

**ANTHONY POWERS, BERTEL FASSNACHT, RICHARD I. GUARDIAN,
JOANN KELLY, IAN LANDLESS, AMADO MACASAET, JAVIER
MACICIOR, ATUSHI NAKAI, KAY NG, JAMES ROBERSON, FREDERICK
SEGGEMAN, ART...**

G.R. No. L-48064. May 09, 1988

Ponente: GRIÑO-AQUINO, J.

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GRIÑO-AQUINO, J.:

On July 16, 1975, the fourteen (14) plaintiffs, all associate members of the International School, Inc., brought an action for injunction in the Court of First Instance of Rizal, against the ten (10) members of the Board of Trustees of the school, praying that said Trustees be enjoined from collecting a "development fee" of P2,625.00 per child-enrollee per school year for a period of twelve (12) years, beginning with the school year 1975-1976, as a pre-requisite for re-enrollment in said school.

The suit was precipitated by a letter dated May 19, 1975 which Donald I. Marshall, president of the Board of Trustees of the International School in Makati, Metro-Manila, addressed to the parents of the students, giving notice that the Board of Trustees had decided to embark on a program to construct new buildings and remodel existing ones to accommodate the increasing enrollment in the school, and that it was necessary for the school to raise P35,000,000.00 for this purpose. The Board intended to raise the needed funds primarily through subscriptions to capital notes and prepayment certificates, and any deficiency from these sources would be covered by collecting a so-called "development fee" of P2,625 from each enrollee starting with the school year 1975-1976 and continuing up to the school year 1986-1987.

Under date of June 11, 1975, the school superintendent, Dr. Max Snyder, acting under instructions from the Board of Trustees, wrote a letter to the parents of returning students, enclosing an Application for Admission which specifically advised that the payment of the development fee was a pre-requisite for re-enrollment.

The plaintiffs, who are associate members of the International School, Inc., protested against the imposition of the development fee of P2,625.00 per student per year for twelve (12) years. In a petition dated June 18, 1975 they requested the Board of Trustees "to suspend the implementation of the requirement of payment of the development fee as a pre-requisite to final enrollment or re-enrollment for the school year 1975-1976"

Under date of July 7, 1975, Donald Marshall, signing for the Board of Trustees and as President of the school:

- extended the deadline for the selection of the option by which the Development Fee is to be paid from July 15 to July 22, 1975;
- allowed deferred payment thereof from August 1, 1975 to October 13, 1975 (beginning of the second quarter) and allowing quarterly payment thereof;
- granted "assistance" on a case to case basis.

On July 16, 1975 the plaintiffs filed a complaint for injunction against the school. It was docketed as Civil Case No. 21612 in the Court of First Instance of Rizal.

On July 17, 1975, the trial court issued an order temporarily restraining the defendants or their authorized representatives and agents:

"x x x from executing and/or enforcing in any manner the development program that they had adopted for the raising of funds to put up new building and provide for the remodelling of existing ones belonging to the International School, Inc., or from otherwise requiring as a pre-requisite to the re-enrollment for the school year 1975-1976 of the children of the plaintiffs and other similarly situated the payment of the development fee or charge imposed under the said development plan; and from requiring the payment of the matriculation fee likewise imposed pursuant to said development as a pre-requisite for the enrollment for the first time of the children of the associate members of the International School, Inc."

During the hearing on July 24, 1975, the trial court heard not only the plaintiffs' application for a preliminary writ of injunction but also the defendants' motion to dismiss the complaint.

After the submission of the parties' memoranda the trial court issued an order on November 18, 1975, dismissing the complaint for lack of valid cause of action, and dissolved the restraining order of July 17, 1975.

Their motion for reconsideration having been denied, the plaintiffs appealed to the Court of Appeals alleging four (4) assignments of error which may be reduced to the lone legal question of whether the Board of Trustees of the International School was authorized to adopt the development plan for which the disputed fee was being collected from the students.

Section 2 of Article 3 of the By-Laws of the International School, Inc. provides:

"Section 2. Powers and Duties. - The Board of Trustees, in addition to the powers conferred by these By-Laws, shall have the right to such powers and do such acts as may be lawfully exercised or performed by the corporation, subject to applicable laws and to the provisions of the articles of incorporation and the By-Laws x x x (Article III, By-Laws.)

Section 2(b) of P.D. No. 732 granting certain rights to the International School, Inc., expressly authorized the Board of Trustees "upon consultation with the Secretary of Education and Culture, x x x to determine the amount of fees and assessments which may be reasonably imposed upon its students, to maintain or conform to the school standard of education." Such consultation had been made with the Secretary of Education and Culture who expressed his conformity with the reasonableness of the assessment of P2,625.00 per student for the whole school year to carry out its development program. The lower court observed that:

"x x x the expansion of the school facilities, which is to be done by improving old buildings and/or constructing new ones, is an ordinary business transaction well within competence of the Board of Trustees to act upon. x x x Being directly related to the purpose of elevating and maintaining the school's standard of instruction, which is ordained in fact by Presidential Decree No. 732, the expansion cannot result in any radical or fundamental change in the kind of activity being conducted by the school that might require the consent of the members composing it."

Since the collection of the development fee had been approved by the Board of Trustees of the International School, Inc., it was a valid exercise of corporate power by the Board, and said assessment was binding upon all the members of the corporation. Their action to stop the collection of said fee was correctly dismissed by the trial court for lack of a valid cause of action against the school.

WHEREFORE, finding no error in the appealed order of the trial court, We affirm it in toto, with costs against the

appellants.

SO ORDERED.

Narvasa, Cruz, and Gancayco, JJ., concur.

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