 31 in Civil Case No. 923.

#### Factual Antecedents

Respondent Development Bank of the Philippines (DBP), scheduled an Invitation to Bid for Negotiated Sale on October 13, 2004 at the Mezzanine Floor, over a residential lot with a two-storey building (subject property) covered by TCT No. 2041 located at Navarro Street, Calbayog City, and with Tax Declaration (TD) Nos. 990100600931<sup>[7]</sup> and 990100600479<sup>[8]</sup> with a purchase price of P1,326,000.<sup>[9]</sup>

In line with this, Fernando Mancol, Jr. (petitioner) executed a Special Power of Attorney (SPA)<sup>[10]</sup> appointing his father, Fernando Mancol, Sr. (Mancol, Sr.), to represent and negotiate, on his behalf, the sale of the subject property. Pursuant to the SPA, Mancol, Sr. signed the Negotiated Offer to Purchase<sup>[11]</sup> and Negotiated Sale Rules and Procedures/Disposition of Assets on a First-Come First Served Basis.<sup>[12]</sup> DBP then issued an Official Receipt (O.R.) No. 3440018<sup>[13]</sup> dated October 13, 2004, in the name of Fernando R. Mancol, Jr., paid by Fernando M. Mancol, Sr., in the amount of P265,200, as initial payment for the purchase price of the subject property. During the negotiations, DBP officials allegedly agreed, albeit verbally, to: (1) arrange and effect the transfer of title of the lot in petitioner's name, including the payment of capital gains tax (CGT); and (2) to get rid of the occupants of the subject property.<sup>[14]</sup>

Petitioner paid the balance in the amount of P1,060,800, as evidenced by O.R. No. 3440451<sup>[15]</sup> dated December 10, 2004. Thereafter, DBP, through its Branch Manager Jorge B. Albarillo, executed a Deed of Absolute Sale,<sup>[16]</sup> in petitioner's favor.

On December 21, 2004, petitioner made a deposit with DBP for the payment of the CGT and documentary stamp tax (DST) in the amount of P99,450. DBP acknowledged the deposit and issued O.R. No. 3440537.<sup>[17]</sup>

Sometime in 2006, DBP reneged on its undertaking based on the oral agreement. DBP returned to the petitioner all the pertinent documents of the sale and issued a Manager's Check (MC) No. 0000956475<sup>[18]</sup> in the amount of P99,450.<sup>[19]</sup>

In a Letter<sup>[20]</sup> dated February 21, 2006, petitioner through its counsel demanded from DBP to comply with its verbal undertaking. He returned the MC and all pertinent documents affecting the sale of the subject property to DBP.

DBP, through its Letter<sup>[21]</sup> dated April 22, 2006, disregarded the subsequent oral agreement and reminded petitioner that DBP has no obligation to eject the occupants and to cause the transfer of title of the lot in petitioner's name.

Meanwhile, Mancol, Sr. wrote a Letter<sup>[22]</sup> dated May 15, 2006 to the Bureau of Internal Revenue (BIR) requesting for a detailed computation of the CGT and DST with penalties and surcharges thereof affecting the sale of the subject property. The BIR, through its Letter<sup>[23]</sup> dated May 24, 2006 came out with a detailed computation in the total of P160,700.88.

In a Letter<sup>[24]</sup> dated June 2, 2006, petitioner proposed to DBP that he will facilitate the payment of the CGT and DST but DBP should shoulder the penalties and surcharges. The proposal, however, was turned down. As of March 7, 2007, the total amount to be paid which is necessary for the transfer of the title in petitioner's name ballooned to P183,553.61 and counting.<sup>[25]</sup>

On August 24, 2006, petitioner filed a Complaint<sup>[26]</sup> for damages for breach of contract against DBP before the RTC of Calbayog City, Branch 31. He prayed that DBP be found to have breached its obligation with petitioner; that DBP be held liable to pay the aggregate amount of P160,700.88 and surcharges which may be imposed by the BIR at the time of payment; that DBP be ordered to pay damages and attorney's fees; and that DBP be ordered to return the MC dated February 8, 2006 for P99,450.

In its Answer with Counter-Claim,<sup>[27]</sup> DBP alleged that the terms of the Deed of Absolute Sale stated no condition that DBP will work on the document of transfer and to eject the occupants thereon.<sup>[28]</sup> Assuming that DBP's officials made such a promise, DBP alleged that the same would not be possible since the petitioner did not give any money to DBP for other expenses in going to and from Calbayog City. DBP likewise alleged that it is not the bank's policy to work for the registration of the instrument of sale of properties.<sup>[29]</sup> DBP further claimed that petitioner's unilateral act in issuing a check to DBP does not constitute as evidence to prove that DBP assumed the responsibility of registering the instrument of sale. By way of counterclaim, DBP averred that petitioner grossly violated the terms and conditions of the agreement of sale.<sup>[30]</sup> Petitioner failed to pay, reimburse or assume the financial obligation consequent to the initiation and filing of the writ of possession by DBP against the occupants. Petitioner's failure was contrary to his promise and assurance that he will pay. Petitioner did not comply with the clear and express provisions of the Deed of Absolute Sale and of the rules and procedures of sale on negotiation. DBP, thus, prayed that the complaint be dismissed for lack of

jurisdiction and that petitioner be ordered to assume the burden of initiating the ejectment suit and to pay DBP damages, attorney's fees and cost of suit amounting to P200,000.

On February 20, 2007, the RTC issued an Order<sup>[31]</sup> declaring DBP in default by reason of its counsel's failure to appear during the pre-trial and to file its pre-trial brief.

Trial ensued.

During the trial, Rodel Villanueva testified<sup>[32]</sup> that he was the one commissioned or ordered by a certain Atty. Mar De Asis (Atty. De Asis) of DBP, to go to BIR-Catbalogan, and to bring the following documents: a check worth Php99,450.00, the amount for the CGT, the title, the TD, and the deed of sale.<sup>[33]</sup>

Mancol, Sr. testified<sup>[34]</sup> that he signed the Negotiated Offer to Purchase and Negotiated Sale Rules and Procedures/Disposition of Assets on a First-Come First Served Basis on behalf of his son, by virtue of the SPA.<sup>[35]</sup> He stated that after the execution and delivery of the Deed of Absolute Sale, DBP verbally agreed to facilitate the transfer of the title, the payment of the CGT, and to cause the vacation of the occupants of the house and lot. Although he admitted that the verbal agreement contradicted the negotiated rules and agreement.<sup>[36]</sup> He stated that DBP undertook to get rid of the occupants, when its lawyer filed an *Ex-Parte* Motion for Issuance of a Writ of Possession<sup>[37]</sup> dated January 11, 2005, which is pending in the RTC.<sup>[38]</sup>

On April 14, 2008, the RTC Decision<sup>[39]</sup> ruled in favor of the petitioner, and ordered DBP to return to petitioner the amount of P99,450 deposited to it for payment of the CGT and DST; to pay the surcharges and/or interests on the CGT and DST as may be determined by the BIR from June 12, 2005 up to the date of payment; and to pay the petitioner attorney's fees in the amount of P15,000. The RTC likewise dismissed DBP's counterclaim.<sup>[40]</sup>

Thereafter, DBP moved for the reconsideration<sup>[41]</sup> of the RTC's Decision. DBP alleged, among others, that the testimonies of Villanueva and Mancol, Sr. were hearsay because their statements were based on facts relayed to them by other people and not based on their personal knowledge.

On June 13, 2008, the RTC Order<sup>[42]</sup> granted DBP's motion and dismissed petitioner's complaint.

Petitioner moved for the reconsideration<sup>[43]</sup> of the June 13, 2008 Order. For the first time, petitioner alleged that through his father, Mancol, Sr., he entered into a contemporaneous verbal agreement with DBP. He argued that since his father was his attorney-in-fact, then his father had personal knowledge of all transactions involving the sale of the subject property. The motion, however, was denied in the RTC Order<sup>[44]</sup> dated November 4, 2008. The RTC affirmed with modification its June 13, 2008 Order, to read thus:

**WHEREFORE**, this court finds no reason to disturb its order dated June 13, 2008, subject only to a modification that [DBP] is directed to return to the [petitioner], the total amount of P99,450.00 deposited to it for the payment of the [CGT] and [DST], with interest of six percent (6%) *per annum* from December 21, 2004 until its return to the [petitioner].

SO ORDERED.<sup>[45]</sup>

DBP sought reconsideration<sup>[46]</sup> of the RTC Order dated November 4, 2008, which however, was denied by the RTC in its Order<sup>[47]</sup> dated April 17, 2009. The RTC ruled that DBP has waived its right to question the return of P99,450 to the petitioner since DBP failed to refute such an issue in the RTC Decision dated April 14, 2008.

Both petitioner<sup>[48]</sup> and DBP<sup>[49]</sup> appealed the RTC Order dated June 13, 2008 and November 4, 2008, respectively, with the CA.

On February 22, 2012, the CA in its Decision,<sup>[50]</sup> denied both appeals, the dispositive portion of which reads, thus:

**WHEREFORE**, in view of the foregoing premises, the appeals filed in this case are hereby **DENIED**. The assailed Orders dated June 13, 2008, November 4, 2008 and April 17, 2009 of the [RTC], Branch 31 of Calbayog City in Civil Case No. 923 are **AFFIRMED**. Costs to be shouldered equally by both parties.

SO ORDERED.<sup>[51]</sup>

Thereafter, petitioner filed a Motion for Partial Reconsideration,<sup>[52]</sup> while DBP filed a Motion for Reconsideration,<sup>[53]</sup> seeking the reversal of the CA Decision dated February 22, 2012. Both motions, however, were denied in the CA Resolution<sup>[54]</sup> dated September 27, 2012.

Henceforth, only the petitioner filed the instant appeal anchored on the following arguments:

- I. THE TESTIMONIES OF [PETITIONER'S] WITNESSES, [VILLANUEVA] AND [MANCOL, SR.] ARE BASED ON PERSONAL KNOWLEDGE AND NOT HEARSAY EVIDENCE, AND THAT THEY SUFFICIENTLY ESTABLISHED THE EXISTENCE AND VALIDITY OF A SUBSEQUENT ORAL AGREEMENT BETWEEN [PETITIONER] AND DBP TO (1) ARRANGE AND EFFECT THE TRANSFER OF THE TORRENS TITLE IN THE NAME OF [PETITIONER], INCLUDING PAYMENT OF [CGT] AND [DSTs], AND (2) TO GET RID OF THE OCCUPANTS IN THE SUBJECT PROPERTY[;]
- II. UNDISPUTED RELEVANT AND MATERIAL EVIDENCE ON RECORD ESTABLISHED THE EXISTENCE AND VALIDITY OF THE SUBSEQUENT ORAL AGREEMENT BETWEEN MANCOL, JR. AND DBP, AND THAT TO IGNORE THEM IS TO SANCTION VIOLATION OF MANCOL, JR.'S DUE PROCESS RIGHTS[; AND]

III. [PETITIONER] IS ENTITLED TO THE PAYMENT OF MORAL AND EXEMPLARY DAMAGES, ATTORNEY'S FEES AND COSTS OF SUIT.<sup>[55]</sup>

***The petition fails.***

The above assignment of errors make it evident that the only issue involved in this appeal is one of fact: whether or not the testimonies of petitioner's witnesses, Villanueva and Mancol, Sr., should be given probative value to establish the alleged contemporaneous verbal agreement in the sale contract, *i.e.*, that DBP bound itself to arrange and effect the transfer of title of the lot in petitioner's name; and, get rid of the occupants of the subject property.

We answer in the negative.

"The parol evidence rule forbids any addition to, or contradiction of, the terms of a written agreement by testimony or other evidence purporting to show that different terms were agreed upon by the parties, varying the purport of the written contract."<sup>[56]</sup>

This, however, is merely a general rule. Provided that a party puts in issue in its pleading any of the exceptions in the second paragraph of Rule 130, Section 9<sup>[57]</sup> of the Revised Rules on Evidence, a party may present evidence to modify, explain or add to the terms of the agreement. Moreover, as with all possible objections to the admission of evidence, a party's failure to timely object is deemed a waiver, and parol evidence may then be entertained.<sup>[58]</sup>

In the case of *Maunlad Savings & Loan Assoc., Inc. v. CA*,<sup>[59]</sup> the Court held that:

The rule is that objections to evidence must be made as soon as the grounds therefor become reasonably apparent. In the case of testimonial evidence, the objection must be made when the objectionable question is asked or after the answer is given if the objectionable features become apparent only by reason of such answer, otherwise the objection is waived and such evidence will form part of the records of the case as competent and complete evidence and all parties are thus amenable to any favorable or unfavorable effects resulting from the evidence.<sup>[60]</sup>  
(Citations omitted)

Here, in order to prove the verbal agreement allegedly made by DBP, petitioner invoked the fourth exception under the parol evidence rule, *i.e.*, the existence of other terms agreed to by the parties or their successors-in-interest after the execution of the written agreement, by offering the testimonies of Villanueva and Mancol, Sr.

The bank, however, failed to make a timely objection against the said testimonies during the trial since DBP was declared in default. Thus, DBP waived the protection of the parol evidence rule.

This notwithstanding, We stress that the admissibility of the testimonial evidence as an exception to the parol evidence rule does not necessarily mean that it has weight. Admissibility of evidence should not be confounded with its probative value.