

**SEVERINO D. VALENCIA AND CATALINA S. L. VALENCIA,
PETITIONERS, VS. ROMAN LEONCIO AND THE COURT OF APPEALS,
RESPONDENTS.***G.R. No. L-7834. July 31, 1956*

Ponente: REYES, A., J.

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In civil cases Nos. 14236 and 14237 of the Municipal Court of Manila, which were for the recovery of certain sums of money due the plaintiff Roman Leoncio from the defendants Antonio Maglalang, Severino D. Valencia and the latter's wife Catalina S. L. Valencia, the parties entered into an amicable settlement whereby the defendant Antonio Maglalang acknowledged being indebted to their plaintiff in the aggregate sum of P1,800, without interest, and obligated himself to pay the said sum in 24 monthly installments of P76 each, commencing with the month of April, 1951, payment to be made on or before the 5th day of each month.

In the same settlement, the defendant spouses Severino D. Valencia and Catalina S. L. Valencia, on their part, undertook to guarantee payment of the obligation thus assumed by defendant Maglalang in accordance with the terms thereof and to pay the amount of said obligation in case Maglalang should fail to pay.

Upon submission of the settlement to the court, the judge thereof rendered judgment in accordance with its terms and enjoined the parties to comply therewith.

For failure of the defendant Antonio Maglalang to comply with the judgment, a writ of execution was issued against him and his guarantors, the said Severino D. Valencia and his wife. But after properties worth P1,350 had been levied upon, the guarantors filed a motion to stay the execution, offering to file a bond to answer for the portion of the judgment that may not be satisfied with the properties already levied upon, and at the same time asking that they be released as such guarantors on the ground that, without their knowledge and consent, plaintiff Roman Leoncio had had secret agreements with the defendant Maglalang, giving the latter more time to pay his debt.

Resolving the above motion, the court, after hearing issued an order dated September 28, 1951, which states:

"After taking into consideration the facts in the motion presented, it appears that Severino D. Valencia and Catalina S. L. Valencia are the guarantors of Antonio Maglalang and not his co-defendants. In compliance with the writ of execution issued, whereby Severino Valencia and Catalina S. L. Valencia were erroneously made defendants, the Sheriff of Manila attached articles from Maglalang conservatively priced with an aggregate sum of One Thousand Three Hundred Fifty (P1,350) Pesos, that are now in the possession of plaintiff Roman Leoncio, leaving the sum of Four Hundred Fifty (P450) Pesos as the unsecured balance out of the alleged indebtedness of One Thousand Eight Hundred (P1,800) Pesos without interest. It was also shown to the satisfaction of the Court and without the objection of plaintiff Roman Leoncio and his counsel at the hearing that debtor Maglalang and plaintiff have had secret agreements completely ignoring the guarantors, Severino D. Valencia and Catalina S. L. Valencia, giving the debtor an extension of time without the knowledge and

consent of the latter.

"Upon filing of a bond of Six Hundred (P600) Pesos, the motion to stay the execution against Severino D. Valencia and Catalina S. L. Valencia is hereby granted and their releases from all the responsibilities as guarantors ordered."

Reconsideration of the above order was denied. But Roman Leoncio did not appeal. However, after the period for appeal had elapsed he sued out a writ of certiorari in the Court of First Instance of Manila to have the said order annulled on the grounds that it was rendered with grave abuse of discretion and without jurisdiction.

The Court of First Instance of Manila granted the writ and declared the order in question null and void insofar as it released the guarantors, on the theory that the order "was a virtual amendment of the decision of the respondent judge, dated April 14, 1951, based on the amicable settlement of the parties." On appeal to the Court of Appeals, the judgment of the court of first instance was affirmed, the appellate court declaring that "the order complained of was a patent nullity, as it was issued when the respondent Judge had long lost his jurisdiction over the cases which have been terminated or closed by agreement of the parties, converted into judgment." The case is now before us on appeal by certiorari.

The decisive issue is whether or not the municipal court had jurisdiction to order the release of the appellants from their undertaking as guarantors under the compromise judgment.

In declaring that the municipal court had no such jurisdiction, the Court of Appeals appears to have proceeded on the theory that the order of release was an alteration of a judgment which had long become final.

We cannot subscribe to this theory. The municipal court decreed the release for the reason stated in its order that "It was also shown to the satisfaction of the court and without the objection of plaintiff Roman Leoncio and his counsel at the hearing that debtor Maglalang and plaintiff have had secret agreements completely ignoring the guarantors, Severino O. Valencia and Catalina S. L. Valencia, giving the debtor an extension of time without knowledge and consent of the latter." Assuming this statement to be true, we think it should be clear that the order was in accordance with the judgment and not an alteration thereof. For the obligation assumed by the appellants under the judgment is that of mere guarantors whose rights and obligations are to be determined, in the absence of stipulation to the contrary, by the provisions of the Civil Code. Under Article 2079, an extension granted by the creditor to the debtor without the consent of the guarantor extinguishes the guarantee. Hence, if it is true as stated in the order complained of that the creditor in the present case granted an extension of the principal debtor without the consent of the guarantors, there can be no question that the latter were thereby released.

It is contended, however, that in his motion for reconsideration of the order, the creditor denied having given such extension and that in any event, there is no proof that such extension was really granted. But, as pointed out by appellants, the mere denial of the creditor cannot override the finding of the municipal court that the fact that an extension of time was given to the debtor was shown to the satisfaction of the court and without objection of the creditor. The creditor cannot now say that there is no proof in the record to support that finding since the municipal court is not a court of record. If it is true, as contended by the creditor, that there was really no such proof, then his remedy should have been to appeal to the court of first instance, so that the question of whether the creditor had really given an extension without the consent of the guarantors could have been the subject of evidence and the creditor could then have presented proof to show the absence of such an agreement. But this he did not do, and as the case now stands, we have to assume that the finding of fact contained in the order of the municipal court was based on sufficient evidence.

In view of the foregoing, the decision appealed from is reversed, with costs against the appellee.

Paras, C. J., Bengzon, Padilla, Montemayor, Bautista Angelo, Labrador, Concepcion, Reyes, J. B. L., Endencia and Felix, JJ., concur.

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