

HEIRS OF SPOUSES REMEDIOS R. SANDEJAS AND ELIODORO P. SANDEJAS SR. — ROBERTO R. SANDEJAS, ANTONIO R. SANDEJAS, CRISTINA SANDEJAS MORELAND, BENJAMIN R. SANDEJAS, REMEDIOS R. SAN...

G.R. No. 141634. February 05, 2001

Ponente: PANGANIBAN, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-141634/>

PANGANIBAN, J.:

A contract of sale is not invalidated by the fact that it is subject to probate court approval. The transaction remains binding on the seller-heir, but not on the other heirs who have not given their consent to it. In settling the estate of the deceased, a probate court has jurisdiction over matters incidental and collateral to the exercise of its recognized powers. Such matters include selling, mortgaging or otherwise encumbering realty belonging to the estate. Rule 89, Section 8 of the Rules of Court, deals with the conveyance of real property contracted by the decedent while still alive. In contrast with Sections 2 and 4 of the same Rule, the said provision does not limit to the executor or administrator the right to file the application for authority to sell, mortgage or otherwise encumber realty under administration. The standing to pursue such course of action before the probate court inures to any person who stands to be benefited or injured by the judgment or to be entitled to the avails of the suit.

The Case

Before us is a Petition for Review under Rule 45 of the Rules of Court, seeking to reverse and set aside the Decision[1] dated April 16, 1999 and the Resolution[2] dated January 12, 2000, both promulgated by the Court of Appeals in CA-GR CV No. 49491. The dispositive portion of the assailed Decision reads as follows:[3]

"WHEREFORE, for all the foregoing, [w]e hereby MODIFY the [O]rder of the lower court dated January 13, 1995, approving the Receipt of Earnest Money With Promise to Buy and Sell dated June 7, 1982, only to the three-fifth (3/5) portion of the disputed lots covering the share of [A]dministrator Eliodoro Sandejas, Sr. [in] the property. The intervenor is hereby directed to pay appellant the balance of the purchase price of the three-fifth (3/5) portion of the property within thirty (30) days from receipt of this [O]rder and x x x the administrator [is directed] to execute the necessary and proper deeds of conveyance in favor of appellee within thirty (30) days thereafter."

The assailed Resolution denied reconsideration of the foregoing disposition.

The Facts

The facts of the case, as narrated by the Court of Appeals (CA), are as follows:[4]

"On February 17, 1981, Eliodoro Sandejas, Sr. filed a petition (Record, SP. Proc. No. R-83-15601, pp. 8-10) in the lower court praying that letters of administration be issued in his favor for the settlement of the estate of his wife, REMEDIOS R. SANDEJAS, who died on April 17, 1955. On July 1, 1981, Letters of Administration [were issued by the lower court appointing Eliodoro Sandejas, Sr. as administrator of the estate of the late Remedios Sandejas (Record, SP. Proc. No. R-83-15601, p. 16). Likewise on the same date, Eliodoro Sandejas,

Sr. took his oath as administrator (Record, SP. Proc. No. R-83-15601, p. 17). x x x.

"On November 19, 1981, the 4th floor of Manila City Hall was burned and among the records burned were the records of Branch XI of the Court of First Instance of Manila. As a result, [A]dministrator Eliodoro Sandejas, Sr. filed a [M]otion for [R]econstitution of the records of the case on February 9, 1983 (Record, SP. Proc. No. R-83-15601, pp. 1-5). On February 16, 1983, the lower court in its [O]rder granted the said motion (Record, SP. Proc. No. R-83-15601, pp. 28-29).

"On April 19, 1983, an Omnibus Pleading for motion to intervene and petition-in-intervention was filed by [M]ovant Alex A. Lina alleging among others that on June 7, 1982, movant and [A]dministrator Eliodoro P. Sandejas, in his capacity as seller, bound and obligated himself, his heirs, administrators, and assigns, to sell forever and absolutely and in their entirety the following parcels of land which formed part of the estate of the late Remedios R. Sandejas, to wit:

- 'A parcel of land (Lot No. 22 Block No. 45 of the subdivision plan Psd-21121, being a portion of Block 45 described on plan Psd-19508, G.L.R.O. Rec. No. 2029), situated in the Municipality of Makati, province of Rizal, containing an area of TWO HUNDRED SEVENTY (270) SQUARE METERS, more or less, with TCT No. 13465;

- 'A parcel of land (Lot No. 21 Block No. 45 of the subdivision plan Psd-21141, being a portion of Block 45 described on plan Psd-19508 G.L.R.O. Rec. No. 2029), situated in the Municipality of Makati, Province of Rizal, containing an area of TWO HUNDRED SEVENTY (270) SQUARE METERS, more or less, with TCT No. 13464;'

- 'A parcel of land (Lot No. 5 Block No. 45 of the subdivision plan Psd-21141, being a portion of Block 45 described on plan Psd-19508 G.L.R.O. Rec. No. 2029), situated in the Municipality of Makati, Province of Rizal, containing an area of TWO HUNDRED EIGHT (208) SQUARE METERS, more or less, with TCT No. 13468;'

- 'A parcel of land (Lot No. 6, Block No. 45 of the subdivision plan Psd-21141, being a portion of Block 45 described on plan Psd-19508 G.L.R.O. Rec. No. 2029), situated in the Municipality of Makati, Province of Rizal, containing an area of TWO HUNDRED EIGHT (208) SQUARE METERS, more or less, with TCT No. 13468;'

"The [R]eceipt of the [E]arnest [M]oney with [P]romise to [S]ell and to [B]uy is hereunder quoted, to wit:

'Received today from MR. ALEX A. LINA the sum of ONE HUNDRED THOUSAND (P100,000.00) PESOS, Philippine Currency, per Metropolitan Bank & Trust Company Chec[k] No. 319913 dated today for P100,000.00, x x x as additional earnest money for the following:

x x x x x x x x

all registered with the Registry of Deeds of the [P]rovince of Rizal (Makati Branch Office) in the name of SELLER 'ELIODORO SANDEJAS, Filipino Citizen, of legal age, married to Remedios Reyes de Sandejas;' and which undersigned, as SELLER, binds and obligates himself, his heirs, administrators and assigns, to sell forever and absolutely in their entirety (all of the four (4) parcels of land above described, which are contiguous to each other as to form one big lot) to said Mr. Alex A. Lina, who has agreed to buy all of them, also binding on his heirs, administrators and assigns, for the consideration of ONE MILLION (P1,000,000.00) PESOS, Philippine Currency, upon such reasonable terms of payment as may be agreed upon by them. The parties have, however, agreed on the following terms and conditions:

'1.

The P100,000.00 herein received is in addition to the P70,000.00 earnest money already received by SELLER from BUYER, all of which shall form part of, and shall be deducted from, the purchase price of P1,000,000.00,

once the deed of absolute [sale] shall be executed;

`2.

As a consideration separate and distinct from the price, undersigned SELLER also acknowledges receipt from Mr. Alex A. Lina of the sum of ONE THOUSAND (P1,000.00) PESOS, Philippine Currency, per Metropolitan Bank & Trust Company Check No. 319912 dated today and payable to SELLER for P1,000.00;

`3.

Considering that Mrs. Remedios Reyes de Sandejas is already deceased and as there is a pending intestate proceedings for the settlement of her estate (Spec. Proc. No. 138393, Manila CFI, Branch XI), wherein SELLER was appointed as administrator of said Estate, and as SELLER, in his capacity as administrator of said Estate, has informed BUYER that he (SELLER) already filed a [M]otion with the Court for authority to sell the above parcels of land to herein BUYER, but which has been delayed due to the burning of the records of said Spec. Pro. No. 138398, which records are presently under reconstitution, the parties shall have at least ninety (90) days from receipt of the Order authorizing SELLER, in his capacity as administrator, to sell all THE ABOVE DESCRIBED PARCELS OF LAND TO HEREIN BUYER (but extendible for another period of ninety (90) days upon the request of either of the parties upon the other), within which to execute the deed of absolute sale covering all above parcels of land;

`4.

In the event the deed of absolute sale shall not proceed or not be executed for causes either due to SELLER'S fault, or for causes of which the BUYER is innocent, SELLER binds himself to personally return to Mr. Alex A. Lina the entire ONE HUNDRED SEVENTY THOUSAND ([P]170,000.00) PESOS in earnest money received from said Mr. Lina by SELLER, plus fourteen (14%) percentum interest per annum, all of which shall be considered as liens of said parcels of land, or at least on the share therein of herein SELLER;

`5.

Whether indicated or not, all of above terms and conditions shall be binding on the heirs, administrators, and assigns of both the SELLER (undersigned MR. ELIODORO P. SANDEJAS, SR.) and BUYER (MR. ALEX A. LINA).' (Record, SP. Proc. No. R-83-15601, pp. 52-54)

"On July 17, 1984, the lower court issued an [O]rder granting the intervention of Alex A. Lina (Record, SP. Proc. No. R-83-15601, p. 167).

"On January 7, 1985, the counsel for [A]dministrator Eliodoro P. Sandejas filed a [M]anifestation alleging among others that the administrator, Mr. Eliodoro P. Sandejas, died sometime in November 1984 in Canada and said counsel is still waiting for official word on the fact of the death of the administrator. He also alleged, among others that the matter of the claim of Intervenor Alex A. Lina becomes a money claim to be filed in the estate of the late Mr. Eliodoro P. Sandejas (Record, SP. Proc. No. R-83-15601, p. 220). On February 15, 1985, the lower court issued an [O]rder directing, among others, that the counsel for the four (4) heirs and other heirs of Teresita R. Sandejas to move for the appointment of [a] new administrator within fifteen (15) days from receipt of this [O]rder (Record, SP. Proc. No. R-83-15601, p. 227). In the same manner, on November 4, 1985, the lower court again issued an order, the content of which reads:

`On October 2, 1985, all the heirs, Sixto, Roberto, Antonio, Benjamin all surnamed Sandejas were ordered to move for the appointment of [a] new administrator. On October 16, 1985, the same heirs were given a period of fifteen (15) days from said date within which to move for the appointment of the new administrator. Compliance was set for October 30, 1985, no appearance for the aforementioned heirs. The aforementioned heirs are hereby ordered to show cause within fifteen (15) days from receipt of this Order why this Petition for

Settlement of Estate should not be dismissed for lack of interest and failure to comply with a lawful order of this Court.

`SO ORDERED.' (Record, SP. Proc. No. R-83-15601, p. 273)

"On November 22, 1985, Alex A. Lina as petitioner filed with the Regional Trial Court of Manila an Omnibus Pleading for (1) petition for letters of administration [and] (2) to consolidate instant case with SP. Proc. No. R-83-15601 RTC-Branch XI-Manila, docketed therein as SP. Proc. No. 85-33707 entitled `IN RE: INTESTATE ESTATE OF ELIODORO P. SANDEJAS, SR., ALEX A. LINA PETITIONER", [for letters of administration] (Record, SP. Proc. No. 85-33707, pp. 1-7). On November 29, 1985, Branch XXXVI of the Regional Trial Court of Manila issued an [O]rder consolidating SP. Proc. No. 85-33707, with SP. Proc. No. R-83-15601 (Record, SP. Proc. No. 85-33707, p. 13). Likewise, on December 13, 1985, the Regional Trial Court of Manila, Branch XI, issued an [O]rder stating that `this Court has no objection to the consolidation of Special Proceedings No. 85-331707, now pending before Branch XXXVI of this Court, with the present proceedings now pending before this Branch' (Record, SP. Proc. No. R-83-15601, p. 279).

"On January 15, 1986, Intervenor Alex A. Lina filed [a] Motion for his appointment as a new administrator of the Intestate Estate of Remedios R. Sandejas on the following reasons:

`5.01. FIRST, as of this date, [i]ntervenor has not received any motion on the part of the heirs Sixto, Antonio, Roberto and Benjamin, all surnamed Sandejas, for the appointment of a new [a]dministrator in place of their father, Mr. Eliodoro P. Sandejas, Sr.;

`5.02. SECOND, since Sp. Proc. 85-33707, wherein the [p]etitioner is herein Intervenor Alex A. Lina and the instant Sp. PROC. R-83-15601, in effect are already consolidated, then the appointment of Mr. Alex Lina as [a]dministrator of the Intestate Estate of Remedios R. Sandejas in instant Sp. Proc. R-83-15601, would be beneficial to the heirs and also to the Intervenor;

`5.03. THIRD, of course, Mr. Alex A. Lina would be willing to give way at anytime to any [a]dministrator who may be proposed by the heirs of the deceased Remedios R. Sandejas, so long as such [a]dministrator is qualified.' (Record, SP. Proc. No. R-83-15601, pp. 281-283)

"On May 15, 1986, the lower court issued an order granting the [M]otion of Alex A. Lina as the new [a]dministrator of the Intestate Estate of Remedios R. Sandejas in this proceedings. (Record, SP. Proc. No. R-83-15601, pp. 288-290)

"On August 28, 1986, heirs Sixto, Roberto, Antonio and Benjamin, all surnamed Sandejas, and heirs [sic] filed a [M]otion for [R]econsideration and the appointment of another administrator Mr. Sixto Sandejas, in lieu of [I]ntervenor Alex A. Lina stating among others that it [was] only lately that Mr. Sixto Sandejas, a son and heir, expressed his willingness to act as a new administrator of the intestate estate of his mother, Remedios R. Sandejas (Record, SP. Proc. No. 85-33707, pp. 29-31). On October 2, 1986, Intervenor Alex A. Lina filed his [M]anifestation and [C]ounter [M]otion alleging that he ha[d] no objection to the appointment of Sixto Sandejas as [a]dministrator of the [i]ntestate [e]state of his mother Remedios R. Sandejas (Sp. Proc. No. 85-15601), provided that Sixto Sandejas be also appointed as administrator of the [i]ntestate [e]state of his father, Eliodoro P. Sandejas, Sr. (Spec. Proc. No. 85-33707), which two (2) cases have been consolidated (Record, SP. Proc. No. 85-33707, pp. 34-36). On March 30, 1987, the lower court granted the said [M]otion and substituted Alex Lina with Sixto Sandejas as petitioner in the said [P]etitions (Record, SP. Proc. No. 85-33707, p.52). After the payment of the administrator's bond (Record, SP. Proc. No. 83-15601, pp. 348-349) and approval thereof by the court (Record, SP. Proc. No. 83-15601, p. 361), Administrator Sixto Sandejas on January 16, 1989 took his oath as administrator of the estate of the deceased Remedios R. Sandejas and Eliodoro P. Sandejas (Record, SP. Proc. No.

83-15601, p. 367) and was likewise issued Letters of Administration on the same day (Record, SP. Proc. No. 83-15601, p. 366).

"On November 29, 1993, Intervenor filed [an] Omnibus Motion (a) to approve the deed of conditional sale executed between Plaintiff-in-Intervention Alex A. Lina and Elidioro [sic] Sandejas, Sr. on June 7, 1982; (b) to compel the heirs of Remedios Sandejas and Eliodoro Sandejas, Sr. thru their administrator, to execute a deed of absolute sale in favor of [I]ntervenor Alex A. Lina pursuant to said conditional deed of sale (Record, SP. Proc. No. 83-15601, pp. 554-561) to which the administrator filed a [M]otion to [D]ismiss and/or [O]pposition to said omnibus motion on December 13, 1993 (Record, SP. Proc. No. 83-15601, pp. 591-603).

"On January 13, 1995, the lower court rendered the questioned order granting intervenor's [M]otion for the [A]pproval of the Receipt of Earnest Money with promise to buy between Plaintiff-in-Intervention Alex A. Lina and Eliodoro Sandejas, Sr. dated June 7, 1982 (Record, SP. Proc. No. 83-15601, pp. 652-654). x x x."

The Order of the intestate court[5] disposed as follows:

"WHEREFORE, [i]ntervenor's motion for the approval of the Receipt Of Earnest Money With Promise To Sell And To Buy dated June 7, 1982, is granted. The [i]ntervenor is directed to pay the balance of the purchase price amounting to P729,000.00 within thirty (30) days from receipt of this Order and the Administrator is directed to execute within thirty (30) days thereafter the necessary and proper deeds of conveyancing."[6]

Ruling of the Court of Appeals

Overturning the RTC ruling, the CA held that the contract between Eliodoro Sandejas Sr. and respondent was merely a contract to sell, not a perfected contract of sale. It ruled that the ownership of the four lots was to remain in the intestate estate of Remedios Sandejas until the approval of the sale was obtained from the settlement court. That approval was a positive suspensive condition, the nonfulfillment of which was not tantamount to a breach. It was simply an event that prevented the obligation from maturing or becoming effective. If the condition did not happen, the obligation would not arise or come into existence.

The CA held that Section 1, Rule 89[7] of the Rules of Court was inapplicable, because the lack of written notice to the other heirs showed the lack of consent of those heirs other than Eliodoro Sandejas Sr. For this reason, bad faith was imputed to him, for no one is allowed to enjoy a claim arising from one's own wrongdoing. Thus, Eliodoro Sr. was bound, as a matter of justice and good faith, to comply with his contractual commitments as an owner and heir. When he entered into the agreement with respondent, he bound his conjugal and successional shares in the property.

Hence, this Petition.[8]

Issues

In their Memorandum, petitioners submit the following issues for our resolution:

"a) Whether or not Eliodoro P. Sandejas Sr. is legally obligated to convey title to the property referred to in the subject document which was found to be in the nature of a contract to sell - where the suspensive condition set forth therein [i.e.] court approval, was not complied with;

"b) Whether or not Eliodoro P. Sandejas Sr. was guilty of bad faith despite the conclusion of the Court of Appeals that the respondent [bore] the burden of proving that a motion for authority to sell ha[d] been filed in court;

"c) Whether or not the undivided shares of Eliodoro P. Sandejas Sr. in the subject property is three-fifth (3/5) and the administrator of the latter should execute deeds of conveyance therefor within thirty days from receipt of the balance of the purchase price from the respondent; and

"d) Whether or not the respondent's petition-in-intervention was converted to a money claim and whether the [trial court] acting as a probate court could approve the sale and compel the petitioners to execute [a] deed of conveyance even for the share alone of Eliodoro P. Sandejas Sr." [9]

In brief, the Petition poses the main issue of whether the CA erred in modifying the trial court's Decision and in obligating petitioners to sell 3/5 of the disputed properties to respondent, even if the suspensive condition had not been fulfilled. It also raises the following collateral issues: (1) the settlement court's jurisdiction; (2) respondent-intervenor's standing to file an application for the approval of the sale of realty in the settlement case, (3) the decedent's bad faith, and (4) the computation of the decedent's share in the realty under administration.

This Court's Ruling

The Petition is partially meritorious.

Main Issue:

Obligation With a Suspensive Condition

Petitioners argue that the CA erred in ordering the conveyance of the disputed 3/5 of the parcels of land, despite the nonfulfillment of the suspensive condition -- court approval of the sale -- as contained in the "Receipt of Earnest Money with Promise to Sell and to Buy" (also referred to as the "Receipt"). Instead, they assert that because this condition had not been satisfied, their obligation to deliver the disputed parcels of land was converted into a money claim.

We disagree. Petitioners admit that the agreement between the deceased Eliodoro Sandejas Sr. and respondent was a contract to sell. Not exactly. In a contract to sell, the payment of the purchase price is a positive suspensive condition. The vendor's obligation to convey the title does not become effective in case of failure to pay. [10]

On the other hand, the agreement between Eliodoro Sr. and respondent is subject to a suspensive condition -- the procurement of a court approval, not full payment. There was no reservation of ownership in the agreement. In accordance with paragraph 1 of the Receipt, petitioners were supposed to deed the disputed lots over to respondent. This they could do upon the court's approval, even before full payment. Hence, their contract was a conditional sale, rather than a contract to sell as determined by the CA.

When a contract is subject to a suspensive condition, its birth or effectivity can take place only if and when the condition happens or is fulfilled. [11] Thus, the intestate court's grant of the Motion for Approval of the sale filed by respondent resulted in petitioners' obligation to execute the Deed of Sale of the disputed lots in his favor. The condition having been satisfied, the contract was perfected. Henceforth, the parties were bound to fulfill what they had expressly agreed upon.

Court approval is required in any disposition of the decedent's estate per Rule 89 of the Rules of Court. Reference to judicial approval, however, cannot adversely affect the substantive rights of heirs to dispose of their own pro indiviso shares in the co-heirship or co-ownership. [12] In other words, they can sell their rights, interests or participation in the property under administration. A stipulation requiring court approval does not affect the validity and the effectivity of the sale as regards the selling heirs. It merely implies that the property may be taken out of custodia legis, but only with the court's permission. [13] It would seem that the suspensive condition in the present conditional sale was imposed only for this reason.

Thus, we are not persuaded by petitioners' argument that the obligation was converted into a mere monetary claim. Paragraph 4 of the Receipt, which petitioners rely on, refers to a situation wherein the sale has not materialized. In such a case, the seller is bound to return to the buyer the earnest money paid plus interest at fourteen percent per annum. But the sale was approved by the intestate court; hence, the proviso does not apply.

Because petitioners did not consent to the sale of their ideal shares in the disputed lots, the CA correctly limited the scope of the Receipt to the pro-indiviso share of Eliodoro Sr. Thus, it correctly modified the intestate court's ruling by excluding their shares from the ambit of the transaction.

First Collateral Issue:

Jurisdiction of Settlement Court

Petitioners also fault the CA Decision by arguing, inter alia, (a) jurisdiction over ordinary civil action seeking not merely to enforce a sale but to compel performance of a contract falls upon a civil court, not upon an intestate court; and (b) that Section 8 of Rule 89 allows the executor or administrator, and no one else, to file an application for approval of a sale of the property under administration.

Citing *Gil v. Cancio*[14] and *Acebedo v. Abesamis*,[15] petitioners contend that the CA erred in clothing the settlement court with the jurisdiction to approve the sale and to compel petitioners to execute the Deed of Sale. They allege factual differences between these cases and the instant case, as follows: in *Gil*, the sale of the realty in administration was a clear and an unequivocal agreement for the support of the widow and the adopted child of the decedent; and in *Acebedo*, a clear sale had been made, and all the heirs consented to the disposition of their shares in the realty in administration.

We are not persuaded. We hold that Section 8 of Rule 89 allows this action to proceed. The factual differences alleged by petitioners have no bearing on the intestate court's jurisdiction over the approval of the subject conditional sale. Probate jurisdiction covers all matters relating to the settlement of estates (Rules 74 & 86-91) and the probate of wills (Rules 75-77) of deceased persons, including the appointment and the removal of administrators and executors (Rules 78-85). It also extends to matters incidental and collateral to the exercise of a probate court's recognized powers such as selling, mortgaging or otherwise encumbering realty belonging to the estate. Indeed, the rules on this point are intended to settle the estate in a speedy manner, so that the benefits that may flow from such settlement may be immediately enjoyed by the heirs and the beneficiaries.[16]

In the present case, the Motion for Approval was meant to settle the decedent's obligation to respondent; hence, that obligation clearly falls under the jurisdiction of the settlement court. To require respondent to file a separate action -- on whether petitioners should convey the title to Eliodoro Sr.'s share of the disputed realty -- will unnecessarily prolong the settlement of the intestate estates of the deceased spouses.

The suspensive condition did not reduce the conditional sale between Eliodoro Sr. and respondent to one that was "not a definite, clear and absolute document of sale," as contended by petitioners. Upon the occurrence of the condition, the conditional sale became a reciprocally demandable obligation that is binding upon the parties.[17] That *Acebedo* also involved a conditional sale of real property[18] proves that the existence of the suspensive condition did not remove that property from the jurisdiction of the intestate court.

Second Collateral Issue:

Intervenor's Standing

Petitioners contend that under said Rule 89, only the executor or administrator is authorized to apply for the approval of a sale of realty under administration. Hence, the settlement court allegedly erred in entertaining and granting respondent's Motion for Approval.

We read no such limitation. Section 8, Rule 89 of the Rules of Court, provides:

"SEC. 8. When court may authorize conveyance of realty which deceased contracted to convey. Notice. Effect of deed.--Where the deceased was in his lifetime under contract, binding in law, to deed real property, or an interest therein, the court having jurisdiction of the estate may, on application for that purpose, authorize the executor or administrator to convey such property according to such contract, or with such modifications as are

agreed upon by the parties and approved by the court; and if the contract is to convey real property to the executor or administrator, the clerk of the court shall execute the deed. x x x."

This provision should be differentiated from Sections 2 and 4 of the same Rule, specifically requiring only the executor or administrator to file the application for authority to sell, mortgage or otherwise encumber real estate for the purpose of paying debts, expenses and legacies (Section 2);[19] or for authority to sell real or personal estate beneficial to the heirs, devisees or legatees and other interested persons, although such authority is not necessary to pay debts, legacies or expenses of administration (Section 4).[20] Section 8 mentions only an application to authorize the conveyance of realty under a contract that the deceased entered into while still alive. While this Rule does not specify who should file the application, it stands to reason that the proper party must be one who is to be benefited or injured by the judgment, or one who is to be entitled to the avails of the suit.[21]

Third Collateral Issue:

Bad Faith

Petitioners assert that Eliodoro Sr. was not in bad faith, because (a) he informed respondent of the need to secure court approval prior to the sale of the lots, and (2) he did not promise that he could obtain the approval.

We agree. Eliodoro Sr. did not misrepresent these lots to respondent as his own properties to which he alone had a title in fee simple. The fact that he failed to obtain the approval of the conditional sale did not automatically imply bad faith on his part. The CA held him in bad faith only for the purpose of binding him to the conditional sale. This was unnecessary because his being bound to it is, as already shown, beyond cavil.

Fourth Collateral Issue:

Computation of Eliodoro's Share

Petitioners aver that the CA's computation of Eliodoro Sr.'s share in the disputed parcels of land was erroneous because, as the conjugal partner of Remedios, he owned one half of these lots plus a further one tenth of the remaining half, in his capacity as a one of her legal heirs. Hence, Eliodoro's share should be 11/20 of the entire property. Respondent poses no objection to this computation.[22]

On the other hand, the CA held that, at the very least, the conditional sale should cover the one half (1/2) pro indiviso conjugal share of Eliodoro plus his one tenth (1/10) hereditary share as one of the ten legal heirs of the decedent, or a total of three fifths (3/5) of the lots in administration.[23]

Petitioners' computation is correct. The CA computed Eliodoro's share as an heir based on one tenth of the entire disputed property. It should be based only on the remaining half, after deducting the conjugal share.[24]

The proper determination of the seller-heir's shares requires further explanation. Succession laws and jurisprudence require that when a marriage is dissolved by the death of the husband or the wife, the decedent's entire estate - under the concept of conjugal properties of gains -- must be divided equally, with one half going to the surviving spouse and the other half to the heirs of the deceased.[25] After the settlement of the debts and obligations, the remaining half of the estate is then distributed to the legal heirs, legatees and devisees. We assume, however, that this preliminary determination of the decedent's estate has already been taken into account by the parties, since the only issue raised in this case is whether Eliodoro's share is 11/20 or 3/5 of the disputed lots.

WHEREFORE, the Petition is hereby **PARTIALLY GRANTED**. The appealed Decision and Resolution are **AFFIRMED** with the **MODIFICATION** that respondent is entitled to only a pro-indiviso share equivalent to 11/20 of the disputed lots.

SO ORDERED.

Melo, (Chairman), Vitug, Gonzaga-Reyes, and Sandoval-Gutierrez, JJ., concur.

[1] Penned by Justice Mariano M. Umali of the Special Seventh Division of the Court of Appeals with the concurrence of Justices Romeo J. Callejo Sr., acting Division Chairman; and Bernardo P. Abesamis, member. Rollo, pp. 39-56.

[2] Rollo , p. 58.

[3] CA Decision, p. 18; rollo, p. 56.

[4] CA Decision, pp. 2-8; rollo, pp. 40-46.

[5] Penned by Judge Roberto A. Barrios of the Regional Trial Court of Manila, Branch 11.

[6] RTC Order, p. 3; rollo, p. 73.

[7] "SECTION 1. Order of sale of personalty. - Upon the application of the executor or administrator, and on written notice to the heirs and other persons interested, the court may order the whole or a part of the personal estate to be sold, if it appears necessary for the purpose of paying debts, expenses of administration, or legacies, or the preservation of the property."

[8] This case was submitted for resolution upon the receipt by this Court of the Memorandum for the Petitioners on October 12, 2000, signed by Atty. Pascual T. Lacas of Lacas, Lao & Associates. Respondent's Memorandum, signed by Atty. Rudegelio D. Tacorda, was submitted on October 5, 2000.

[9] Rollo, p. 139.

[10] Justice Jose C. Vitug, Compendium of Civil Law and Jurisprudence, rev. ed., p. 580; Cheng v. Genato, 300 SCRA 722, 734, December 29, 1998; Odyssey Park, Inc. v. Court of Appeals, 280 SCRA 253, 260, October 8, 1997.

[11] Cheng v. Genato, supra, pp. 735-736; Coronel v. Court of Appeals, 263 SCRA 15, 33, October 7, 1996; Compendium, pp. 487-488, 580 & 603.

[12] Acebedo v. Abesamis, 217 SCRA 186, 193, January 18, 1993.

[13] Vda. de Cruz v. Ilagan, 81 SCRA 554, 561, September 30, 1948.

[14] 14 SCRA 796, 796-801, July 30, 1965.

[15] Supra.

[16] Sikat v. Vda. de Villanueva, 57 Phil. 486, 494, November 10, 1932; Magbanua v. Akol, 72 Phil. 567, 572, June 27, 1941; Del Castillo v. Enriquez, 109 Phil. 491, 494-495, September 30, 1960.

[17] Art. 1458, Civil Code.

[18] Supra, p. 188.

[19] "SEC. 2. When court may authorize sale, mortgage, or other encumbrance of realty to pay debts and legacies through personalty not exhausted. - When the personal estate of the deceased is not sufficient to pay the debts, expenses of administration, and legacies, or where the sale of such personal estate may injure the business or other

interests of those interested in the estate, and where a testator has not otherwise made sufficient provision for the payment of such debts, expenses, and legacies, the court, on the application of the executor or administrator and on written notice to the heirs, devisees, and legatees residing in the Philippines, may authorize the executor or administrator to sell, mortgage, or otherwise encumber so much as may be necessary of the real estate, in lieu of personal estate, for the purpose of paying such debts, expenses, and legacies, if it clearly appears that such sale, mortgage, or encumbrance would be beneficial to the persons interested; and if a part cannot be sold, mortgaged, or otherwise encumbered without injury to those interested in the remainder, the authority may be for the sale, mortgage, or other encumbrance of the whole of such real estate, or so much thereof as is necessary or beneficial under the circumstances."

[20] "Sec. 4. When court may authorize sale of estate as beneficial to interested persons. Disposal of proceeds. - When it appears that the sale of the whole or a part of the real or personal estate, will be beneficial to the heirs, devisees, legatees, and other interested persons, the court may, upon application of the executor or administrator and on written notice to the heirs, devisees, and legatees who are interested in the estate to be sold, authorize the executor or administrator to sell the whole or a part of said estate, although not necessary to pay debts, legacies, or expenses of administration; but such authority shall not be granted if inconsistent with the provisions of a will. In case of such sale, the proceeds shall be assigned to the persons entitled to the estate in the proper proportions."

[21] Section 2, Rule 3, Rules of Court.

[22] Respondent's Memorandum; rollo, p. 124.

[23] $1/2 + 1/10 = 6/10$ or $3/5$ reduced to the lowest term.

[24] $1/2 + [1/10 \times 1/2] = 1/2 + [1/20] = 10/20 + 1/20 = 11/20$

[25] Art. 129(7), Family Code; *Armas v. Calisterio*, GR No. 136467, April 6, 2000, p. 8, per Vitug, J.; and *Del Mundo v. Court of Appeals*, 97 SCRA 373, 382, April 30, 1980.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.