

SECOND DIVISION

[G.R. No. 187879, July 05, 2010]

DALISAY E. OCAMPO, VINCE E. OCAMPO, MELINDA CARLA E. OCAMPO, AND LEONARDO E. OCAMPO, JR., PETITIONERS, VS. RENATO M. OCAMPO AND ERLINDA M. OCAMPO, RESPONDENTS.

DECISION

NACHURA, J.:

This petition^[1] for review on *certiorari* under Rule 45 of the Rules of Court seeks to reverse and set aside the Decision^[2] dated December 16, 2008 and the Resolution^[3] dated April 30, 2009 of the Court of Appeals (CA) in CA-G.R. SP No. 104683. The Decision annulled and set aside the Order dated March 13, 2008^[4] of the Regional Trial Court (RTC), Branch 24, Biñan, Laguna, in Sp. Proc. No. B-3089; while the Resolution denied the motion for reconsideration of the Decision.

The Antecedents

Petitioners Dalisay E. Ocampo (Dalisay), Vince E. Ocampo (Vince), Melinda Carla E. Ocampo (Melinda), and Leonardo E. Ocampo, Jr. (Leonardo, Jr.) are the surviving wife and the children of Leonardo Ocampo (Leonardo), who died on January 23, 2004. Leonardo and his siblings, respondents Renato M. Ocampo (Renato) and Erlinda M. Ocampo (Erlinda) are the legitimate children and only heirs of the spouses Vicente and Maxima Ocampo, who died intestate on December 19, 1972 and February 19, 1996, respectively. Vicente and Maxima left several properties, mostly situated in Biñan, Laguna. Vicente and Maxima left no will and no debts.

On June 24, 2004, five (5) months after the death of Leonardo, petitioners initiated a petition for intestate proceedings, entitled "*In Re: Intestate Proceedings of the Estate of Sps. Vicente Ocampo and Maxima Mercado Ocampo, and Leonardo M. Ocampo,*" in the RTC, Branch 24, Biñan, Laguna, docketed as Spec. Proc. No. B-3089.^[5] The petition alleged that, upon the death of Vicente and Maxima, respondents and their brother Leonardo jointly controlled, managed, and administered the estate of their parents. Under such circumstance, Leonardo had been receiving his share consisting of one-third (1/3) of the total income generated from the properties of the estate. However, when Leonardo died, respondents took possession, control and management of the properties to the exclusion of petitioners. The petition prayed for the settlement of the estate of Vicente and Maxima and the estate of Leonardo. It, likewise, prayed for the appointment of an administrator to apportion, divide, and award the two estates among the lawful heirs of the decedents.

Respondents filed their Opposition and Counter-Petition dated October 7, 2004,^[6] contending that the petition was defective as it sought the judicial settlement of two

estates in a single proceeding. They argued that the settlement of the estate of Leonardo was premature, the same being dependent only upon the determination of his hereditary rights in the settlement of his parents' estate. In their counter-petition, respondents prayed that they be appointed as special joint administrators of the estate of Vicente and Maxima.

In an Order dated March 4, 2005,^[7] the RTC denied respondents' opposition to the settlement proceedings but admitted their counter-petition. The trial court also clarified that the judicial settlement referred only to the properties of Vicente and Maxima.

Through a Motion for Appointment of Joint Special Administrators dated October 11, 2005,^[8] respondents reiterated their prayer for appointment as special joint administrators of the estate, and to serve as such without posting a bond.

In their Comment dated November 3, 2005,^[9] petitioners argued that, since April 2002, they had been deprived of their fair share of the income of the estate, and that the appointment of respondents as special joint administrators would further cause injustice to them. Thus, they prayed that, in order to avoid further delay, letters of administration to serve as joint administrators of the subject estate be issued to respondents and Dalisay.

In another Motion for Appointment of a Special Administrator dated December 5, 2005,^[10] petitioners nominated the Biñan Rural Bank to serve as special administrator pending resolution of the motion for the issuance of the letters of administration.

In its June 15, 2006 Order,^[11] the RTC appointed Dalisay and Renato as special joint administrators of the estate of the deceased spouses, and required them to post a bond of P200,000.00 each.^[12]

Respondents filed a Motion for Reconsideration dated August 1, 2006^[13] of the Order, insisting that Dalisay was incompetent and unfit to be appointed as administrator of the estate, considering that she even failed to take care of her husband Leonardo when he was paralyzed in 1997. They also contended that petitioners' prayer for Dalisay's appointment as special administrator was already deemed abandoned upon their nomination of the Biñan Rural Bank to act as special administrator of the estate.

In their Supplement to the Motion for Reconsideration,^[14] respondents asserted their priority in right to be appointed as administrators being the next of kin of Vicente and Maxima, whereas Dalisay was a mere daughter-in-law of the decedents and not even a legal heir by right of representation from her late husband Leonardo.

Pending the resolution of the Motion for Reconsideration, petitioners filed a Motion to Submit Inventory and Accounting dated November 20, 2006,^[15] praying that the RTC issue an order directing respondents to submit a true inventory of the estate of the decedent spouses and to render an accounting thereof from the time they took over the collection of the income of the estate.

Respondents filed their Comment and Manifestation dated January 15, 2007,^[16] claiming that they could not yet be compelled to submit an inventory and render an accounting of the income and assets of the estate inasmuch as there was still a pending motion for reconsideration of the June 15, 2006 Order appointing Dalisay as co-special administratrix with Renato.

In its Order dated February 16, 2007, the RTC revoked the appointment of Dalisay as co-special administratrix, substituting her with Erlinda. The RTC took into consideration the fact that respondents were the nearest of kin of Vicente and Maxima. Petitioners did not contest this Order and even manifested in open court their desire for the speedy settlement of the estate.

On April 23, 2007, or two (2) months after respondents' appointment as joint special administrators, petitioners filed a Motion for an Inventory and to Render Account of the Estate,^[17] reiterating their stance that respondents, as joint special administrators, should be directed to submit a true inventory of the income and assets of the estate.

Respondents then filed a Motion for Exemption to File Administrators' Bond^[18] on May 22, 2007, praying that they be allowed to enter their duties as special administrators without the need to file an administrators' bond due to their difficulty in raising the necessary amount. They alleged that, since petitioners manifested in open court that they no longer object to the appointment of respondents as special co-administrators, it would be to the best interest of all the heirs that the estate be spared from incurring unnecessary expenses in paying for the bond premiums. They also assured the RTC that they would faithfully exercise their duties as special administrators under pain of contempt should they violate any undertaking in the performance of the trust of their office.

In an Order dated June 29, 2007,^[19] the RTC directed the parties to submit their respective comments or oppositions to the pending incidents, *i.e.*, petitioners' Motion for Inventory and to Render Account, and respondents' Motion for Exemption to File Administrators' Bond.

Respondents filed their Comment and/or Opposition,^[20] stating that they have already filed a comment on petitioners' Motion for Inventory and to Render Account. They asserted that the RTC should, in the meantime, hold in abeyance the resolution of this Motion, pending the resolution of their Motion for Exemption to File Administrators' Bond.

On October 15, 2007, or eight (8) months after the February 16, 2007 Order appointing respondents as special joint administrators, petitioners filed a Motion to Terminate or Revoke the Special Administration and to Proceed to Judicial Partition or Appointment of Regular Administrator.^[21] Petitioners contended that the special administration was not necessary as the estate is neither vast nor complex, the properties of the estate being identified and undisputed, and not involved in any litigation necessitating the representation of special administrators. Petitioners, likewise, contended that respondents had been resorting to the mode of special administration merely to delay and prolong their deprivation of what was due them. Petitioners cited an alleged fraudulent sale by respondents of a real property for P2,700,000.00, which the latter represented to petitioners to have been sold only

for P1,500,000.00, and respondents' alleged misrepresentation that petitioners owed the estate for the advances to cover the hospital expenses of Leonardo, but, in fact, were not yet paid.

Respondents filed their Opposition and Comment^[22] on March 10, 2008, to which, in turn, petitioners filed their Reply to Opposition/Comment^[23] on March 17, 2008.

In its Order dated March 13, 2008,^[24] the RTC granted petitioners' Motion, revoking and terminating the appointment of Renato and Erlinda as joint special administrators, on account of their failure to comply with its Order, particularly the posting of the required bond, and to enter their duties and responsibilities as special administrators, *i.e.*, the submission of an inventory of the properties and of an income statement of the estate. The RTC also appointed Melinda as regular administratrix, subject to the posting of a bond in the amount of P200,000.00, and directed her to submit an inventory of the properties and an income statement of the subject estate. The RTC likewise found that judicial partition may proceed after Melinda had assumed her duties and responsibilities as regular administratrix.

Aggrieved, respondents filed a petition for *certiorari*^[25] under Rule 65 of the Rules of Court before the CA, ascribing grave abuse of discretion on the part of the RTC in (a) declaring them to have failed to enter the office of special administration despite lapse of reasonable time, when in truth they had not entered the office because they were waiting for the resolution of their motion for exemption from bond; (b) appointing Melinda as regular administratrix, a mere granddaughter of Vicente and Maxima, instead of them who, being the surviving children of the deceased spouses, were the next of kin; and (c) declaring them to have been unsuitable for the trust, despite lack of hearing and evidence against them.

Petitioners filed their Comment to the Petition and Opposition to Application for temporary restraining order and/or writ of preliminary injunction,^[26] reiterating their arguments in their Motion for the revocation of respondents' appointment as joint special administrators. Respondents filed their Reply.^[27]

On December 16, 2008, the CA rendered its assailed Decision granting the petition based on the finding that the RTC gravely abused its discretion in revoking respondents' appointment as joint special administrators without first ruling on their motion for exemption from bond, and for appointing Melinda as regular administratrix without conducting a formal hearing to determine her competency to assume as such. According to the CA, the posting of the bond is a prerequisite before respondents could enter their duties and responsibilities as joint special administrators, particularly their submission of an inventory of the properties of the estate and an income statement thereon.

Petitioners filed a Motion for Reconsideration of the Decision.^[28] The CA, however, denied it. Hence, this petition, ascribing to the CA errors of law and grave abuse of discretion for annulling and setting aside the RTC Order dated March 13, 2008.

Our Ruling

The pertinent provisions relative to the special administration of the decedents'

estate under the Rules of Court provide--

Sec. 1. *Appointment of special administrator.* - When there is delay in granting letters testamentary or of administration by any cause including an appeal from the allowance or disallowance of a will, the court may appoint a special administrator to take possession and charge of the estate of the deceased until the questions causing the delay are decided and executors or administrators appointed.^[29]

Sec. 2. *Powers and duties of special administrator.* - Such special administrator shall take possession and charge of goods, chattels, rights, credits, and estate of the deceased and preserve the same for the executor or administrator afterwards appointed, and for that purpose may commence and maintain suits as administrator. He may sell only such perishable and other property as the court orders sold. A special administrator shall not be liable to pay any debts of the deceased unless so ordered by the court.^[30]

Sec. 1. *Bond to be given before issuance of letters; Amount; Conditions.* - Before an executor or administrator enters upon the execution of his trust, and letters testamentary or of administration issue, he shall give a bond, in such sum as the court directs, conditioned as follows:

(a) To make and return to the court, within three (3) months, a true and complete inventory of all goods, chattels, rights, credits, and estate of the deceased which shall come to his possession or knowledge or to the possession of any other person for him;

(b) To administer according to these rules, and, if an executor, according to the will of the testator, all goods, chattels, rights, credits, and estate which shall at any time come to his possession or to the possession of any other person for him, and from the proceeds to pay and discharge all debts, legacies, and charges on the same, or such dividends thereon as shall be decreed by the court;

(c) To render a true and just account of his administration to the court within one (1) year, and at any other time when required by the court;

(d) To perform all orders of the court by him to be performed.^[31]

Sec. 4. *Bond of special administrator.* - A special administrator before entering upon the duties of his trust shall give a bond, in such sum as the court directs, conditioned that he will make and return a true inventory of the goods, chattels, rights, credits, and estate of the deceased which come to his possession or knowledge, and that he will truly account for such as are received by him when required by the court, and will deliver the same to the person appointed executor or administrator, or to such other person as may be authorized to receive them.^[32]

Inasmuch as there was a disagreement as to who should be appointed as