

SUPREME COURT OF VIRGINIA

Manchester Oaks Homeowners Ass'n, Inc. v. Batt, 284 Va. 409

732 S.E.2d 680 (2012) · No. Record No. 111949 · Decided September 14, 2012

SUMMARY

The Supreme Court of Virginia considered whether a homeowners' association violated its declaration by assigning common-area parking spaces exclusively and preferentially to owners of ungaraged lots. The court affirmed the determination that the amendment authorizing unequal assignments was invalid and that the declaration required equal treatment of lot owners, but reversed the compensatory damages award for insufficient proof of diminution in property value. The appeal also involved the propriety of attorneys' fees under Virginia Code § 55-515(A).

CASE DETAILS

COURT	Supreme Court of Virginia
WRITING FOR THE COURT	Justice William C. Mims; All the Justices
JURISDICTION	Virginia
DECIDED	September 14, 2012
DOCKET	Record No. 111949
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	The homeowners' association appealed a bench-trial judgment awarding the plaintiffs compensatory damages, costs, and attorneys' fees in an action alleging breach of a declaration of covenants and restrictions.
STANDARD OF REVIEW	Interpretation of the declaration and statutory interpretation are reviewed de novo. Factual findings are reviewed under the plainly-wrong-or-no-evidence standard. Evidentiary and attorneys' fee rulings are reviewed for abuse of discretion.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Manchester Oaks Homeowners Association, Inc. v. Patrick K. Batt, Rudolph J. Grom, James R. Martin, Jr.

TOPICS

covenants and restrictions

real estate

breach of contract

damages

appellate procedure

PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether the declaration required common-area parking spaces to be assigned equally among all lot owners if the HOA assigned them at all.
2. Whether the circuit court's determination that the HOA's declaration amendment was invalid could be reversed when the HOA failed to assign error to every independent ground supporting that determination.
3. Whether the plaintiffs proved compensatory damages for diminution in property value, apportioned real-property taxes, and common-area maintenance assessments.
4. Whether Code § 55-515(A) authorized the plaintiffs to recover attorneys' fees and costs as prevailing parties in an action against the HOA to enforce the declaration, and whether the amount awarded was proper.

HOLDINGS

1. Because common-area property is shared equally and undivided among the owners, the HOA was required to assign common-area parking spaces equally among all lot owners, if at all, unless the declaration expressly provided otherwise. The declaration did not provide otherwise.
2. The court would not reverse the circuit court's invalidation of the amendment because the HOA failed to assign error to every independent legal ground supporting that ruling. The circuit court's inadequate-notice ground, if correct, independently rendered the amendment invalid.
3. The plaintiffs failed to prove with reasonable certainty that the unequal parking assignments caused diminution in the value of their lots. The compensatory damages awarded for diminution in property value were reversed.
4. The award to Martin for apportioned real-property taxes was improper because that theory was raised for the first time at trial and was outside the pleadings and discovery. The awards for portions of the monthly assessments attributable to common-area maintenance were properly admitted and affirmed.
5. Code § 55-515(A) authorized the plaintiffs, as prevailing homeowners, to recover reasonable costs and attorneys' fees on their successful breach-of-contract claim brought to enforce the declaration. The fee award was affirmed.

KEY QUOTATIONS

“Accordingly, the HOA must assign parking spaces in the common area to all lot owners equally, if at all, unless the Declaration expressly provides otherwise.” (284 Va. at 415)

“We cannot review the ruling of a lower court for error when the appellant does not bring within the record on appeal the [evidentiary] basis for that ruling.” (284 Va. at 418)

“In White we held that Code § 55-515(A) allowed lot owners and occupants as well as associations to recover litigation expenses resulting from successful suits to enforce compliance with a declaration.” (284 Va. at 427)

FACTUAL BACKGROUND

Manchester Oaks contained 57 townhouses, 30 with garages and driveways and 27 without garages, together with 72 common-area parking spaces. The developer and later the HOA assigned two reserved spaces to each Ungaraged Lot while leaving the remaining spaces for visitors, and the HOA later adopted an amendment purporting to authorize nonuniform preferential assignments. Owners of Garaged Lots challenged the unequal parking assignments and sought damages, contending that the assignments violated their equal rights in the common area under the declaration.

PROCEDURAL HISTORY

The plaintiffs initially sought declaratory and injunctive relief concerning the HOA's visitor-parking policy. After the HOA stipulated that it would not limit visitor permits, the plaintiffs filed an amended complaint seeking compensatory damages for breach of contract and breach of fiduciary duty. The circuit court invalidated a later declaration amendment, found that unequal parking assignments violated the declaration, awarded compensatory damages and attorneys' fees, and the Supreme Court of Virginia affirmed in part, reversed in part, entered final judgment on certain amounts, and remanded for additional fee proceedings.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remanded for the circuit court to determine and award the plaintiffs reasonable costs and attorneys' fees incurred after entry of the judgment appealed from. The Supreme Court entered final judgment of \$2,355 to Batt, \$2,355 to Grom, \$705 to Martin, and \$188,840.69 in costs and attorneys' fees, while reversing the diminution-in-value awards and Martin's apportioned real-property-tax award.

CASES CITED

- Sully Station II Community Ass'n, Inc. v. Dye, 259 Va. 282, 525 S.E.2d 555 (2000)
- Uniwest Constr., Inc. v. Amtech Elevator Servs., 280 Va. 428, 699 S.E.2d 223 (2010)
- Moreau v. Fuller, 276 Va. 127, 661 S.E.2d 841 (2008)
- United Leasing Corp. v. Thrift Ins. Corp., 247 Va. 299, 440 S.E.2d 902 (1994)
- Parker-Smith v. Sto Corp., 262 Va. 432, 551 S.E.2d 615 (2001)
- Rash v. Hilb, Rogal & Hamilton Co., 251 Va. 281, 467 S.E.2d 791 (1996)
- Prince Seating Corp. v. Rabideau, 275 Va. 468, 659 S.E.2d 305 (2008)
- Johnson v. Commonwealth, 45 Va. App. 113, 609 S.E.2d 58 (2005)
- San Antonio Press v. Custom Bilt Machinery, 852 S.W.2d 64 (Tex. App. 1993)
- Noremac, Inc. v. Centre Hill Court, Inc., 164 Va. 151, 178 S.E. 877 (1935)

- Riverside Owner, L.L.C. v. City of Richmond, 282 Va. 62, 711 S.E.2d 533 (2011)
- Bennett v. Sage Payment Solutions, Inc., 282 Va. 49, 710 S.E.2d 736 (2011)
- Syed v. ZH Technologies, Inc., 280 Va. 58, 694 S.E.2d 625 (2010)
- Collelo v. Geographic Servs., 283 Va. 56, 727 S.E.2d 55 (2012)
- Sunrise Continuing Care, LLC v. Wright, 277 Va. 148, 671 S.E.2d 132 (2009)
- Shepherd v. Davis, 265 Va. 108, 574 S.E.2d 514 (2002)
- Dillingham v. Hall, 235 Va. 1, 365 S.E.2d 738 (1988)
- Campbell County v. Royal, 283 Va. 4, 720 S.E.2d 90 (2012)
- Town of Galax v. Waugh, 143 Va. 213, 129 S.E. 504 (1925)
- Richmeade, L.P. v. City of Richmond, 267 Va. 598, 594 S.E.2d 606 (2004)
- Rappold v. Indiana Lumbermens Mut. Ins. Co., 246 Va. 10, 431 S.E.2d 302 (1993)
- Little v. Cooke, 274 Va. 697, 652 S.E.2d 129 (2007)
- Sheek v. Asia Badger, Inc., 235 F.3d 687 (1st Cir. 2000)
- Eberhardt v. Fairfax County Emps. Ret. Sys. Bd. of Trs., 283 Va. 190, 721 S.E.2d 524 (2012)
- White v. Boundary Ass'n, Inc., 271 Va. 50, 624 S.E.2d 5 (2006)
- Barson v. Commonwealth, 284 Va. 67, 726 S.E.2d 292 (2012)
- Ulloa v. QSP, Inc., 271 Va. 72, 624 S.E.2d 43 (2006)
- Northern Va. Real Estate, Inc. v. Martins, 283 Va. 86, 720 S.E.2d 121 (2012)
- Landrum v. Chippenham & Johnston-Willis Hosps., Inc., 282 Va. 346, 717 S.E.2d 134 (2011)
- Chawla v. BurgerBusters, Inc., 255 Va. 616, 499 S.E.2d 829 (1998)