

## SECOND DIVISION

[ G.R. NO. 143382, November 29, 2006 ]

**SECURITY BANK AND TRUST COMPANY, PETITIONER, VS. MAR TIERRA CORPORATION, WILFRIDO C. MARTINEZ, MIGUEL J. LACSON AND RICARDO A. LOPA, RESPONDENTS.**

### D E C I S I O N

#### **CORONA, J.:**

May the conjugal partnership be held liable for an indemnity agreement entered into by the husband to accommodate a third party?

This issue confronts us in this petition for review on certiorari assailing the November 9, 1999 decision<sup>[1]</sup> of the Court of Appeals (CA) in CA-G.R. CV No. 48107.

On May 7, 1980, respondent Mar Tierra Corporation, through its president, Wilfrido C. Martinez, applied for a P12,000,000 credit accommodation with petitioner Security Bank and Trust Company. Petitioner approved the application and entered into a credit line agreement with respondent corporation. It was secured by an indemnity agreement executed by individual respondents Wilfrido C. Martinez, Miguel J. Lacson and Ricardo A. Lopa who bound themselves jointly and severally with respondent corporation for the payment of the loan.

On July 2, 1980, the credit line agreement was amended and increased to P14,000,000. Individual respondents correspondingly executed a new indemnity agreement in favor of the bank to secure the increased credit line.

On September 25, 1981, respondent corporation availed of its credit line and received the sum of P9,952,000 which it undertook to pay on or before November 30, 1981. It was able to pay P4,648,000 for the principal loan and P2,729,195.56 for the interest and other charges. However, respondent corporation was not able to pay the balance as it suffered business reversals, eventually ceasing operations in 1984.

Unable to collect the balance of the loan, petitioner filed a complaint for a sum of money with a prayer for preliminary attachment against respondent corporation and individual respondents in the Regional Trial Court (RTC) of Makati, Branch 66. It was docketed as Civil Case No. 3947.

Subsequently, however, petitioner had the case dismissed with respect to individual respondents Lacson and Lopa,<sup>[2]</sup> leaving Martinez as the remaining individual respondent.

On August 10, 1982, the RTC issued a writ of attachment on all real and personal

properties of respondent corporation and individual respondent Martinez. As a consequence, the conjugal house and lot of the spouses Wilfrido and Josefina Martinez in Barrio Calaanan, Caloocan City covered by Transfer Certificate of Title (TCT) No. 49158 was levied on.

The RTC rendered its decision<sup>[3]</sup> on June 20, 1994. It held respondent corporation and individual respondent Martinez jointly and severally liable to petitioner for P5,304,000 plus 12% interest per annum and 5% penalty commencing on June 21, 1982 until fully paid, plus P10,000 as attorney's fees. It, however, found that the obligation contracted by individual respondent Martinez did not redound to the benefit of his family, hence, it ordered the lifting of the attachment on the conjugal house and lot of the spouses Martinez.

Dissatisfied with the RTC decision, petitioner appealed to the CA but the appellate court affirmed the trial court's decision *in toto*. Petitioner sought reconsideration but it was denied. Hence, this petition.

Petitioner makes two basic assertions: (1) the RTC and CA erred in finding that respondent corporation availed of P9,952,000 only from its credit line and not the entire P14,000,000 and (2) the RTC and CA were wrong in ruling that the conjugal partnership of the Martinez spouses could not be held liable for the obligation incurred by individual respondent Martinez.

We uphold the CA.

Factual findings of the CA, affirming those of the trial court, will not be disturbed on appeal but must be accorded great weight.<sup>[4]</sup> These findings are conclusive not only on the parties but on this Court as well.<sup>[5]</sup>

The CA affirmed the finding of the RTC that the amount availed of by respondent corporation from its credit line with petitioner was only P9,952,000. Both courts correctly pointed out that petitioner itself admitted this amount when it alleged in paragraph seven of its complaint that respondent corporation "borrowed and received the principal sum of P9,952,000."<sup>[6]</sup> Petitioner was therefore bound by the factual finding of the appellate and trial courts, as well as by its own judicial admission, on this particular point.

At any rate, the issue of the amount actually availed of by respondent corporation is factual. It is not within the ambit of this Court's discretionary power of judicial review under Rule 45 of the Rules of Court which is concerned solely with questions of law.<sup>[7]</sup>

We now move on to the principal issue in this case.

Under Article 161(1) of the Civil Code,<sup>[8]</sup> the conjugal partnership is liable for "all debts and obligations contracted by the husband for the benefit of the conjugal partnership." But when are debts and obligations contracted by the husband alone considered *for the benefit of and therefore chargeable against the conjugal partnership*? Is a surety agreement or an accommodation contract entered into by the husband in favor of his employer within the contemplation of the said provision?