



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

REPUBLIC OF THE
PHILIPPINES, represented by
THE DEPARTMENT OF
PUBLIC WORKS AND
HIGHWAYS (DPWH),

Petitioner,

- versus -

A.D. GONZALES, JR.
CONSTRUCTION AND
TRADING COMPANY, INC.,
Respondent.

G.R. No. 250296

Present:

LEONEN, S.A.J., Chairperson,
LAZARO-JAVIER,
LOPEZ, M.,
LOPEZ, J., and
KHO, JR., JJ.

Promulgated:

FEB 12 2024

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DECISION

KHO, JR., J.:

Assailed in this Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court are the Decision² dated January 31, 2019 and the Resolution³ dated November 5, 2019 of the Court of Appeals (CA) in CA-G.R. CV No. 105103, which denied the appeal filed by petitioner Republic of the Philippines, represented by the Department of Public Works and Highways (DPWH). The CA, in turn, affirmed with modification the Decision⁴ dated July 17, 2014, and the Order dated April 1, 2014⁵ of Branch 46, Regional Trial Court of San Fernando City, Pampanga (RTC) by deleting the award of

¹ *Rollo*, pp. 12–30.

² *Id.* at 42–64. Penned by Associate Justice Pablito A. Perez with the concurrence of Associate Justices Celia C. Librea-Leagogo and Samuel H. Gaerlan (now a member of this Court), of the Fifth Division of the Court of Appeals, Manila.

³ *Id.* at 66–68. Penned by Associate Justice Pablito A. Perez with the concurrence of Associate Justices Celia C. Librea-Leagogo and Samuel H. Gaerlan (now a member of this Court), of the Former Fifth Division of the Court of Appeals, Manila.

⁴ *Id.* at 69–83. Penned by Presiding Judge Mary Anne P. Padron-Rivera of Branch 46, Regional Trial Court of San Fernando City, Pampanga.

⁵ This is an error on the part of the RTC. The CA and the parties dated the Order as April 1, 2015.

attorney's fees and costs of suit; maintaining the award of PHP 5,364,086.35; and adding an interest rate of 6% percent per annum from the finality of the decision until full payment.

The Facts

The case stemmed from a Complaint for collection of sum of money with damages filed by A.D. Gonzales, Jr. Construction and Trading Company, Inc. (Gonzales Construction) against the DPWH. Gonzales Construction claimed that it entered into two contracts with DPWH for the following: (1) Rehabilitation of Gumain-Porac Division Channel, Sta. 5+800 to Sta. 6+100 in the amount of PHP 2,695,980.00 (Gumain Project); and (2) Abacan River Control Cut-Off Channel along Manggahan Sto. Rosario, Mexico, Pampanga, Sta. 17+500 to Sta. 18+033 in the amount of PHP 8,174,294.32 (Abacan Project).⁶

The Gumain Project was signed by Aurelio Gonzales, Jr. (Gonzales) for the Gonzales Construction and by the District Engineer, Angelito M. Twaño of the Office of the Regional Director of DPWH, and was submitted to the regional director for his signature. On the other hand, the Abacan Project was signed by Gonzales and was submitted to the Regional Director of DPWH for signature.⁷

Gonzales Construction alleged that it performed its undertakings and submitted to the DPWH the corresponding documents to prove the projects' completion. Moreover, the projects were duly inspected and verified as to the work accomplished and were found to be in accordance with the plans and specifications and special provisions of the contracts. Despite completion of the two projects, only PHP 1,178,252.42 was paid representing partial payment for the Abacan Project, leaving an unpaid amount of PHP 9,692,021.92 for the two projects. The last demand for payment was made on March 26, 1999.⁸

Hence, Gonzales Construction filed its Complaint for sum of money before the RTC and to support it, presented the following witnesses: (a) Remedios P. Soto, State Auditor IV of Commission on Audit; (b) Aurelio Gonzales, Jr. (Gonzales), President of Gonzales Construction; (c) Engineer Jesus O. Obordo (Engr. Obordo), then the assistant chief of the Construction Division, Region III, DPWH.⁹ It also offered several documentary evidence.¹⁰

For their defense, DPWH raised special and affirmative defenses: (1) DPWH, being an unincorporated agency of the State, cannot be sued without

⁶ *Id.* at 43-44.

⁷ *Id.* at 43. *See also* RTC Decision, *id.* at 69.

⁸ *Id.* at 44.

⁹ *Id.* at 45.

¹⁰ *Id.* at 71-74.

its consent which the State has not given; (2) the subject contracts were void because no certification was issued that funds had been duly appropriated for the said projects as required by Presidential Decree No. 1445,¹¹ otherwise known as the Government Auditing Code of the Philippines; (3) the subject contracts were not signed by the Regional Director nor by the DPWH secretary; and (4) the Complaint was premature because Gonzales Construction failed to exhaust administrative remedies.¹² Notably, DPWH did not present any evidence.¹³

The RTC Ruling

In a Decision¹⁴ dated July 17, 2014, the RTC ruled in favor of Gonzales Construction, and accordingly, ordered the DPWH to pay the following: (a) PHP 5,364,086.35 comprising the unpaid accomplished work on the Abacan River Control Cut-Off Channel Project; (b) PHP 50,000.00 as attorney's fees; and (c) cost of suit.¹⁵

In so ruling, the RTC held that there was a perfected contract between Gonzales Construction and DPWH when the latter informed the former of the award of the Abacan Project, as in fact, Gonzales Construction, represented by Gonzales, affixed his signature therein as conformity to DPWH's offer. The RTC opined that when the State enters into a contract through its officers or agents, in furtherance of a legitimate aim and purpose, the State may be sued even without its express consent. In this case, an implied consent to be sued was given by DPWH as party to the contract.¹⁶

Further, the RTC found that DPWH is estopped in asserting non-compliance with the requirements laid down in Presidential Decree No. 1445 considering that higher authorities had ordered the construction of the subject projects as an emergency measure even without the compliance with the necessary paperwork due to the eruption of Mt. Pinatubo. Moreover, the RTC found that a partial payment in the amount of PHP 1,968,206.10 was authorized and paid to Gonzales Construction for the Abacan project; thus, recognizing DPWH's valid obligation.¹⁷

The RTC ruled that as a matter of fairness, Gonzales Construction is entitled to be compensated based on *quantum meruit*. From the evidence presented during trial, the RTC found that 90.61% of the Abacan Project was accomplished and the value of such completed works was equivalent to PHP 7,332,292.45. Considering that a partial payment of PHP 1,968,206.10 was

¹¹ Presidential Decree No. 1445 (1978), Ordaining and Instituting a Government Auditing Code of the Philippines.

¹² *Rollo*, pp. 44-45.

¹³ *Id.* at 52.

¹⁴ *Id.* at 69-83.

¹⁵ *Id.* at 83.

¹⁶ *Id.* at 79-80.

¹⁷ *Id.* at 81-82.

previously made, the RTC held that a balance of PHP 5,364,086.35 is left unpaid.¹⁸

About the Gumain Project, the RTC found no substantial evidence to prove Gonzales Construction's claim for the payment of PHP 2,695,980.00. Other than the contract agreement, resolution, and notice of award issued in its favor, there was no other evidence on record to substantiate its claim on the actual work it accomplished on the project. No payment is thus due to Gonzales Construction on this project.¹⁹

As regards the defense of failure to exhaust all administrative remedies, the RTC explained that there are accepted exceptions in the application of the doctrine, among which are where there is unreasonable delay or official inaction that will irretrievably prejudice the complainant and where the question involved is purely legal and will ultimately have to be decided by the courts of justice.²⁰ Here, the RTC ruled that the instant case falls under those exceptions considering that despite repeated demands and the lapse of almost eight years from the time of completion of the subject projects and the filing of the instant case in court, Gonzales Construction is yet to receive its payment for the work it accomplished. Moreover, whether Gonzales Construction is entitled to be paid for the construction of the subject projects despite non-compliance with the requirement of Presidential Decree No. 1445 is a pure question of law.²¹

The DPWH sought reconsideration but was denied in an Order²² dated April 1, 2014. Aggrieved, it appealed before the CA.

The CA Ruling

In a Decision²³ dated January 31, 2019, the CA affirmed with modification the Decision of the RTC by: (a) deleting the award of attorney's fees and cost of suit; and (b) adding an interest of six (6%) percent per annum from the finality of its Decision until full payment.²⁴

At the outset, the CA explained that it can only pass the errors assigned by the DPWH. Hence the defenses raised in the Answer and repeated in the Appellant's Brief were not considered for they were not raised as errors. Thus, the CA only ruled on the issues of whether the RTC erred in awarding

¹⁸ *Id.* at 82.

¹⁹ *Id.*

²⁰ *Republic v. Lacap*, 546 Phil. 87, 97 (2007) [Per J. Austria-Martinez, Third Division].

²¹ *Rollo*, pp. 80-81.

²² *Id.* at 84-88.

²³ *Id.* at 42-63.

²⁴ *Id.* at 63.

Gonzales Construction with PHP 5,364,086.35 as compensation for Abacan Project based on *quantum meruit*, attorney's fees, and the costs of suit.²⁵

In this regard, the CA found that while certification as to availability of funds is a condition *sine qua non* for the execution of government contracts, the absence thereof does not necessarily mean that the contractor is precluded from receiving payment for the services rendered. Citing *DPWH v. Quiwa*²⁶ and *R.G. Cabrera Construction v. DPWH and COA*,²⁷ the CA applied the principle of *quantum meruit*; the government cannot act unjustly in denying what it owes to contractors and in leaving them uncompensated after the public has benefited from it.²⁸

Further, the CA affirmed the RTC's findings that Gonzales Construction was able to accomplish 90.61% of the Abacan project as this was supported with sufficient evidence such as: (1) the testimony of Engr. Abordo who was a project engineer for DPWH, Region III, Mt. Pinatubo Rehabilitation Project; (2) the Preliminary Survey Inspection for Earthwork Excavated Certificate of Inspections; (3) the Certificate of Inspection²⁹ issued on September 2, 1992; and (4) a Statement of Time Elapsed and Work Accomplished submitted by Engr. Obordo, which certified that 90.61% of the project was accomplished with the amount approved for payment of PHP 7,332,292.45. This was also signed and certified to by Eliaser Z. Sabile, the government's resident engineer.³⁰

Hence, the CA ruled that without controverting evidence, the DPWH cannot deny the actual work accomplished by Gonzales Construction on the Abacan Project for which it should be paid.

Unsatisfied, the DPWH sought reconsideration which was denied in a Resolution³¹ dated November 5, 2019. Hence, this Petition.

The Issue Before the Court

Whether the CA correctly affirmed the RTC's award of PHP 5,364,086.35 in favor of Gonzales Construction based on *quantum meruit*.

²⁵ *Id.* at 55.

²⁶ 675 Phil. 9 (2011) [Per J. Sereno, Second Division].

²⁷ 797 Phil. 563 (2016) [Per J. Mendoza, *En Banc*].

²⁸ *Rollo*, pp. 57–59.

²⁹ *Id.* at 60. This was signed by Engr. Obordo, Project Engineer; Ramon Velasquez, Engr. III of the Bureau of Design; Noel L. Fuentabella, Engr. III, Head, Monitoring and Computer Unit, MPRP; Lucito O. Sibug, Eng. IV, MQCHD; Manolo P. Reyes, Engr. V, Bureau of Construction, Adolfo M. Flores, Engr. V, Team Leader, MPRP Inspectorate Team and concurred to by Godofredo C. Caritativo, Assistant Regional Director, Staff Officer MPRP.

³⁰ *Id.* at 60–61.

³¹ *Id.* at 66–68.

In its petition, DPWH argues that: (1) the RTC does not have jurisdiction to rule on the money claims considering that under Presidential Decree No. 1445 it is the Commission on Audit (COA) that has primary jurisdiction over money claims against the government; and (2) the principle of *quantum meruit* is inapplicable because Gonzales Construction failed to present convincing evidence that it had accomplished 90.61 % of the Abacan Project.³²

On the other hand, Gonzales Construction argues in its Comment/Opposition³³ that: (1) its complaint falls under the two exceptions (i.e., when there is unreasonable delay or official inaction that will irretrievably prejudice the complainant and where the question involved is purely legal and will ultimately have to be decided by the courts of justice) to the application of the doctrine of administrative remedies echoing the RTC's ruling. Hence, it argues that it did not violate the principle of exhaustion of administrative remedies;³⁴ (2) the DPWH is already precluded from raising lack of jurisdiction for the first time on appeal under the principle of estoppel by laches considering that the complaint was filed nearly 20 years ago and that the DPWH has participated in the proceedings and in fact sought affirmative relief before the courts;³⁵ (3) the requirement of a certificate of availability of funds pursuant to Presidential Decree No. 1445 should be relaxed considering the urgency and emergency nature of the Abacan Project. Gonzales Construction argues that it cannot be blamed for the "defect" in the contract because this was the DPWH's obligation and that it merely relied on the presumption of regularity in the performance of the DPWH officials' duties. It laments that it should not be made to suffer the adverse consequences of the DPWH's omissions and adds that the fund was in fact available considering it was partially paid;³⁶ (4) the DPWH is estopped from denying or questioning the Abacan Project because it was fully aware of the construction of the Abacan Project as in fact its officials and engineers oversaw the project and expedited its accomplishment;³⁷ (5) *DPWH v. Quiwa* and *R.G. Cabrera Corporation v. DPWH and COA* are applicable in this case;³⁸ (6) the Court is not a trier of facts in relation to the 90.61% accomplishment of the Abacan Project;³⁹ and (7) the principles of unjust enrichment and *quantum meruit* must be applied in this case.⁴⁰

The Court's Ruling

The petition is denied.

³² *Id.* at 30–31.

³³ *Id.* at 95–117.

³⁴ *Id.* at 103–105.

³⁵ *Id.* at 105–107.

³⁶ *Id.* at 107–109.

³⁷ *Id.* at 109–110.

³⁸ *Id.* at 110–112.

³⁹ *Id.* at 112–113.

⁴⁰ *Id.* at 113–115.

Under Commonwealth Act No. 327,⁴¹ as amended by Section 26 of Presidential Decree No. 1445,⁴² it is the COA which has primary jurisdiction over money claims against government agencies and instrumentalities, to wit:

Section 26. General jurisdiction. — The authority and powers of the Commission shall extend to and comprehend all matters relating to auditing procedures, systems and controls, the keeping of the general accounts of the Government, the preservation of vouchers pertaining thereto for a period of ten years, the examination and inspection of the books, records, and papers relating to those accounts; and the audit and settlement of the accounts of all persons respecting funds or property received or held by them in an accountable capacity, as well as the **examination, audit, and settlement of all debts and claims of any sort due from or owing to the Government or any of its subdivisions, agencies and instrumentalities**. The said jurisdiction extends to all government-owned or controlled corporations, including their subsidiaries, and other self-governing boards, commissions, or agencies of the Government, and as herein prescribed, including non-governmental entities subsidized by the government, those funded by donations through the government, those required to pay levies or government share, and those for which the government has put up a counterpart fund or those partly funded by the government. (Emphasis supplied)

It was explained in *Metropolitan Manila Development Authority v. D.M. Consunji, Inc.*⁴³ that the COA has jurisdiction over money claims against a government agency based on *quantum meruit*.

The foregoing notwithstanding, the Court, in the interest of judicial economy, deems it prudent to nevertheless rule on the merits of this case. In addition, it will not serve the ends of justice if the Court will allow this case to go unresolved for an inordinate amount of time.⁴⁴ To be sure, this course of action is justified, as may be gleaned from *RG Cabrera Corporation, Inc. v. DPWH*.⁴⁵

Similar to this case, *RG Cabrera Corporation* also involved the rehabilitation projects of the government dealing with the aftermath of Mt. Pinatubo's eruption. In that case, the DPWH entered into several contracts of lease of equipment with therein petitioner for the maintenance and restoration of portions of the Porac-Gumain Diversion Channel System. At the end of the lease contract, therein petitioner sought to collect the agreed rentals, but the

⁴¹ Commonwealth Act No. 327 (1938), An Act Fixing The Time Within Which The Auditor General Shall Render His Decisions And Prescribing The Manner Of Appeal Therefrom.

⁴² Presidential Decree No. 1445 (1978), Ordaining and Instituting a Government Auditing Code of the Philippines.

⁴³ 847 Phil. 833 (2019) [Per J. Carpio, Second Division].

⁴⁴ *University of Santo Tomas Faculty Union v. University of Santo Tomas*, 740 Phil. 242, 262 (2014) [Per J. Carpio, Second Division].

⁴⁵ 797 Phil. 563 (2016) [Per J. Mendoza, *En Banc*]. See also *University of Santo Tomas Faculty Union v. University of Santo Tomas*, 740 Phil. 242, 262 (2014) [Per J. Carpio, Second Division].

DPWH did not pay; hence, the former filed several complaints for collection of sum of money before a trial court which was granted, but was reversed by the CA. The Court affirmed the CA ruling considering that it was the COA which has jurisdiction over money claims against the government. Thereafter, RG Cabrera filed the said money claims before the COA but was denied for lack of a prior certification as to the availability of the necessary funds based on Sections 86 and 87 of Presidential Decree No. 1445. The Court reversed the COA and granted the money claims. It held that while the existence of appropriation and the attachment to the contract of the certification showing availability of funds are conditions *sine qua non* for the execution of government contracts, the absence thereof, however, does not necessarily mean that the contractor is precluded from receiving payment for the services rendered. Citing *Quiwa*,⁴⁶ which the Court found to be on all fours in therein case, the Court held that the lack of certification of availability of funds does not bar a contractor from recovering the fees stipulated in the contract.⁴⁷

Further, the Court explained that the subject lease contracts are not intrinsically illegal, but rather, were merely declared to be so under Presidential Decree No. 1445 for lack of the necessary certification. Nevertheless, it would be an injustice to deny therein petitioner the payment for the use of its heavy equipment, which benefited the public, solely on the ground of the procedural flaws in the contracts.⁴⁸

Applying *RG Cabrera Corporation* and *Quiwa* here, Gonzales Construction should be paid what is due to them; otherwise, this would amount to unjust enrichment to the State at the expense of Gonzales Construction, which this Court cannot countenance.

The DPWH, however, argues that Gonzales Construction failed to present convincing evidence that it had accomplished 90.61 % of the Abacan Project to be entitled for payment.

It must be stressed that a review under Rule 45 of the Rules of Court is limited to reviewing questions of law, subject to this Court's discretion and other exceptions recognized in case law.⁴⁹ The Court finds that these reasons are not present in this case to review the uniform findings of fact of the RTC and the CA. As a general rule, the factual findings of the trial court, when affirmed by the appellate court, attain conclusiveness and are given utmost respect by this Court.⁵⁰ Here, the RTC found that 90.61% of the Abacan Project was accomplished and the value of the completed works evaluated in the amount of PHP 7,332,292.45. The CA affirmed that 90.61% of the Abacan

⁴⁶ 675 Phil. 9 (2011) [Per J. Sereno, Second Division].

⁴⁷ 797 Phil. 563 (2016) [Per J. Mendoza, *En Banc*].

⁴⁸ *Id.* at 570.

⁴⁹ *Pascual v. Burgos*, 776 Phil. 167 (2016) [Per J. Leonen, Second Division].

⁵⁰ *Department of Public Works and Highways v. Quiwa*, 675 Phil. 9 (2011) [Per J. Sereno, Second Division].

Project was accomplished after evaluating on its own the pieces of evidence submitted by Gonzales Construction, while DPWH did not present evidence to the contrary. Hence, this Court will not disturb the factual findings of the RTC and the CA.

Now that it is settled that Gonzales Construction is entitled to PHP 5,364,086.35 (the unpaid accomplished work after it was established that Gonzales Construction was already paid PHP 1,968,206.10), the Court modifies the interest awarded by the CA.

Gonzales Construction argues that the monetary award should earn interest reckoned from the last date of demand on March 26, 1999 citing *Kabisig Wealth Dev., Inc. v. Young Builders Corp.*,⁵¹ wherein the Court awarded legal interest from the time of demand on the amount of damages awarded by virtue of the principle of *quantum meruit*.

In the recent case of *Lara's Gifts & Decors, Inc. v. Midtown Industrial Sales, Inc.*,⁵² the Court *En Banc* laid out the latest guidelines in the imposition of interest, to wit:

In view of the foregoing discussions, and taking into consideration the viewpoints of Justice Caguioa, the summary of rules on the imposition of interest, as provided in *Eastern Shipping Lines and Nacar*, are amended as follows:

With regard 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:

A. In obligations consisting of loans or forbearances of money, goods or credit:

1. The compensatory interest due shall be that which is stipulated by the parties in writing as the penalty or compensatory interest rate, provided it is not unconscionable. In the absence of a stipulated penalty or compensatory interest rate, the compensatory interest due shall be that which is stipulated by the parties in writing as the conventional interest rate, provided it is not unconscionable. In the absence of a stipulated penalty or a stipulated conventional interest rate, or if these rates are unconscionable, the compensatory interest shall be the prevailing legal interest rate prescribed by the Bangko

⁵¹ *Kabisig Real Wealth Dev., Inc. v. Young Builders Corp.*, 804 Phil. 389, 399 (2017) [Per J. Peralta, Second Division]. In this case, Kabisig contracted the services of Young Builders to supply labor, tools, equipment, and materials for the renovation of its building in Cebu City. The latter billed Kabisig for PHP 4,123,320.95, which Kabisig failed to pay despite demand. Kabisig contended that no written contract was ever entered into between the parties and it was never informed of the estimated cost of the renovation. The RTC awarded the amount of PHP 4,123,320.95 which the CA reduced to PHP 2,400,000.00 and the latter amount was affirmed by the Supreme Court.

⁵² G.R. No. 225433 (Resolution), September 20, 2022. [Per Acting C.J. Leonen, *En Banc*].

Sentral ng Pilipinas. Compensatory interest, in the absence of a stipulated reckoning date, shall be computed from default, *i.e.*, from extrajudicial or judicial demand, *until full payment*.

2. Interest on conventional/monetary interest and stipulated compensatory interest shall accrue at the stipulated interest rate (compounded interest) from the stipulated reckoning point or, in the absence thereof, from extrajudicial or judicial demand *until full payment*, provided it is not unconscionable. In the absence of a stipulated compounded interest rate or if this rate is unconscionable, the prevailing legal interest rate prescribed by the Bangko Sentral ng Pilipinas shall apply from the time of judicial demand *until full payment*.

B. In obligations not consisting of loans or forbearances of money, goods or credit:

1. For liquidated claims:

The compensatory interest due shall be that which is stipulated by the parties in writing as the penalty or compensatory interest rate, provided it is not unconscionable. In the absence of a stipulated penalty or compensatory interest rate, or if these rates are unconscionable, the compensatory interest shall be at the rate of 6%. Compensatory interest, in the absence of a stipulated reckoning date, shall be computed from default, *i.e.*, from extrajudicial or judicial demand, *until full payment*.

a. Interest on stipulated compensatory interest shall accrue at the stipulated interest rate (compounded interest) from the stipulated reckoning point or in the absence thereof, from extrajudicial or judicial demand *until full payment*, provided it is not unconscionable. In the absence of a stipulated compounded interest rate or if this rate is unconscionable, legal interest at the rate of 6% shall apply from the time of judicial demand *until full payment*.

2. For unliquidated claims:

Compensatory interest on the amount of damages awarded may be imposed in the discretion of the court at the rate of 6% per annum. No compensatory interest, however, shall be adjudged on unliquidated claims or damages until the demand can be established with reasonable certainty. Thus, 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 of the judgment of the trial court (at which time the quantification of damages may be deemed to have been reasonably ascertained) *until full payment*. The actual base for the computation of the interest shall, in any case, be on the principal amount finally adjudged.⁵³


⁵³ *Id.*

In *Philippine Commercial and International Bank v. William Golangco Construction Corp.*,⁵⁴ the Court held that “the reckoning point for compensatory interest, when imposed on unliquidated claims, is set on the date of the judgment of the court or quasi-judicial body granting the award since it is only at such time when the amount claimed becomes ‘liquidated,’ that is, determined with reasonable certainty.”⁵⁵ In the said case, respondent therein filed a counterclaim in the amount of PHP 5,777,157.84 which was granted by the Construction Industry Arbitration Commission (CIAC) in a Decision dated June 21, 1996 and affirmed by the Supreme Court which became final on April 27, 2006. The issue was when should the compensatory interest start to run— (a) from the decision of the CIAC on June 21, 1996 or (b) from the date (April 27, 2006) the decision of the Supreme Court became final. As stated, the Court started to count the interest from the date the CIAC rendered its decision.

After taking into consideration the foregoing, the Court rules that the obligation in this case is one not consisting of loans or forbearances of money, goods or credit. Hence, Guideline B (2) as stated in *Lara’s Gifts* is applicable herein. Thus, the monetary award due to Gonzales Construction shall earn legal interest of 6% per annum from the date the RTC rendered its decision on July 17, 2014 because it is only at this time that its entitlement has been determined with reasonable certainty. This is easily shown considering that Gonzales Construction demanded for the payment of PHP 9,962,021.92 representing the unpaid principal obligation but the RTC only awarded PHP 5,364,086.35, which this Court affirms. Also pursuant to *Lara’s Gifts*, this interest shall run from July 17, 2014 until full payment.

ACCORDINGLY, the Petition is **DENIED**. The Decision dated January 31, 2019 and the Resolution dated November 5, 2019 of the Court of Appeals in CA-G.R. CV No. 105103 are hereby **AFFIRMED** with **MODIFICATION**. The award of PHP 5,364,086.35 shall earn interest at the rate of 6% per annum from July 17, 2014 until full payment.

SO ORDERED.



ANTONIO T. KHO, JR.
 Associate Justice

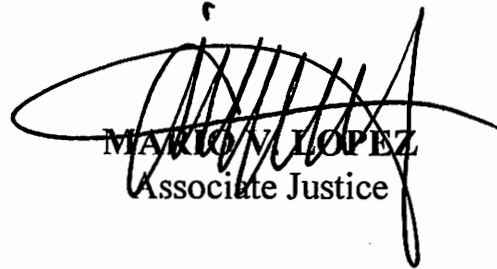
WE CONCUR:


MARVIC M.V.F. LEONEN
 Senior Associate Justice
 Chairperson

⁵⁴ 851 Phil. 497 (2019) [Per J. Caguioa, Second Division].

⁵⁵ *Id.* at 513.

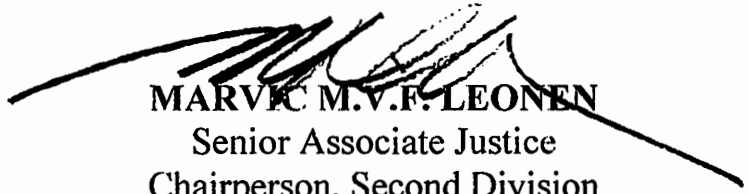

AMY C. LAZARO-JAVIER
Associate Justice


MARION N. LOPEZ
Associate Justice


JHOSEP V. LOPEZ
Associate Justice

ATTESTATION

I attest 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.


MARVIC M.V.F. LEONEN
Senior Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, and the Division Chairperson's Attestation, 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.


ALEXANDER G. GESMUNDO
Chief Justice