

ESTATE OF AMADEO MATUTE OLAVE, AS REPRESENTED BY JOSE S. MATUTE, JUDICIAL CO-ADMINISTRATOR IN SP. PROC. NO. 25876, COURT OF FIRST INSTANCE OF MANILA, PETITIONER, VS. HONORABLE M...

G.R. No. L-29407. July 29, 1983

Ponente: RELOVA, J.

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RELOVA, J.:

In this petition for certiorari, the estate of Amadeo Matute Olave, represented by Jose S. Matute, Judicial Administrator in Sp. Proc. No. 25876, of the then Court of First Instance of Manila, assails the Order, dated November 10, 1967, of the respondent judge, approving the "Amicable Settlement" submitted by the parties in Civil Case No. 4623 of the then Court of First Instance of Davao, 16th Judicial District, Branch III, and prays that the said Order be set aside.

The petition alleged that the estate of Amadeo Matute Olave is the owner in fee simple of a parcel of land containing an area of 293,578 square meters, situated in sitio Tibambam, barrio Tibambam, municipality of Sigaboy (now Governor Generoso), province of Davao, and covered by Original Certificate of Title No. 0-27 of the Registry of Deeds of Davao Province; that in April 1965 herein private respondent Southwest Agricultural Marketing Corporation (SAMCO), as plaintiff, filed Civil Case No. 4623 with the respondent Court of First Instance of Davao against respondents, Carlos V. Matute and Matias S. Matute, as defendants, in their capacities as co-administrators of the estate of Amadeo Matute Olave, for the collection of an alleged indebtedness of P19,952.11 and for attorney's fees of P4,988.02; that on May 8, 1965, defendants Carlos V. Matute and Matias S. Matute in said Civil Case No. 4623, filed an answer denying their lack of knowledge and questioning the legality of the claim of SAMCO; that on October 25, 1966 in Sp. Proc. No. 25876, the then Court of First Instance of Manila, Branch IV, issued an order directing the administrators to secure the probate court's approval before entering into any transaction involving the seventeen (17) titles of the estate, of which the property described in OCT No. 0-27 is one of them; that on October 20, 1967, the parties (plaintiff and defendants) in Civil Case No. 4623 of the Court of First Instance of Davao, submitted to the respondent court an Amicable Settlement whereby the property of the estate covered by OCT No. 0-27 of Davao was conveyed and ceded to SAMCO as payment of its claim; that the said Amicable Settlement signed by the herein respondents was not submitted to and approved by the then Court of First Instance of Manila, Branch IV, in Sp. Proc. No. 25876, nor notice thereof made to the beneficiaries and heirs in said special proceedings; that on November 10, 1967, respondent court, despite the opposition of the other parties who sought to intervene in Civil Case No. 4623 and despite the utter lack of approval of the probate court in Manila, approved the said Amicable Settlement and gave the same the enforceability of a court decision which, in effect, ceded the property covered by OCT No. 0-27, containing an area of 293,578 square meters and with an assessed value of P31,700.00 to SAMCO in payment of its claim for only P19,952.11; and, that if the said Order of respondent dated November 10, 1967 is not set aside, the same will operate as a judgment that "conveys illegally and unfairly, the property of petitioner-estate without the requisite

approval of the probate court of Manila, which has the sole jurisdiction to convey this property in custodia legis of the estate. (par. 16, Petition).

Made to answer, herein respondent SAMCO and respondent judge, among others, contend that the Amicable Settlement need not be approved by the probate court, "the same having been entered into in another independent action and in another court of co-equal rank. Article 2032 of the Civil Code applies only to extrajudicial compromise entered into by the administrators of the estate. In the alternative, lack of approval of the probate court of the Amicable Settlement does not render it null and void, but at most voidable, which must be the subject matter of a direct proceeding in the proper Court of First Instance." (p. 60, Rollo)

In said Civil Case No. 4623 for sum of money, plaintiff SAMCO and defendants Carlos V. Matute and Matias S. Matute, in their capacities as judicial administrators of the estate of Amadeo Matute Olave in Special Proceeding No. 25876, Court of First Instance of Manila, Branch IV, submitted the following Amicable Settlement:

"1. That defendants in their capacity as judicial administrators of the Estate of Amadeo Matute, hereby submit and acknowledge that the said Estate of Amadeo Matute is justly indebted to plaintiff in the total sum of P28,403.02 representing the principal account of P19,952.11 and in the sum of P8,450.91 as attorney's fees, damages, interest and costs;

"2. That at present the defendant estate is devoid of or does not have any funds with which to pay or settle the aforestated obligation in favor of the plaintiff, and that being so, the defendant estate through the undersigned administrators, decides to pay the plaintiff by way of conveying and ceding unto the plaintiff the ownership of a certain real property owned by the defendant estate now under the administration of the said undersigned administrators;

"3. That plaintiff hereby accepts the offer of defendants of conveying, transferring and ceding the ownership of the above-described property as full and complete payment and satisfaction of the total obligation of P28,403.02;

"4. That the defendant estate, through the undersigned administrators hereby agree and bind the defendant estate to pay their counsel Atty. Dominador Zuño, of the Zuño Law Offices the sum of Eight Thousand, (P8,000.00) Pesos by way of Attorney's Fee;

"5. That the parties herein waive all other claims which they might have against one another.

"WHEREFORE, premises considered, it is respectfully prayed that this Honorable Court approves the foregoing settlement and that judgment be rendered transferring the said real property covered by Original Certificate of Title No. 0-27 to plaintiff Southwest Agricultural Marketing Corporation and that a new transfer certificate of title be issued to said plaintiff." (pp. 25-26, Rollo)

Section 1, Rule 87 of the Rules of Court, provides that "no action upon a claim for the recovery of money or debt or interest thereon shall be commenced against the executor or administrator; . . ." The claim of private respondent SAMCO being one arising from a contract may be pursued only by filing the same in the administration proceedings in the Court of First Instance of Manila (Sp. Proc. No. 25876) for the settlement of the estate of the deceased Amadeo Matute Olave; and the claim must be filed within the period prescribed, otherwise, the same shall be deemed "barred forever." (Section 5, Rule 86, Rules of Court)

The purpose of presentation of claims against decedents of the estate in the probate court is to protect the estate of deceased persons. That way, the executor or administrator will be able to examine each claim and determine whether it is a proper one which should be allowed. Further, the primary object of the provisions requiring presentation is to appraise the administrator and the probate court of the existence of the claim so that a proper and timely arrangement may be made for its payment in full or by pro-rata portion in the due course of the

administration, inasmuch as upon the death of a person, his entire estate is burdened with the payment of all of his debts and no creditor shall enjoy any preference or priority; all of them shall share pro-rata in the liquidation of the estate of the deceased.

It is clear that the main purpose of private respondent SAMCO in filing Civil Case No. 4623 in the then Court of First Instance of Davao was to secure a money judgment against the estate which eventually ended in the conveyance to SAMCO of more than twenty-nine (29) hectares of land belonging to the estate of the deceased Amadeo Matute Olave in payment of its claim, without prior authority of the probate court of Manila, in Sp. Proc. No. 25876, which has the exclusive jurisdiction over the estate of Amadeo Matute Olave. It was a mistake on the part of respondent court to have given due course to Civil Case No. 4623, much less issue the questioned Order, dated November 10, 1967, approving the Amicable Settlement.

Section 1, Rule 73 of the Rules of Court, expressly provides that "the court first taking cognizance of the settlement of the estate of a decedent, shall exercise jurisdiction to the exclusion of all other courts." (*italics supplied*). The law is clear that where the estate of the deceased person is already the subject of a testate or intestate proceeding, the administrator cannot enter into any transaction involving it without prior approval of the probate court.

WHEREFORE, the petition for certiorari is GRANTED, and the Order, dated November 10, 1967, of the respondent court approving the Amicable Settlement of the parties in Civil Case No. 4623 of the then Court of First Instance of Davao, is hereby SET ASIDE.

SO ORDERED.

Teehankee (Chairman), Melencio-Herrera, Plana, Escolin and Gutierrez, Jr., JJ., concur.
Vasquez, J., on official leave.

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