

OBLIGATIONS AND CONTRACTS

(Law and Application)

2011 Edition

For Business Students

Fidelito R. Soriano

**OBLIGATIONS
AND
CONTRACTS
(Law and Application)**

FOR BUSINESS STUDENTS

2011 EDITION

FIDELITO R. SORIANO
Certified Public Accountant
Member, Philippine Bar

Presently:

Special Lecturer, University of the East - Manila
Professorial Lecturer, Central Colleges of the Philippines
CPA Reviewer and Refresher Course Lecturer,
Other Schools and Centers

Also the author of -

Notes in Business Law (For Accountancy Students and CPA Reviewees)
Partnerships and Corporations (Law and Application)
Negotiable Instruments (Law and Application)

Formerly:

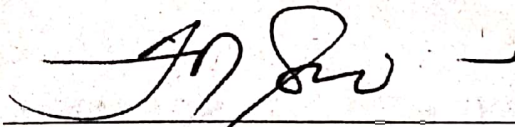
CPA Reviewer
Roque Review School of Accountancy
CPA Review School of the Philippines

Faculty Member
Philippine School of Business Administration - Manila

Philippines Copyright 2011

By

FIDELITO R. SORIANO



ALL RIGHTS RESERVED

Any copy of this book without the signature of the author on this page shall be considered as having proceeded from an illegal source.

(Cover design by Ms. Myla A. Catabay)

ISBN 971-0489-82-4

Published and Printed by:

GIC ENTERPRISES & CO., INC.
2019 C. M. Recto Avenue
Manila, Philippines

TABLE OF CONTENTS

INTRODUCTION	1
TITLE I - OBLIGATIONS	4
Chapter 1 - General Provisions	4
Chapter 2 - Nature and Effect of Obligations	17
Chapter 3 - Different Kinds of Obligations	46
Section 1 - Pure and Conditional Obligations	47
Section 2 - Obligations with a Period	66
Section 3 - Alternative Obligations	75
Section 4 - Joint and Solidary Obligations	86
Section 5 - Divisible and Indivisible Obligations	110
Section 6 - Obligations with a Penal Clause	112
Chapter 4 - Extinguishment of Obligations	119
General Provisions	119
Section 1 - Payment or Performance	120
Subsection 1 - Application of Payments	142
Subsection 2 - Payment by Cession	148
Subsection 3 - Tender of Payment and Consignation	150
Section 2 - Loss of the Thing Due	156
Section 3 - Condonation or Remission of the Debt	162
Section 4 - Confusion or Merger of Rights	167
Section 5 - Compensation	169
Section 6 - Novation	184
Diagnostic Exercises on Obligations	199
Answers to Diagnostic Exercises on Obligations	267

TITLE II - CONTRACTS	269
Chapter 1 - General Provisions	269
Chapter 2 - Essential Requisites of Contracts	289
General Provisions	289
Section 1 - Consent	290
Section 2 - Object of Contracts	320
Section 3 - Cause of Contracts	324
Chapter 3 - Form of Contracts	330
Chapter 4 - Reformation of Instruments	337
Chapter 5 - Interpretation of Contracts	343
Chapter 6 - Rescissible Contracts	351
Chapter 7 - Voidable Contracts	362
Chapter 8 - Unenforceable Contracts	372
Chapter 9 - Void or Inexistent Contracts	382
Diagnostic Exercises on Contracts	397
Answers to Diagnostic Exercises on Contracts	450
 TITLE III - NATURAL OBLIGATIONS	 451