FIRST DIVISION

[G.R. No. 215776. August 27, 2025]

SPOUSES GABRIEL DUERO AND LUISA DUERO, PETITIONERS, VS. GREEN BANK OF CARAGA, INC., [NOW EASTWEST BANKING CORPORATION] AND THE HON. REGISTRAR OF DEEDS FOR THE PROVINCE OF SURIGAO DEL SUR, RESPONDENTS.

D E C I S I O N

MARQUEZ, J.:

Banks cannot conveniently invoke dragnet clauses if their terms and provisions are ambiguous such that no connection can be established between the original loan and the subsequent loan.

Before this Court is a Petition for Review on *Certiorari*[1] assailing the Decision[2] and Resolution[3] of the Court of Appeals (CA), which reversed the Decision[4] of the Regional Trial Court (RTC), Tandag City, Surigao del Sur, and dismissed spouses Gabriel Duero (Gabriel) and Luisa Duero's (collectively, spouses Duero) Complaint for Nullification of Foreclosure Proceedings and/or Transfer Certificate of Title (TCT) No. 13695 with Prayer for Temporary Restraining Order and/or Writ of Preliminary Injunction, and denied spouses Duero's motion for reconsideration, respectively. The CA reversed the RTC and held that the dragnet clause, subject of the controversy, validly covered the second loan obtained by spouses Wilson and Elsie Sadernas (spouses Sadernas).

Spouses Duero are the registered owners of a parcel of land (subject property) situated in Tandag, Surigao del Sur, covered by TCT No. T-5930.[5] On September 23, 2004, spouses Duero executed a Special Power of Attorney[6] (SPA) appointing spouses Sadernas as attorneys-in-fact and authorized them to obtain a loan (first loan) in an amount not exceeding PHP 550,000.00 from Green Bank of Caraga (Green Bank). On September 29, 2004, to secure the loan, Gabriel and spouses Sadernas executed a Deed of Real Estate Mortgage (subject REM) over the property and also a promissory note on the principal amount of PHP 550,000.00 in favor of Green Bank.[7] The mortgage was annotated on TCT No. T-5930.[8] The promissory note stated that the loan's maturity date is on September 14, 2007.[9]

On February 28, 2006, or more than a year prior to the loan's maturity date, spouses Sadernas paid the loan in full.[10] However, despite repeated demands, Green Bank did not return TCT No. T-5930 to spouses Duero.[11]

On June 3, 2006, or three months after payment of the loan, Green Bank extended another loan (second loan) in the amount of PHP 150,000.00 to spouses Sadernas who in turn executed another promissory note.[12]

On November 2, 2006, Green Bank filed an application for extrajudicial foreclosure of REM in view of spouses Sadernas' failure to settle the second loan. It claimed that as of October 30, 2006, spouses Sadernas had an indebtedness of PHP 150,000.00 excluding interest, penalty, expense, and attorney's fee of 25% of the total amount secured by the mortgage.[13]

Spouses Duero, through counsel, opposed the foreclosure. They argued that the first loan had already been paid in the total amount of PHP 727,249.27. Thus, the subject REM should have been extinguished and TCT No. T-5930 with its Tax Declaration No. 99-19-211770 should have been returned to them.[14]

For its part, Green Bank claimed that while it is true that spouses Sadernas had already paid the first loan in full, the second loan they obtained using the same SPA and collateral remained unpaid despite repeated demands.[15]

Subsequently, foreclosure proceedings ensued, and Green Bank emerged as the highest bidder of the subject property in the amount of PHP 370,000.00. TCT No. T-5930 was cancelled, and a new one, TCT No. 13695, was issued in the name of Green Bank.[16]

Aggrieved, spouses Duero filed a complaint for annulment of foreclosure proceedings on February 13, 2009.[17]

In its Decision[18] dated May 12, 2010, the RTC ruled in favor of spouses Duero. The dispositive portion of the RTC Decision reads:

> WHEREFORE, judgment is hereby rendered in favor of plaintiffs and against defendants:
>
> 1. Annulling the foreclosure proceedings which resulted in the consolidation of ownership of defendant Green Bank of Caraga, Inc. (BANK) over Lot No. 3026-C psd 116819-03549 covered by [TCT] No. 5930 cancellation of said Title and issuance in the name of defendant BANK of [TCT] No. T-13695;
>
> 2. Ordering the Register of Deeds, Tandag City, Surigao del Sur, to cancel TCT No. T-13695 and restore and return to plaintiff spouses the Owner's Duplicate of TCT No. 5930;

3. Ordering defendant BANK to pay plaintiffs the amount of [PHP 30,000.00] as attorney's fees and another [PHP 30,000.00] as Moral Damages; and

4. Ordering defendant BANK to pay the cost of suit.

SO ORDERED.[19]

The trial court held that while the "dragnet clause," which Green Bank invoked, is valid, it contemplates a situation where there is a series of transactions between the mortgagor-debtor and the mortgagor-creditor where the former obtains additional loans while the original principal loan is subsisting. It ruled that because the first Loan was already paid in full more than a year earlier than the due date, and the second loan was obtained three months after full payment of the first loan, the subject REM could no longer be utilized to secure the second loan because it was deemed extinguished from the time the first loan was paid.[20]

Green Bank filed an appeal. It contended that the trial court erred in concluding that the subject REM did not cover the second loan extended to spouses Sadernas.

In its June 27, 2014 Decision,[21] the CA granted Green Bank's appeal. The May 12, 2010 RTC Decision was reversed and set aside, and the complaint for annulment of foreclosure proceedings was dismissed.

The appellate court held that the trial court erred in ruling that the subject REM did not secure the second loan.[22] It ruled that the "dragnet clause" stipulated in the subject REM expressly stated that it will secure future loans which included the second loan in the amount of PHP 150,000.00.[23]

Spouses Duero moved for reconsideration of the appellate court's Decision but the motion was denied in its November 13, 2014 Resolution.[24]

On January 12, 2015,[25] petitioners filed the instant Petition for Review on *Certiorari* under Rule 45 of the Rules of Court. They asserted that the subject REM secured the first loan only and did not extend to the second loan obtained by spouses Sadernas. The subject REM had ceased to have legal force and effect from the time they paid the first loan in full. Consequently, Green Bank could no longer use the subject REM to secure the second loan. Thus, the subject REM should not have been foreclosed after spouses Sadernas' non-payment of the second loan. For its part, respondent Green Bank claimed that by virtue of the dragnet clause stipulated in the subject REM, both existing loans and future advances were covered as in the second loan.

In the February 25, 2015 Resolution,[26] the Court denied the Petition. Petitioners moved for reconsideration.[27] Acting on petitioners' motion for reconsideration, the Court, in the November 23, 2015 Resolution, required respondent Green Bank to comment thereon. However, in a Manifestation[28] dated August 4, 2016, former

counsel for respondent Green Bank, Atty. Simon Peter Jalad of Libres, Zulueta and Jalad Law Offices, explained that he did not file the required comment on the motion for reconsideration as he had already disengaged himself as counsel of respondent Green Bank. He explained that after the acquisition of respondent Green Bank by the East West Banking Corporation (East West), respondent Green Bank terminated most of its legal retainers, including them, who were required to turn over all cases for respondent Green Bank. Thus, on October 10, 2016, the Court required respondent Green Bank to furnish the Court with the name and address of its new counsel.[29]

In the interest of substantial justice, the Court, in the June 19, 2017 Resolution,[30] granted petitioners' motion for reconsideration, set aside the February 25, 2015 Resolution and reinstated their Petition to give the parties sufficient opportunities to argue their respective positions, and to enable the Court to arrive at a more comprehensive resolution of the legal issues raised. Accordingly, the Court ordered respondent Green Bank to file its Comment on the Petition.

More than three years after, respondent Green Bank had yet to file its Comment on the Petition as required in the June 19, 2017 Resolution. Thus, in its October 7, 2020 Resolution,[31] the Court required respondent Green Bank to show cause as to why it should not be disciplinarily dealt with or held in contempt for its failure to comply with the Resolution and likewise directed respondent Green Bank to manifest whether it will still file its Comment on the Petition.

In a July 20, 2022 Resolution,[32] the Court reiterated the Show Cause Resolution requiring respondent Green Bank to explain its failure to submit the name and address of its new counsel and to manifest whether it will still file its comment.

On August 4, 2023, in their Compliance with Manifestation and Motion,[33] petitioners stated that upon verification of the merger of respondent Green Bank and East West, the Office of the Deputy Governor, Supervision and Examination Sector, Bangko Sentral ng Pilipinas on July 31, 2014 issued a Circular Letter No CL-2014-038 stating the following:

> To : ALL BANKS AND NON-BANK FINANCIAL INSTITUTIONS
> Subject: Merger Between East West Banking Corporation and Green Bank (A Rural Bank), Inc.
>
> The Securities and Exchange Commission approved on [June 5, 2014] the Plan and Articles of Merger executed on [April 22, 2014], by and between EAST WEST BANKING CORPORATION (EWBC), the surviving corporation, and GREEN Bank (A RURAL BANK), INC. (GBI), the absorbed corporation, whereby the entire assets and liabilities of GBI, will be transferred to and absorbed the absorbed corporation, whereby the entire assets and liabilities of GBI will be transferred to and absorbed by EWBC.
>
> The merger shall take effect on [July 31, 2014].[34]

Thus, petitioners pray that East West be impleaded or be substituted as party respondent in the instant case and respondent Green Bank's name be changed to "Green Bank of Caraga, Inc. now known as EAST WEST BANKING CORPORATION."[35]

On May 16, 2024, Atty. Marino M. Buban, Jr. of Ona Pamfilo & Buban Law Offices, counsel for East West, filed its Entry of Appearance with Comment.[36] It maintains that the principle of dragnet clause on the REM can be properly applied to the second loan as there was no other REM presented, thus, the conclusion that can be drawn is that the REM referred to in both promissory notes is the REM dated September 29, 2004 which secured the first loan.[37] East West also claims that the foreclosure proceedings have in their favor the presumption of regularity.

The Petition is meritorious.

The critical issue to be resolved is whether the second loan obtained by spouses Sadernas is secured by the subject REM by virtue of the dragnet clause stipulated therein.

At the onset, We note that the issues raised are factual in nature. While a petition for review under Rule 45 is, as a general rule, confined to questions of law, an exception arises where there is a conflict between the factual findings of the RTC and the CA, as in this case. Thus, a review of the factual issues becomes necessary.[38]

We resolve.

"Blanket Mortgage" or "Dragnet Clause" is a stipulation extending the coverage of a mortgage to advances or loans other than those already obtained or specified in the contract. In *Prudential Bank v. Alviar*,[39] the Court elucidated on the nature and purpose of such a clause as follows:

> A "blanket mortgage clause," also known as a "dragnet clause" in American jurisprudence, is one which is specifically phrased to subsume all debts of past or future origins. Such clauses are "carefully scrutinized and strictly construed." Mortgages of this character enable the parties to provide continuous dealings, the nature or extent of which may not be known or anticipated at the time, and they avoid the expense and inconvenience of executing a new security on each new transaction. A "dragnet clause" operates as a convenience and accommodation to the borrowers as it makes available additional funds without their having to execute additional security documents, thereby saving time, travel, loan closing costs, costs of extra legal services, recording fees, et cetera[.]

However, although a blanket mortgage or a dragnet clause is generally recognized as valid, these other obligations, past or future, secured by the REM must be specifically described within the terms of the mortgage contract.[40]

In the instant case, the subject REM contains the following dragnet clause:

> 1. ***That as security for the payment of the loan or advance in the principal sum of [PHP 550,000.00] and such other loans or advances already obtained, or still to be obtained by the MORTGAGOR(s)*** as MAKER(s) COMAKER(s) or GUARANTOR(s) from the MORTGAGEE plus interest at the rate of [24% per annum], payable on the dates mentioned in the corresponding Promissory notes, the MORTGAGOR(s) hereby transfer(s) and convey(s) to the MORTGAGEE by way of first mortgage the parcel(s) of the land described hereunder, together with the improvements now existing, or which may hereafter be made thereon, of which MORTGAGOR(s) represent(s) and warrant(s) that MORTGAGOR(s) is/are absolute owner(s) for [five years] now, that the same is/are free from all liens and encumbrances, that the same is/are not leased to anybody nor tenanted, that the same is/are in complete _ _ _ _ _ absolute open _ _ _ _ and exclusive possession of the mortgagor(s) and that the same is/are under personal tillage and cultivation of the latter.[41] (Emphasis supplied)

Respondent East West insists that the subject REM secured the second loan because through a dragnet clause, a REM contract may secure future loans or advances.

We disagree.

Indeed, the Court has recognized that, through a dragnet clause, a REM contract may exceptionally secure future loans and advancements.[42] In the instant case, however, the subject REM containing the dragnet clause will not secure the second loan obtained by spouses Sadernas.

In *Philippine Charity Sweepstakes Office (PCSO) v. New Dagupan Metro Gas Corporation*,[43] the Court expounded on the nature and concept of "blanket mortgage" or a "dragnet" clause, thus:

> As a general rule, a mortgage liability is usually limited to the amount mentioned in the contract. However, the amounts named as consideration in a contract of mortgage do not limit the amount for which the mortgage may stand as security if from the four corners of the instrument the intent to secure future and other indebtedness can be gathered.
>
> *Alternatively, while a real estate mortgage may exceptionally secure future loans or advancements, these future debts must be specifically described in the mortgage contract. An obligation is not secured by a mortgage unless it comes fairly within the terms of the mortgage contract.*[44] (Emphasis supplied)

In *Quiambao v. China Banking Corp.*,[45] citing *Paradigm Development Corporation of the Phils. v. BPI*,[46] the Court held that while a real estate mortgage may exceptionally secure future loans or advancements, these future debts must be specifically described or must come fairly within the terms of the mortgage contract. *A mortgage containing a dragnet clause will not be extended to cover future advances,*

unless the document evidencing the subsequent advance refers to the mortgage as providing security therefor, or unless there are clear and supportive evidence to the contrary. [47]

The general rule is that where a mortgage is given to secure a specific debt, the mortgage will not be extended to cover debts subsequently incurred, as in this case, unless the debts are of the same class or so related to the primary debt secured that the assent of the mortgagor will be inferred. The reason for this rule is that mortgages, by the use of general terms, should not be extended to secure debts that a mortgagor did not contemplate.[48]

Echoing the same principle in *Prudential Bank v. Alviar*,[49] in the absence of clear and supportive evidence of a contrary intention, a mortgage containing a dragnet clause will not be extended to cover future advances, unless the document evidencing the subsequent advance refers to the mortgage as providing security therefor.[50]

Notably, in the recent case of *Metropolitan Bank and Trust Co. v. Spouses Antonino*,[51] citing *Philippine National Bank v. Heirs of Benedicto*,[52] the Court, in recognizing that a dragnet clause is an exceptional mode of securing obligations, held that obligations could only be deemed secured by the mortgage if they came fairly within the terms of the mortgage contract. To secure future loans, therefore, such loans must be sufficiently described in the mortgage contract.

Thus, when there is no clear, supportive evidence that the parties intended a particular transaction to be secured under a future advances clause, courts will not find the transactions to be secured unless: (1) the advances are of the same kind and quality; or (2) the subsequent document refers to the mortgage as providing security for the later advance. Stated conversely, courts may find subsequent transactions to be secured under a dragnet or future advances clause where the later document refers to the mortgage as providing security, or where the later advances are of the same kind and quality or relate to the same transaction or series of transactions as the original obligation secured. In the absence of both of the foregoing, clear, supportive evidence of an intention to secure the later transaction is necessary. The court sees this rule as giving rise to no presumptions of fact.[53]

In the instant case, while it was indicated in the second promissory note evidencing the second loan that it is "SECURED WITH REM,"[54] it is unclear which REM it was actually referring to. The second promissory note likewise made no reference to the first loan secured by the subject REM. On the face of the second promissory note, other than the printed "SECURED WITH REM," no connection can be established between the second promissory note and the subject REM. Neither can it be shown that the second promissory note was part of a series of transactions secured by the subject REM. There is also no evidence to sustain that the two loans were related.

While both first and second promissory notes contained the printed "SECURED WITH REM" and were couched in similar terms and conditions, such that by inference, both

may refer to the same subject REM, it must be pointed out, however, that the first loan was annotated on TCT No. T-5930. The first loan and TCT No. T-5930 were likewise reflected in the terms set forth in the subject REM, such that there can be no doubt as to the parties' intention to utilize the subject REM to secure the first loan. Meanwhile, the second loan was unregistered on TCT No. T-5930. While registration of the second loan is not the operative act for it to be binding, its annotation on TCT No. T-5930 would have supported respondent East West's claim that the subject REM secured the second loan as well.

Respondent Green Bank could have avoided the ambiguity had it exercised a little more prudence in drafting the instrument. The second loan that may be secured under the dragnet clause of the subject REM should have been specifically stated on the face of the second promissory note that it is secured by the prior mortgage, or shown to be of the same kind or character as, or part of the same transaction or series of transactions with, that was originally secured by the mortgage.[55] It is not enough that the second promissory note contained the printed "SECURED WITH REM." It must be expressly stated that it is s*ecured by the prior mortgage* in order to avoid confusion and to inform all the parties of the extent of the mortgage. In failing to do so, there is nothing to support respondents Green Bank or East West's claim that the second loan was secured by the subject REM other than mere speculation or inferences.

Petitioners further contend that because the first loan was already paid in full, the subject REM should have been extinguished, such that there would have been no REM to speak of when the second loan was obtained.

It must be clarified that a mortgage that provides for a dragnet clause is in the nature of a continuing guaranty and constitutes an exception to the rule than an action to foreclose a mortgage must be limited to the amount mentioned in the mortgage contract. Its validity is anchored on Article 2053 of the Civil Code[56] and is not limited to a single transaction, but contemplates a future course of dealing, covering a series of transactions, generally for an indefinite time, or until revoked. It is prospective in its operation and is generally intended to provide security with respect to future transactions within certain limits, and contemplates a succession of liabilities, for which, as they accrue, the guarantor becomes liable. In other words, a continuing guaranty covers all transactions, including those arising in the future, which are within the description or contemplation of the contract of guaranty, until the expiration or termination thereof.[57] Hence, a mortgage given to secure advancements is a continuing security and is not discharged by repayment of the amount named in the mortgage, until the full amount of the advancements is paid.[58]

In the instant case, it is undisputed that there was already payment of the first loan on February 28, 2006.[59] However, as discussed in the preceding paragraph, because of the stipulated dragnet clause and it being a continuing guaranty, the payment of the first loan per se will not automatically release the mortgage. Nevertheless, albeit the supposed continuing guaranty provided for by the stipulated dragnet clause, a closer look at the subject REM shows that there is also a stipulation that if the mortgagor

fulfills the obligation, the mortgage shall become null and void. Paragraph 3 of the subject REM provides:

> . . . .
>
> 3. That in case of non-payment or violation of the terms of this mortgage or any of the provision of Republic Act No. 720, as amended, this Mortgage shall be immediately foreclosed, judicially as provided by the law, and the [MORTGAGEE] is hereby appointed Attorney-in-fact of the MORTGAGOR(s) with full power and authority to take the possession of the mortgaged property(s) without the necessity of any judicial order or other permission or power, and to take any other legal action that may be necessary to satisfy the mortgaged debit(s), *but if the MORTGAGOR(s) shall well and truly fulfill the obligation above stated, according to the terms thereof then this Mortgage shall become null and void*.[60] (Emphasis supplied)

Thus, following the above-quoted stipulation, when the first loan had already been paid, it follows that the subject REM would likewise be extinguished. Such being the case, an ambiguity arises as to whether the payment of the first loan would extinguish the REM since it negates the very nature of the dragnet clause, which is a continuing guaranty.

To resolve the ambiguity, we return to the well-established legal principle that a contract is the law between the parties. Obligations arising from contracts have the force of law between the contracting parties and should be complied with in good faith. Unless the stipulations in a contract are contrary to law, morals, good customs, public order, or public policy, the same are binding as between the parties. From the moment the contract is perfected, the parties are bound not only to the fulfillment of its stipulations; but also to the consequences which, according to their nature, may be in keeping with good faith, usage, and law.[61]

Here, the above-quoted stipulation appears clear and unambiguous and shows no contravention of law, morals, good customs, public order, or public policy. Necessarily, the parties' rights should be resolved according to the stipulations in the subject REM. Thus, following paragraph 3 of the subject REM, when spouses Sadernas fulfilled their obligation to pay the first loan, the obligation and the mortgage should be extinguished in accordance with the terms agreed upon. Consequently, since the subject REM is deemed extinguished following the payment of the first loan, respondent East West can no longer rely on or invoke its provisions, including the dragnet clause contained therein to secure the second loan. Respondent East West can no longer utilize the subject REM from the time the first loan was paid because the payment thereof extinguished the obligation, hence, the accessory contract which is the subject REM was altogether extinguished.[62]

Under the circumstances, the doubt on whether the second loan was secured by the subject REM must be resolved against the bank that prepared it. It must be stressed

anew that while the Court recognizes the validity of the dragnet clause, its terms must still be judiciously examined,[63] as it tends to arouse suspicion as to the good faith of the mortgagee in the transaction. This is because dragnet clauses are not highly regarded in equity.[64] Thus, they should be carefully scrutinized and strictly construed. Consequently, where there appears to be an ambiguity in the intention of the parties by virtue of the terms of the contract, as in this case, the ambiguity is to be taken *contra proferentem*, that is, construed against the party who caused the ambiguity.

To be more emphatic, any ambiguity in a contract whose terms are susceptible of different interpretations must be read against the party who drafted the contract, which is respondent Green Bank in this case.[65] Moreso, as in the instant case, the subject REM, as well as the promissory notes subjects of this case, is a contract of adhesion drafted and prepared solely by respondent Green Bank, to which petitioners' only participation was the affixing of their signatures. And because there is uncertainty on whether the subject REM secured the second loan, the resulting foreclosure of the subject property for non-payment of the second loan was improper. Respondent Green Bank cannot validly foreclose a mortgage based on non-payment of an unsecured promissory note.[66]

FOR THESE REASONS, the Petition for Review on *Certiorari* is **GRANTED**. The June 27, 2014 Decision and November 13, 2014 Resolution of the Court of Appeals in CA-G.R. CV No. 02207-MIN are **REVERSED**. The May 12, 2010 Decision of the Regional Trial Court in Civil Case No. 1731 is **REINSTATED**.

SO ORDERED.

Gesmundo, C.J. (Chairperson), Hernando, Zalameda, and *Rosario, JJ.*, concur.

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[1] *Rollo*, pp. 10-31.

[2] *Id.* at 32-42. The June 27, 2014 Decision in CA-G.R. CV No. 02207-MIN was penned by Associate Justice Romulo V. Borja and concurred in by Associate Justices Oscar V. Badelles and Pablito A. Perez of the Special Twenty-First Division, Court of Appeals, Cagayan de Oro City.

[3] *Id.* at 43-44. The November 13, 2014 Resolution in CA-G.R. CV No. 02207-MIN was penned by Associate Justice Romulo V. Borja and concurred in by Associate Justices Oscar V. Badelles and Pablito A. Perez of the Former Special Twenty-First Division, Court of Appeals, Cagayan de Oro City.

[4] *Id.* at 45-52. The May 12, 2010 Decision in Civil Case No. 1731 was penned by Presiding Judge Ermelindo G. Andal of Branch 27, Regional Trial Court, Tandag City, Surigao del Sur.

[5] *Id.* at 64-66.

[6] *Id.* at 62 -63.

[7] *Id.* at 68-69.

[8] *Id.* at 66.

[9] *Id.* at 67.

[10] *Id.* at 70.

[11] *Id.* at 45.

[12] *Id.* at 78.

[13] *Id.* at 34.

[14] *Id.* at 75.

[15] *Id.* at 35.

[16] *Id.* at 36.

[17] *Id.* at 53-60.

[18] *Id.* at 45-52.

[19] *Id.* at 52.

[20] *Id.* at 49-50.

[21] *Id.* at 32-42.

[22] *Id.* at 41.

[23] *Id.* at 40.

[24] *Id.* at 43-44.

[25] *Id.* al 10-31.

[26] *Id.* at 101-102.

[27] *Id.* at 103-113.

[28] *Id.* at 123-125.

[29] *Id.* at 127-128.

[30] *Id.* at 132-136.

[31] *Id.* at 161-162.

[32] *Id.* at 180.

[33] *Id.* at 202-205.

[34] *Id.* at 207.

[35] *Id.* at 203.

[36] *Id.* at 221-234.

[37] *Id.* at 228.

[38] **Agasen v. Court of Appeals**, 382 Phil. 391, 398-399 (2000) [Per J. Ynares-Santiago, First Division]; **Abrogar v. Cosmos Bottling Co.**, 807 Phil. 317-372 (2017) [Per J. Bersamin, Third Division].

[39] 502 Phil. 595 (2005) [Per J. Tinga, Second Division].

[40] **Panacan Lumber Co. v. Solidbank Corp.**, 885 Phil. 227, 245 (2020) [Per J. Hernando, Second Division].

[41] *Rollo*, p. 49.

[42] **Asiatrust Development Bank v. Tuble**, 691 Phil. 732, 744 (2012) [Per J. Sereno, Second Division].

[43] 690 Phil. 504, 521-522 (2012) [Per J. Reyes, Second Division].

[44] *Id.* at 521-522.

[45] 903 Phil. 235 (2021) [Per J. Lopez, M., Second Division].

[46] 810 Phil. 539 (2017) [Per J. Reyes, Third Division].

[47] 903 Phil. 235, 241 (2021) [Per J. Lopez, M., Second Division].

[48] *In re Ferguson*, 85 B.R. 89, 1988 Bankr. LEXIS 537 (Bankr. Western Dist. Ark. April 11, 1988).

[49] 502 Phil. 595 (2005) [Per J. Tinga, Second Division].

[50] **Asiatrust Development Bank v. Tuble**, 691 Phil. 732, 746 (2012) [Per J. Sereno, Second Division].

[51] **G.R. Nos. 272145 & 272914**, November 11, 2024 [Per J. Kho, Second Division].

[52] 797 Phil. 152 (2016) [Per J. Bersamin, First Division].

[53] *Emporia State Bank & Trust Co. v. Mounkes*, 214 Kan. 178, 519 P.2d 618 (1974).

[54] *Id.* at 78.

[55] *See First National Bank & Trust Co. v. Lygrisse*, 231 Kan. 595, 647 P.2d 1268, 1271-72 (1982).

[56] CIVIL CODE, art. 2053 states:

> A guaranty may also be given as security for future debts, the amount of which is not yet known; there can be no claim against the guarantor until the debt is liquidated. A conditional obligation may also be secured. (1825a)

[57] **Philippine Charity Sweepstakes Office (PCSO) v. New Dagupan Metro Gas Corporation**, 690 Phil. 504, 521-522 (2012) [Per J. Reyes, Second Division].

[58] **Republic Planters Bank v. Sarmiento**, 562 Phil. 514 (2021) [Per J. Lopez, Third Division].

[59] *Rollo*, p. 77.

[60] *Id.* at 68.

[61] **IP E-Game Ventures v. Tan**, 906 Phil. 514, 521 (2021) [Per J. Lopez, Third Division].

[62] *See* **Asiatrust Development Bank v. Tuble**, 691 Phil. 732 (2012) [Per J. Sereno, Second Division].

[63] *Rollo*, p. 75.

[64] *First v. Byrne*, 238 Iowa 712, 28 N.W.2d 509, 172 A.L.R. 1072.

[65] **Garcia v. Court of Appeals**, 327 Phil. 1097, 1111 (1996) [Per J. Melo, Third Division].

[66] **Quiambao v. Chinabank**, 903 Phil. 235 (2021) [Per J. Lopez, M., Second Division].

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