

SUPREME COURT OF ALABAMA

G.R.L.C. Trust v. Garrison Decatur Crossings, LLC

266 So. 3d 690 (Ala. 2018) · Decided June 15, 2018

SUMMARY

The Alabama Supreme Court affirmed summary judgment reforming a recorded memorandum of ground lease to include an omitted legal-description exhibit. The court held that clear and convincing evidence established the omission resulted from mutual mistake, and that timely recording combined with reformation satisfied Alabama's lease-recording requirements and preserved the 50-year lease term.

CASE DETAILS

COURT	Supreme Court of Alabama
WRITING FOR THE COURT	Justice Sellers; Chief Justice Stuart; Justice Bolin; Justice Shaw; Justice Wise
JURISDICTION	Alabama
DECIDED	June 15, 2018
DISPOSITION	affirmed
PROCEDURAL POSTURE	The Trust appealed from a summary judgment entered for Garrison Decatur in an action seeking reformation of a recorded memorandum of lease and a declaration that the reformed memorandum related back to its original execution date.
STANDARD OF REVIEW	Summary judgments are reviewed under the same standard applicable to their entry: whether there is a genuine issue of material fact and whether the movant is entitled to judgment as a matter of law, viewing the evidence favorably to the nonmovant. Questions of law are reviewed de novo.
PRECEDENTIAL VALUE	Published Alabama Supreme Court opinion; precedential.
PARTIES	G.R.L.C. Trust v. Garrison Decatur Crossings, LLC

TOPICS

- real estate
- contract interpretation
- reformation
- statutory interpretation
- appellate procedure

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether a court may reform a timely recorded lease memorandum to include a legal description omitted through mutual mistake when the memorandum expressly referenced and incorporated the omitted exhibit.
2. Whether the omission of the legal description rendered the lease memorandum a nullity under Alabama Code sections 35-4-6 and 35-4-51.1, thereby limiting the 50-year lease to 20 years.
3. Whether the evidence established mutual mistake by clear and convincing evidence and whether the Trust's contradictory affidavit created a genuine issue of material fact.
4. Whether the trial court properly struck portions of the trustee's affidavit that contradicted his deposition testimony or lacked personal knowledge.

HOLDINGS

1. A court may reform a written lease memorandum when clear and convincing evidence establishes that the parties mutually intended the memorandum to include an exhibit containing the property's legal description and the omission resulted from mistake.
2. A timely recorded lease memorandum that omits a legal description expressly referenced as an attached and incorporated exhibit is not automatically a nullity under sections 35-4-6 and 35-4-51.1 when clear and convincing evidence supports reformation.
3. The Trust's affidavit did not create a genuine issue of material fact because it contradicted the trustee's earlier deposition testimony without adequate explanation and included statements lacking personal knowledge or expressing unqualified opinions about the parties' intentions.

KEY QUOTATIONS

"It is well settled in property law that a trial court may exercise its equitable powers to reform a written instrument that, through a mutual mistake, does not truly express the intention of the parties." (694)

"the statute does not contemplate that a timely recorded lease memorandum, omitting the legal description of the property, is to be treated as nullity as if it had never been recorded" (696-697)

"Accordingly, the trial court did not err in reforming the lease memorandum to include Exhibit A containing the legal description of the subject property." (697)

FACTUAL BACKGROUND

The Trust executed a 50-year ground lease of Morgan County real property to Franklin Land, with an option to purchase after 25 years. The parties later executed an amended ground lease containing Exhibit A, a legal description of the property, and a memorandum stating that the property was described in Exhibit A, but Exhibit A was inadvertently omitted when the memorandum was recorded within one year of execution. The Trust later warranted in a landlord-estoppel agreement that the 50-year ground lease was valid and in force. After

discovering the omission, Garrison Decatur sought reformation, and the undisputed evidence showed that both parties intended Exhibit A to be attached and incorporated.

PROCEDURAL HISTORY

Garrison Decatur sued to reform the lease memorandum to include the omitted Exhibit A legal description and to obtain a declaration that the reformed memorandum related back to its original execution date. The Trust counterclaimed for a declaration that the 50-year ground lease was void beyond 20 years because the memorandum did not include the legal description. After discovery, both parties moved for summary judgment. The trial court granted Garrison Decatur's motion, reformed the memorandum, declared it timely recorded and effective for the full 50-year term, and held the Trust estopped from denying the lease's validity. The Supreme Court of Alabama affirmed.

DISPOSITION

affirmed

CASES CITED

- McClendon v. Mountain Top Indoor Flea Market, Inc., 601 So. 2d 957, 958 (Ala. 1992)
- West v. Founders Life Assurance Co. of Florida, 547 So. 2d 870, 871 (Ala. 1989)
- Capital Alliance Ins. Co. v. Thorough-Clean, Inc., 639 So. 2d 1349, 1350 (Ala. 1994)
- Alabama Republican Party v. McGinley, 893 So. 2d 337, 342 (Ala. 2004)
- Pritchett v. ICN Med. Alliance, Inc., 938 So. 2d 933, 935 (Ala. 2006)
- Fadalla v. Fadalla, 929 So. 2d 429, 434 (Ala. 2005)
- Powell v. Evans, 496 So. 2d 723, 725 (Ala. 1986)
- Clemons v. Mallett, 445 So. 2d 276, 278 (Ala. 1984)
- Long v. Vielle, 549 So. 2d 968, 970-971 (Ala. 1989)
- Daniels v. Johnson, 539 So. 2d 259, 260 (Ala. 1989)
- Jim Walter Homes, Inc. v. Phifer, 432 So. 2d 1241, 1242 (Ala. 1983)
- Behan v. Friedman, 218 Ala. 513, 119 So. 20 (1928)
- Holland Blow Stave Co. v. Barclay, 193 Ala. 200, 206, 69 So. 118, 120 (1915)
- Beasley v. Mellon Fin. Servs. Corp., 569 So. 2d 389, 394 (Ala. 1990)
- McGough v. G & A, Inc., 999 So. 2d 898, 904 (Ala. Civ. App. 2007)
- Ex parte Achenbach, 783 So. 2d 4, 7 (Ala. 2000)