- As to divisibility:
  - **Divisible** – condition is susceptible of partial performance
    - "I will give you a car if you finish your law course and P1,000,000.000 if you top the Bar"
  - **Indivisible** – condition is not susceptible of partial performance
    - "I will give you a car if you finish your law course and top the Bar" (Both conditions must be complied)
- As to cause or origin:
  - **Potestative** – condition depends upon the will of one of the contracting parties
    - Potestative on the part of the debtor:
      - ✓ If suspensive – the obligation is VOID; "D is to give C a car if D goes to Baguio"
      - ✓ If resolutory – the obligation is VALID; "D is to allow the use of his car by C until D returns from Baguio"

    - Potestative on the part of the creditor:
      - ✓ The obligation is VALID whether the condition is suspensive or resolutory. "D is to give C a car if D goes to Baguio", "D is to allow the use of his car by C until D returns from Baguio"
  - **Casual** – condition depends upon chance or upon the will of a third person; "D is to give C P1,000,000.00 if D wins the lotto" "D is to give C P1,000,000.00 if X goes to Baguio"
  - **Mixed** – condition depends partly upon chance and partly upon the will of a third person; "D is to give C P1,000,000.00 if C will marry X".

Rules in case of loss, deterioration or improvement of determinate thing before the fulfillment of the suspensive condition

- Loss of the thing
  - Without debtor's fault – obligation is extinguished
  - With debtor's fault – debtor is obliged to pay damages

Example: D is to give C his only ring if C passes the CPA Board examination. If the ring is lost without the fault of D beofre C passes the Board, the obligation is extinguished even if C thereafter passes the Board. However, if the ring is lost through D's fault, he is to pay damages should C pass the Board.

- Deterioration of the thing
  - Without debtor's fault – impairment shall be borne by the creditor; no liability on the part of the debtor to pay damages
  - With debtor's fault – creditor may choose between (a) rescission plus damages or (b) fulfillment plus damages

Example: D is to give C a specific car if C passes the CPA Board examination. If the car deteriorated due to wear and tear before C passes the Board, the deterioration will be borne by C when he later passes the Board. However, if the car is damaged due to D's fault and C later passes the Board, C may choose to rescind the contract and ask for damages, or ask D to still deliver the car in its deteriorated condition plus damages.

- Impprovement of the thing
  - By nature or by time – the improvement shall inure to the benefit of the creditor
  - At the expense of the debtor – the debtor will have the rights granted to a *usufructuary*; he can have the enjoyment of the use of the improved thing and its fruits; he may *remove the improvement* if no damage is caused to the principal thing. If the improvement cannot be removed without causing damage to the principal, the thing and the improvement shall be delivered to the creditor without any right on the part of the debtor to indemnity. He may, however, *set off the improvements against any damage.*

Obligations with a Period

- One whose demandability or extinguishment is subjected to the expiration of the term which must necessarily come. In other words, there is a day certain when the obligation will arise or cease.
- A future *and* certain event upon the arrival of which the obligation subject to it either arises or is extinguished
- Kinds of period
  - Ex die – a period with suspended effect. The obligation becomes demandable upon the lapse of the period. "D is to give C his car on May 1, 2021"
  - In diem – a period with a resolutory effect. The obligation is demandable at once but is extinguished upon the lapse of the period. "D allowed C to use his car until May 1, 2021."
  - Legal – a period that is fixed by law
  - Voluntary – fixed by the parties
  - Judicial – fixed by the court

Alternative Obligations v. Facultative Obligations

Alternative Obligations	Facultative Obligations
Several prestations are due, but the performance of one is sufficient to extinguish the debt.	Only one prestation, the principal obligation, is due.
Example: D is obliged to give a specific ring, a specific watch, or a specific bracelet to C. the delivery of any of the three articles will extinguish the obligation.	Example: D is obliged to give a specific ring to C with the agreement that D may deliver a specific watch as a substitute.

partners' liability is solidary since the nature of the obligation requires solidarity. The evident intention of WCL is to give full protection to workers.)

Extinguishment of Obligations

Payment – means not only the *delivery of money* but also the *performance*, in any other manner, of an obligation

How must the payment be made

1. There must be *delivery of the thing or rendition of the service* that was contemplated
    a. The debtor of a thing cannot compel the creditor to accept a different one although the latter may be of the same value as, or more valuable than that which is due.
    b. In obligation to do or not to do, an act or forbearance cannot be substituted by another act or forbearance against the obligee's will.
    c. In obligations to give a generic thing whose quality and circumstances have not been stated, the creditor cannot demand a thing of superior quality. Neither can the debtor deliver a thing of inferior quality.
    d. If the obligation is monetary obligation, the payment must be in legal tender.
2. The payment or performance must be *complete*. Exceptions:
    a. If the obligation has been substantially performed in good faith, the obligor may recover as though there had been strict and complete fulfillment, less damages suffered by the obligee;
    b. When the obligee accepts the performance knowing its incompleteness or irregularity, and without expressing any protest or objection, the obligation is deemed fully complied with.

Who must make the payment?

Payment must be made by the *debtor* who must possess the following:

1. Free disposal of the thing due (property delivered should not be subject to any claim by encumbrances in favor of third persons)
2. Capacity to alienate the thing (debtor must be capable of giving consent)

Payment by a t*hird person* – creditor is not bound to accept payment or performance by a third person except:

1. When there is a stipulation to that effect
2. When the third person has an interest in the fulfillment of the obligation such as a guarantor or a co-debtor

Rights of a third person who makes the payment

1. Payment with knowledge and consent of the debtor
    a. Right to reimbursement
    b. Right to subrogation
2. Payment without the knowledge or against the will of the debtor
    a. He can recover only insofar as the payment has been beneficial to the debtor. He is not entitled to subrogation.