

SUPREME COURT OF VIRGINIA

Billie A. Golding, t/a Golding Appraisal Company v. Robert K. Floyd, Jr., et al., 261 Va. 190

539 S.E.2d 735 (2001) · No. Record No. 000142 · Decided January 12, 2001

SUMMARY

The Supreme Court of Virginia considered whether a handwritten settlement memorandum created a binding contract when it stated that the settlement was subject to execution of a formal agreement. The court held that the language was clear and unambiguous and made execution of the formal agreement a condition precedent to contract formation. Because no formal agreement was executed, the court reversed and vacated the trial court’s judgment, reinstated the underlying action, and remanded for further proceedings.

CASE DETAILS

COURT	Supreme Court of Virginia
WRITING FOR THE COURT	Stephenson, Senior Justice; Carrico, C.J.; Lacy, J.; Hassell, J.; Keenan, J.; Kinser, J.; Lemons, J.
JURISDICTION	Virginia
DECIDED	January 12, 2001
DOCKET	Record No. 000142
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Golding appealed from the trial court's order finding that the parties had reached a binding settlement, dismissing Golding's underlying action with prejudice.
STANDARD OF REVIEW	The interpretation of a clear and unambiguous written contract is a question of law reviewed independently; when contractual language is unambiguous, the court applies its plain meaning and does not consider extrinsic evidence.
PRECEDENTIAL VALUE	Published Virginia Supreme Court opinion; precedential.
PARTIES	Billie A. Golding, t/a Golding Appraisal Company v. Robert K. Floyd, Jr., Richard J. Varney, Floyd & Varney, L.L.C.

TOPICS

contract formation

mutual assent

conditions precedent

contract interpretation

appellate procedure

PRACTICE AREAS

contract law

commercial litigation

civil procedure

appellate procedure

QUESTIONS PRESENTED

1. Whether the settlement memorandum created a binding contract despite stating that it was subject to execution of a formal agreement.
2. Whether the trial court could consider extrinsic evidence to determine the parties' intent when the memorandum was clear and unambiguous.

HOLDINGS

1. A written agreement expressly made subject to and dependent upon the execution of a formal agreement does not create a binding contract before the formal agreement is executed.
2. When a contract's terms are clear and unambiguous, extrinsic evidence is inadmissible to determine the parties' objectively manifested intent.

KEY QUOTATIONS

“It comes, therefore, to this, that where you have a proposal or agreement made in writing expressed to be subject to a formal contract being prepared, it means what it says; it is subject to and dependent upon a formal contract being prepared.” (539 S.E.2d at 737)

“The execution of a formal agreement, therefore, was a condition precedent to the existence of a binding contract.” (539 S.E.2d at 738)

FACTUAL BACKGROUND

Golding agreed to sell his appraisal business to Floyd and Varney through Floyd & Varney, L.L.C., but the sale did not occur. The parties later mediated Golding's resulting lawsuit and signed a handwritten settlement memorandum. The memorandum stated that it was subject to execution of a formal agreement, and no formal agreement was ever executed.

PROCEDURAL HISTORY

After negotiations over the sale of Golding's appraisal business failed, Golding filed an action against Floyd and Varney. Following mediation, the parties signed a handwritten settlement memorandum stating that it was subject to execution of a formal agreement. Floyd and Varney moved to confirm the settlement and dismiss the action; Golding sought summary judgment asserting that the memorandum was nonbinding. The trial court held an evidentiary hearing, found a binding settlement, and dismissed the action with prejudice. The Supreme Court of Virginia reversed, vacated the judgment, reinstated Golding's cause of action, and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Reverse and vacate the trial court's judgment, reinstate Golding's cause of action, and remand for further proceedings.

CASES CITED

- Bridgestone/Firestone v. Prince William Square, 250 Va. 402, 463 S.E.2d 661 (1995)
- Foods First, Inc. v. Gables Associates, 244 Va. 180, 418 S.E.2d 888 (1992)
- Winn v. Aleda Construction Co., 227 Va. 304, 315 S.E.2d 193 (1984)
- Magann Corp. v. Electrical Works, 203 Va. 259, 123 S.E.2d 377 (1962)
- Amos v. Coffey, 228 Va. 88, 320 S.E.2d 335 (1984)
- Renner Plumbing v. Renner, 225 Va. 508, 303 S.E.2d 894 (1983)
- Boisseau v. Fuller, 96 Va. 45, 30 S.E. 457 (1898)
- Manss-Owens Co. v. Owens & Son, 129 Va. 183, 105 S.E. 543 (1921)
- Adams v. Hazen, 123 Va. 304, 96 S.E. 741 (1918)
- Snyder-Falkinham v. Stockburger, 249 Va. 376, 457 S.E.2d 36 (1995)
- North America Managers v. Reinach, 177 Va. 116, 12 S.E.2d 806 (1941)
- Agostini v. Consolvo, 154 Va. 203, 153 S.E. 676 (1930)