

RIO Y COMPANIA (SUCCESSOR TO RIO Y OLABARRIETA), PLAINTIFF AND APPELLANT, VS. ELVIRA MASLOG, ETC., ET AL. DEFENDANTS AND APPELLEES.*G.R. No. L-12302. April 13, 1959*

Ponente: REYES, J.B.L., J.

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The facts of this case may be summarized as follows: On January 15, 1939, Rio y Olabarrieta (predecessor-ininterest of appellant Rio y Compania) and the late Anastacio Manalo, father of the defendant-appellee Elvira Maslog, entered into a "Contrato de Servicios Personales" wherein the personal services of Anastacio Manalo were engaged by plaintiff-appellant for the administration and exploitation of its forest concession. Under the contract, plaintiff-appellant was to extend to agent Manalo a credit not exceeding P5,000.00 with interest at 9% per annum. On May 30, 1941, Anastacio Manalo died intestate at Puerto Princesa, Palawan. Elvira Maslog carried on the account of her late father and made payments thereon up to December 31, 1941. As of December 31, 1941, the balance of the account stood at P18,614.58 due and owing to plaintiff-appellant. On January 29, 1954, plaintiff-appellant filed a complaint with the Court of First Instance of Palawan for the recovery of said amount from Elvira Maslog (joined with her husband) in her capacity as her father's only heir, because through an affidavit of extrajudicial settlement of November 19, 1953 she had adjudicated to herself all the properties of the late Anastacio Manalo. Before the case was set for hearing, defendants-appellees filed a motion to dismiss the complaint, on the ground that the cause of action has already prescribed. The trial court rendered a decision, holding that the complaint was filed late and consequently dismissed the same. Whereupon the creditor plaintiff appealed to this Court.

We find it unnecessary to discuss in detail the various errors assigned by plaintiff-appellant for it is apparent that this action has become barred through the laches of appellant company.

It is admitted that Anastacio Manalo died intestate, and at the time of his death at Puerto Princesa, Palawan, on May 30, 1941, he had an outstanding obligation in plaintiff-appellant's favor in the total sum of P18,614.58. This claim, being for money and arising from contract, did not survive and should have been filed promptly against the estate of the deceased debtor (Sees. 2 and 5, Rule 87). Plaintiff-appellant was aware of the death of Anastacio Manalo on said date, and it is not claimed that Rio y Compania (successor to the original creditor) did not know the existence of Manalo's obligation. As a creditor, it was appellant's duty to present its claim within a reasonable time after Anastacio Manalo's death in the estate proceedings, and if none were had to file a petition for letters of administration, as authorized by sec. 6(b) of Rule 79. But in spite of the creditor's knowledge of the debtor's death on May 30, 1941 and its awareness of the existence of the obligation, it did not take steps to institute administration proceedings, or collect the debt in question until January 29, 1954, more than 12 years from the death of the decedent.

The law strictly requires the prompt presentation and disposition of claims against the decedent's estate in order to

settle the affairs of the estate as soon as possible, pay off its debts and distribute the residue. In the case of *Tan Sen Guan vs. Ga Siu San*, 47 Phil., 96, this Court held:

"The purpose of the rule is to settle the affairs of the estate with dispatch, so that the residue may be delivered to the persons entitled thereto without their being afterwards called upon to respond in actions for claims, which under the ordinary statute of limitations, have not yet prescribed.

"The purpose of the law in fixing a definite period within which claims against an estate of a deceased person must be presented is to insure a speedy settlement of the estate and the early distribution and delivery of the property to the persons who are legally entitled to receive. The settlement and distribution of the estate of deceased persons should not be unnecessarily delayed by the lethargy and negligence of those who have a direct interest in the same." (*In re Estate of Tangco* 39 Phil., 967-968.)

In consonance with this policy, it has been held that—

"Where a creditor, knowing of a debtor's death and the fact that no administrator is appointed allows three years to elapse without asking for the appointment of an administrator or institute intestate proceedings in the competent court he is guilty of laches and his claim prescribes." (*Sikat vs. Villanueva*, 57 Phil., 486; *Chuakay & Co. vs. Oh Tiong Keng's Heirs*, 62 Phil., 883; *Magbanua vs. Akol*, 72 Phil., 567).

"To hold otherwise would be to permit a creditor having knowledge of his debtor's death to keep the latter's estate in suspense indefinitely, by not instituting either testate or intestate proceedings in order to present his claim, to the prejudice of the heirs and legatees." (*Sikat vs. Vda. de Villanueva*, *supra*.)

The fact that the obligation arose from a written contract, with a prescriptive period of ten years is irrelevant to the policy of speedy liquidation of decedent's estates. Chief Justice Moran, has noted that Sec. 5, Rule 87 of the Rules of Court, constitutes a special limitation that overrides the ordinary rules of prescription :

"Under this provision, not only claims due, but also claims not due or contingent, should be filed otherwise they are barred forever. So that even where a claim arises upon a written contract and, therefore its period of limitation is ten years, if the debtor dies, such claim should be presented in the estate or intestate proceeding of the deceased debtor within the time¹ fixed by the court, otherwise it is barred. * * *". (*Moran, Commentaries on the Rules of Court Vol. II*, 1952 ed., p. 436.)

Nor does the moratorium constitute a good excuse for delaying the filing of this appellant's claim, and the consequent speedy settlement of the debtor's estate and delivery of the net residue "to the persons entitled thereto without their being afterwards called to respond in actions for claims which, under the ordinary statute of limitations have not yet prescribed." (*Moran, Commentaries on the Rules of Court, Vol. II* [3rd Ed] p. 400.)

We have heretofore ruled that—

"The general objective of the moratorium law, which is rehabilitation of debtors, must give way to the more urgent necessity of settling the estate of a decedent and distributing its residue among his heirs as soon as possible thereby minimizing if not avoiding altogether, expenses of administration." (*Jison vs. Warner, Barnes & Co. Ltd.*, 89 Phil., 239; 48 Off. Gaz. No. 9, p. 3873.)

It appearing that more than 12 years had elapsed from the death of Anastacio Manalo before a complaint was filed to recover the indebtedness of the deceased and without the filing of any intestate proceedings in the court, the plaintiff-appellant's action is now barred and was correctly dismissed by the court below.

Wherefore, the order appealed from is affirmed. Costa against appellant. So ordered.

Paras, C. J., Bengzon, Padilla, Montemayor, Bautista Angela, Labrador, Concepcion and Endencia, JJ., concur.

[1]Bartolome vs. Ampil, G. R. No. L-S436, August 28, 1956.

[2] Rutter vs. Esteban, 93 Phil., 68; 49 Off. Gaz. p. 1807.

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