

SUPREME COURT OF SOUTH DAKOTA

Sprang v. Altman

2009 SD 49 (2009) · No. No. 24969 · Decided June 24, 2009

SUMMARY

The South Dakota Supreme Court affirmed the denial of reformation of a recorded condition granting the seller a first opportunity to repurchase additional acreage. The court held that the condition reflected the parties' intent concerning zoning and subdivision, and was a personal contractual benefit rather than a covenant running with the land.

CASE DETAILS

COURT	Supreme Court of South Dakota
WRITING FOR THE COURT	Zinter, Justice; Gilbertson, Chief Justice; Konenkamp, Justice; Meierhenry, Justice; Severson, Justice
JURISDICTION	South Dakota
DECIDED	June 24, 2009
DOCKET	No. 24969
DISPOSITION	affirmed
PROCEDURAL POSTURE	Altman appealed after the circuit court denied his counterclaim for reformation and held that the recorded repurchase condition was a personal contract that did not run with the land.
STANDARD OF REVIEW	The denial of reformation is reviewed for abuse of discretion. The interpretation of a covenant is reviewed as a contract, without a presumption that the trial court was correct.
PRECEDENTIAL VALUE	Published, precedential opinion of the Supreme Court of South Dakota
PARTIES	Doug Altman v. M. Scott Sprang, Christina R. Sprang

TOPICS

- real estate
- contract interpretation
- reformation
- covenants and restrictions
- appellate procedure

PRACTICE AREAS

- real estate
- contracts
- equitable remedies
- appellate procedure

QUESTIONS PRESENTED

1. Whether the circuit court abused its discretion by refusing to reform the repurchase condition to include a right of repurchase if the Sprangs no longer received an agricultural tax benefit.
2. Whether the recorded repurchase condition was a covenant running with the land under SDCL 43-12-2 or instead was a personal contract benefiting Altman.

HOLDINGS

1. Reformation was properly denied because Altman failed to prove by clear, unequivocal, and convincing evidence that the written condition failed to express the parties' actual intent.
2. The repurchase condition was a personal contract benefiting Altman and did not run with the land.

KEY QUOTATIONS

“Reformation is a “remedy in equity by means of which a written instrument is made or construed to express or conform to the real intention of the parties, when some error or mistake has been committed.”” (¶ 9)

“A plaintiff seeking reformation must prove their “cause of action by clear, unequivocal and convincing evidence.”” (¶ 12)

“Under the circumstances, we affirm the circuit court's finding that the condition was intended only for Altman's benefit and not for the direct benefit of the property.” (¶ 15)

FACTUAL BACKGROUND

Altman sold the Sprangs 19.5 acres for a homesite, but a county zoning ordinance required a twenty-five-acre lot or subdivision before a building permit could issue. Altman therefore agreed to sell the Sprangs an additional 5.5 acres, and at closing presented a recorded condition giving him the first opportunity to repurchase the additional acreage if the twenty-five-acre zoning minimum changed or the Sprangs separated the twenty-five acres. When the Sprangs later decided to sell the property, Altman claimed the condition also permitted repurchase if they no longer received an agricultural tax benefit and sought reformation. The circuit court found that the parties intended the condition to address zoning and subdivision concerns, not agricultural tax benefits.

PROCEDURAL HISTORY

The Sprangs purchased twenty-five acres from Altman and later brought a declaratory action concerning Altman's right to repurchase 5.5 acres. Altman counterclaimed for reformation of the repurchase condition and sought specific performance of the reformed condition. After a trial, the circuit court denied reformation and ruled that the condition did not run with the land. The Supreme Court of South Dakota affirmed.

DISPOSITION

affirmed

CASES CITED

- Enchanted World Doll Museum v. Buskohl, 398 NW2d 149, 152 (SD 1986)
- LPN Trust v. Farrar Outdoor Adver., Inc., 1996 SD 97, ¶ 13, 552 NW2d 796, 799
- Northwestern Nat'l Bank of Sioux Falls v. Brandon, 88 SD 453, 458-59, 221 NW2d 12, 15 (1974)
- Kling v. Stern, 2007 SD 51, ¶ 5, 733 NW2d 615, 617
- Hyde v. Liebelt, 394 NW2d 888, 890 n.1 (SD 1986)
- Caullett v. Stanley Stilwell & Sons, Inc., 67 NJ Super 111, 118, 170 A2d 52, 56 (1961)