

SUPREME COURT OF NEW HAMPSHIRE

Grenier v. Barclay Square Commercial Condominium Owners' Ass'n

150 N.H. 111 (2003) · Decided October 10, 2003

SUMMARY

The New Hampshire Supreme Court held that a condominium association was not authorized to tow vehicles under its parking rule, which provided for revocation of parking permission and was subject to existing bylaw penalty provisions. The court denied attorney's fees to both sides, vacated the denial of the plaintiff's costs for consideration under Superior Court Rule 87, and held that the defendants were responsible for storage costs arising from the unlawful towing.

CASE DETAILS

COURT	Supreme Court of New Hampshire
WRITING FOR THE COURT	Broderick, J.; Brock, C.J.; Dalianis, J.; Duggan, J.; Nadeau, J.
JURISDICTION	New Hampshire
DECIDED	October 10, 2003
DISPOSITION	other
PROCEDURAL POSTURE	The defendants appealed and the plaintiff cross-appealed from orders entered after a nonjury trial in the Superior Court concerning condominium parking restrictions, towing authority, attorney's fees, costs, and storage charges.
STANDARD OF REVIEW	Attorney's-fee rulings are reviewed for an unsustainable exercise of discretion. The court reviewed the interpretation and authorization of condominium rules and the legal responsibility for storage charges as questions of law.
PRECEDENTIAL VALUE	Published precedential opinion of the Supreme Court of New Hampshire.
PARTIES	Barclay Square Condominium Owners' Association, New Hampshire Real Estate Management and Brokerage, Inc. v. Mark Grenier d/b/a Royalty Automotive Services

TOPICS

real estate

remedies

statutory interpretation

damages

appellate procedure

PRACTICE AREAS

condominium law

real estate law

remedies

statutory interpretation

appellate procedure

QUESTIONS PRESENTED

1. Whether the condominium association and its board had authority to tow vehicles for violations of the overnight parking rule.
2. Whether the defendants were entitled to attorney's fees under RSA 356-B:15, II.
3. Whether the plaintiff was entitled to attorney's fees based on bad faith, patently unreasonable conduct, or equitable principles.
4. Whether the plaintiff's request for costs had to be reconsidered under Superior Court Rule 87.
5. Whether the plaintiff was responsible for storage charges under the mitigation-of-damages doctrine when he did not claim those charges as damages and was not legally obligated to pay them.

HOLDINGS

1. A condominium association's parking rule could not authorize towing where the condominium documents and the rule provided other sanctions, including revocation of parking permission and limited fines. The defendants therefore lacked authority to tow the plaintiff's vehicles.
2. RSA 356-B:15, II authorizes a condominium association to recover attorney's fees and costs when it prevails in litigation enforcing the lawful provisions of RSA chapter 356-B or the condominium instruments; it does not entitle the association to fees merely because it initiated or defended a proceeding.
3. The plaintiff was not entitled to attorney's fees because the defendants did not act in bad faith and did not maintain a patently unreasonable position, and the court could not create reciprocal fee entitlement absent statutory authorization.
4. The trial court's denial of the plaintiff's request for costs had to be vacated because the record did not establish that the request was considered under Superior Court Rule 87.
5. The plaintiff was not responsible for the \$4,350 in storage charges. The defendants could not invoke mitigation to shift to the plaintiff an obligation arising from the defendants' unlawful towing and storage of the vehicles.

KEY QUOTATIONS

“While a condominium association may be permitted to promulgate reasonable rules to address day-to-day concerns, the rule cannot contravene or otherwise conflict with the express language of the condominium documents.” (150 N.H. at 115)

“The defendants cannot use mitigation as a sword to protect themselves from obligations they incurred to Superior Towing through their unlawful conduct.” (150 N.H. at 120)

FACTUAL BACKGROUND

The plaintiff owned two commercial condominium units from which he operated an automobile repair and sales business requiring numerous parking spaces. The condominium association adopted a rule requiring permission for overnight parking in rear common land and limiting each business owner to four vehicles; the rule also stated that noncompliance could result in immediate revocation of parking permission. After the plaintiff parked seven vehicles, three of which were unregistered or uninspected, the defendants had the vehicles towed and they were later stored. The trial court found the parking limitation and towing unauthorized, but assigned the plaintiff responsibility for storage charges because he did not promptly reclaim the vehicles.

PROCEDURAL HISTORY

The Superior Court ruled that the condominium board lacked authority to limit overnight parking to four vehicles per business owner and to tow vehicles for violations of the parking rule. It nevertheless held the plaintiff responsible for storage costs exceeding \$300 and denied both sides' requests for attorney's fees and costs. After denying the plaintiff's motion for reconsideration, the trial court's rulings were appealed and cross-appealed.

DISPOSITION

other

REMAND INSTRUCTIONS

The trial court must reconsider the plaintiff's request for costs within the framework and procedures of Superior Court Rule 87. The defendants, not the plaintiff, are responsible for the \$4,350 in storage costs.

CASES CITED

- Business Publications v. Stephen, 140 N.H. 145, 147 (1995)
- State v. Lambert, 147 N.H. 295, 296 (2001)
- Daigle v. City of Portsmouth, 137 N.H. 572, 574-575 (1993)
- Johnson v. City of Laconia, 141 N.H. 379, 380 (1996)
- Atwood v. Owens, 142 N.H. 396, 398 (1997)
- Town of Nottingham v. Newman, 147 N.H. 131, 137 (2001)
- Appeal of Pritchard, 137 N.H. 291, 293 (1993)
- Claremont School Dist. v. Governor (Costs and Attorney's Fees), 144 N.H. 590, 593 (1999)
- Gammans v. FHP Constructors, 146 N.H. 702, 704-05 (2001)
- Flanagan v. Prudhomme, 138 N.H. 561, 575-76 (1994)

OPINION

BRODERICK, J.

Broderick, J. The defendants, Barclay Square Condominium Owners' Association and New Hampshire Real Estate Management and Brokerage, Incorporated, appeal an order of the Superior

Court (Honran, J.) finding that they were not authorized to: (1) promulgate a rule to regulate the use of parking spaces; and (2) tow vehicles that are in violation of that rule.

The defendants also argue that the court erred by failing to award them attorney's fees. The plaintiff, Mark Grenier d/b/a Royalty Automotive Services, cross-appeals, arguing that the trial court erred by failing to award him attorney's fees and costs, and by ordering him to pay storage costs associated with the towing of his vehicles.

We affirm in part, reverse in part, vacate in part and remand. The trial court found the following relevant facts. The plaintiff owns two units in the Barclay Square condominium complex (Barclay Square) located in Somersworth. Barclay Square is a twenty-four-unit business and commercial complex established in 1987 and is a registered condominium association.

It is governed by a board of directors (board) and managed by defendant New Hampshire Real Estate Management and Brokerage, Inc. (New Hampshire Real Estate). From his two units, the plaintiff operates Royalty Automotive Services, an automobile repair and sales business.

In connection with his business, the plaintiff needs parking spaces for a number of vehicles, both during the day and overnight. The plaintiff regularly uses a portion of the common area to the rear of the units for parking. At the annual meeting of the Barclay Square Condominium Association (association) in September 1998, the association adopted a temporary amendment requiring all business owners in Barclay Square wishing to use parking spaces in the rear of the units to request permission from the board.

This amendment was effective until the next annual meeting in September 1999. At the September 1999 meeting, twenty-two unit owners voted sixteen to six to discontinue the temporary amendment. The association, however, voted twenty to two to direct the board to promulgate, within sixty days, "a new parking/general usage policy for the rear land" and to bring the proposal to a vote.

In 1999, the board developed a proposed ordinance (parking rule) regarding overnight parking in the rear common area. The owners of twenty-one of twenty-four units voted to approve the ordinance, which provides as follows: *114Effective November 1, 1999 all unit owners and lessees wanting to use the rear common land to park registered and inspected (excluding dealer plates) motor vehicles or trailers overnight must first request permission in writing from the BSCCA Board of Directors.

Under no circumstances shall the Board grant an individual business owner permission to park more than four (4) vehicles overnight at one time. Permission granted will be on a "space available" basis and will be for a specified area of land in the rear.... Non-compliance with the terms and conditions of said parking permission will be grounds for immediate revocation of this permission.

By letter dated December 14, 1999, the plaintiff requested permission to park “the maximum amount of vehicles allowed overnight” in the rear common area. On March 26, 2001, G. Brandt Atkins, president of New Hampshire Real Estate, wrote to the plaintiff, informing him that he had been and continued to be in violation of the parking rule and asking that he conform by 5:00 p.m. on April 3, 2001.

Atkins included a copy of the parking rule with the letter and stated that “non-compliance will be grounds for the Board of Directors to immediately revoke the permission you requested in your December 14, 1999 letter to the Board.” Atkins notified all unit owners and tenants on April 5, 2001, that he intended to tow any vehicle in violation of the overnight parking rule that same evening.

Atkins had received approval from the board to tow offending vehicles prior to issuing notices to unit owners and tenants. On the evening of April 5, 2001, Atkins discovered seven vehicles belonging to the plaintiffs business parked in the rear common area. He had three vehicles that were unregistered and/or uninspected towed.

The plaintiff did not pay the \$300 necessary to recover his vehicles from the towing company and the vehicles were subsequently moved into storage at Superior Towing Company, Inc. By court order incorporating the parties’ stipulation, two parties originally named in this case, Superior Towing Company, Inc. and Automation Towing/Recovery, were dismissed, the plaintiff paid \$4,350 to Superior Towing Company, and Superior Towing was ordered to hold the vehicles without additional charge pending the court’s decision on the merits.

The court stated that “[t]he ultimate responsibility for the towing and storage charges of \$4,350 will be determined by the court in its final decision.” Following a non-jury trial, the trial court found that the board did not have the authority to amend its rules to limit overnight parking in the rear common area to four vehicles per business owner. Further, it found that the board was not authorized to tow vehicles in violation of the parking rule because the rule itself limits the sanction available, at least as to the first violation, to revocation of parking permission.

Moreover, the court found that the plaintiff did not receive sufficient notice of the association’s intent to tow vehicles parked in violation of the parking rule. The court stated, however, that the plaintiff was responsible for any storage costs in excess of \$300 because he failed to reclaim his vehicles on April 6, 2001, and, therefore, did not mitigate his damages.

The court also denied the plaintiff’s request for attorney’s fees and costs. The plaintiff filed a motion to reconsider, which was also denied. This appeal followed. In their brief, the defendants concede that they did not have the authority to limit the available parking per business owner as found by the trial court. They argue alternatively, however, that they had the authority to tow

offending vehicles from the property because the parking rule also prohibits keeping uninspected and/or unregistered vehicles overnight in the rear common land.

We need not decide this issue because even if we assume that the defendants could penalize the plaintiff for parking unregistered and/or uninspected vehicles in the rear common area, they were not authorized to tow his vehicles.

The parking rule, in pertinent part, provides that “[n]on-compliance with the terms and conditions of said parking permission will be grounds for immediate revocation of this permission.” In finding that the defendants did not have the authority to implement the towing rule, the trial court stated that the penalty provision could reasonably be interpreted as limiting the sanction to be imposed in the event of a parking violation.

We agree. While a condominium association may be permitted to promulgate reasonable rules to address day-to-day concerns, the rule cannot contravene or otherwise conflict with the express language of the condominium documents.

Here, the parking rule provides expressly that the unit owner will lose permission to use parking spaces if he or she fails to comply with the parking rule. Moreover, at the time of the events in question, the condominium by-laws provided that the board shall have the power to levy fines, which were not to exceed \$10 for one violation, against a unit owner for violations of the provisions of the declaration, by-laws or condominium rules.

We conclude, therefore, that the defendants’ implementation of the towing penalty was not authorized in light of these other penalty provisions. The defendants next argue that the trial court erred by failing to award it attorney’s fees pursuant to RSA 356-B:15, II (Supp. 2002). “We will not overturn the trial court’s decision concerning attorney’s fees absent an [unsustainable exercise] of discretion.” *Business Publications v. Stephen*, 140 N.H.

145, 147 (1995) (quotation omitted); see also *State v. Lambert*, 147 N.H. 295, 296 (2001) (explaining unsustainable exercise of discretion *116standard). In evaluating the trial court’s ruling on this issue, we must first keep in mind the tremendous deference given to a trial court’s decision on attorney’s fees. *Daigle v. City of Portsmouth*, 137 N.H. 572, 574 (1993).

Our analysis begins with the statutory language itself; when that language is plain and unambiguous, we need not look beyond the statute for further indications of legislative intent. *Johnson v. City of Laconia*, 141 N.H. 379, 380 (1996).

We ascribe to statutory words and phrases their usual and common meaning, unless the statute itself suggests otherwise. *Id.* Nevertheless, we do not assume that the legislature would enact statutory language that would lead to an absurd result. *Atwood v. Owens*, 142 N.H. 396, 398 (1997). RSA 356-B:15 provides: I. The declarant, every unit owner, and all those entitled to

occupy a unit shall comply with all lawful provisions of this chapter and all provisions of the condominium instruments.

Any lack of such compliance shall be grounds for an action or suit to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, maintainable by the unit owners' association, or by its board of directors or any managing agent on behalf of such association, or, in any proper case, by one or more aggrieved unit owners on their own behalf or as a class action.

II. The unit owners' association shall be entitled to all costs and attorneys' fees incurred in any proceeding under RSA 356-B:15, I. The defendants argue that they are entitled to attorney's fees under the plain language of RSA 356-B:15, II. Contrary to the defendants' argument, it is not the question of who initiates the underlying action that controls the award of attorney's fees, but rather whether the party claiming those fees was successful.

To construe RSA 356-B:15, II as allowing the defendants to recover attorney's fees in this case would discourage condominium unit owners such as the plaintiff from bringing claims to protect their rights since they would be responsible for the association's attorney's fees regardless of whether they win or lose. Such an absurd result could not have been intended by the legislature.

Rather, we interpret RSA 356-B:15, II as providing for an award of attorney's fees to a condominium unit association for litigation in which it prevails. The legislative history of RSA 356-B:15, II supports this interpretation. RSA 356-B:15, II was proposed along with RSA 356-B:46-a (Supp. 2002) in *117Senate Bill 105, entitled, "An act relative to rent collection upon delinquency in payment of common expenses by condominium unit owners." The description of this bill provides that it: I. Allows a condominium unit owners' association to collect rents from the tenant of a unit to offset common expenses assessed to the unit in the event that the unit owner fails to pay the common expenses assessed to the unit.

II. Holds harmless any tenant who pays rent or a portion of rent to the unit owners' association, rather than to the unit owner, in compliance with the provisions of the bill. III. Provides for the association's recovery of attorneys' fees and costs incurred in enforcing RSA 356-B:15, I. N.H.H.R. JOUR. 766 (1997) (emphasis added).

As is evident from this history, the purpose of RSA 356-B:15, II is to allow the recovery of attorney's fees and costs associated with actions in which the association successfully enforces the lawful provisions of RSA chapter 356-B and all provisions of the condominium instruments.

Thus, we hold that the defendants are not entitled to attorney's fees and costs in this case under RSA 356-B:15, II. On cross-appeal, the plaintiff argues that the trial court erred by failing to grant him costs and attorney's fees. "A prevailing party may be awarded attorney's fees when that recovery is authorized by statute, an agreement between the parties, or an established judicial

exception to the general rule that precludes recovery of such fees.” *Town of Nottingham v. Newman*, 147 N.H.

131, 137 (2001) (quotation omitted). Although parties generally are responsible for their own attorney’s fees, we have recognized exceptions where an individual is forced to seek judicial assistance to secure a clearly defined and established right if bad faith can be established; where litigation is instituted or unnecessarily prolonged through a party’s oppressive, vexatious, arbitrary, capricious or bad faith conduct; as compensation for those who are forced to litigate in order to enjoy what a court has already decreed; and for those who are forced to litigate against an opponent whose position is patently unreasonable.

Business Publications, 140 N.H. at 147 (quotations omitted). The plaintiff argues that he is deserving of attorney’s fees because the association, in enacting the parking rule and towing sanction, acted in bad faith and *118maintained a position that was patently unreasonable.

As explained above, the trial court has authority to award fees as compensation for those who “are forced to litigate against an opponent whose position is patently unreasonable.” *Daigle*, 137 N.H. at 574. The focus in such cases is on a litigant’s unjustifiable belligerence or obstinacy where an action is commenced, prolonged, required or defended without any reasonable basis in the facts provable by evidence.

Id. After reviewing the record, we find that the trial court’s discretion in denying the plaintiff attorney’s fees is sustainable. We find no support in the record that the defendants either acted in bad faith by implementing the new parking rule and towing sanction or that its position in this case was patently unreasonable. While the defendants’ actions may have been wrong, the record reflects that the actions were taken to remedy a legitimate parking concern.

The issue was the subject at two annual meetings, with the owners of twenty-one of twenty-four units eventually voting to approve the final rule in 1999. Moreover, all unit owners, including the plaintiff, were notified on April 5, 2001, that vehicles in violation of the overnight parking rule would be towed that evening. Atkins also received approval from the board to tow offending vehicles prior to issuing notices to unit owners and tenants.

While the trial court found that the plaintiff did not receive sufficient notice of the impending towing, this does not mean that the defendants’ overall position is patently unreasonable. The fact that its position was unsuccessful does not alone warrant an award of fees. *Id.* at 575.

The plaintiff next argues that even if the defendants did not act in bad faith, he is entitled to attorney’s fees based upon equitable principles. Essentially, he contends that it is fundamentally unfair to allow an association to recover attorney’s fees under RSA 356-B:15, II if it prevails, but deny the same benefit to the unit owner who successfully litigates his or her claim.

We find this argument unpersuasive. First, while RSA 356-B:15, II may not be evenhanded in its award of attorney's fees, it is for the legislature, not this court, to determine whether such legislation should be amended, since we will not add words to a statute that the legislature did not see fit to include. See *Appeal of Pritchard*, 137 N.H. 291, 293 (1993).

Second, because we conclude that the defendants did not act with bad faith or maintain a position that was patently unreasonable, the plaintiff is not entitled to attorney's fees. The plaintiff may, however, be entitled to costs.

As a general rule, costs are "allowable only when authorized by statute or court rule." *Claremont School Dist. v. Governor (Costs and Attorney's Fees)*, 144 N.H. *119590, 593 (1999) (quotation omitted). Superior Court Rule 87, entitled "Taxation of Costs in Civil Proceedings," provides that "[c]osts shall be allowed as of course to the prevailing party as provided by these rules, unless the Court otherwise directs." SUPER.

CT. R. 87(a). Superior Court Rule 87(b) delineates the procedures for claiming costs and objecting to claimed costs. Superior Court Rule 87(c) details which costs shall be allowed to the prevailing party and which costs may be allowed within the discretion of the trial court. From the record before us, it is unclear if the parties or the trial court followed the procedures of Rule 87, or if the trial court made its finding regarding plaintiff's request for costs pursuant to Rule 87.

Consequently, we vacate the trial court's denial of the plaintiffs request for costs. On remand, the plaintiffs request for costs shall be considered within the framework of Superior Court Rule 87. See *Gammans v. FHP Constructors*, 146 N.H. 702, 704-05 (2001).

Finally, the plaintiff asserts that the trial court erred by ordering him to pay \$4,350 in storage costs associated with the wrongful towing of his vehicles. The trial court reasoned that the plaintiff was responsible for these storage costs because, by failing to recover his vehicles the day after they were towed, he failed to mitigate his damages. This reasoning is flawed.

It is well established that a party seeking damages occasioned by the fault of another must take all reasonable steps to lessen his or her resultant loss. See *Flanagan v. Prudhomme*, 138 N.H. 561, 575 (1994). The defendants bear the burden of proving that the plaintiff failed to mitigate damages. *Id.* at 575-76.

For the mitigation doctrine to apply, however, the party against whom the doctrine is asserted must be seeking damages. In this case, the plaintiff did not claim storage costs as damages. In addition to seeking recovery of towing fees, the plaintiffs lawsuit asked for the costs associated with the litigation, his attorney's fees, and the release of his cars "without the payment of any costs or fees." In other words, he merely sought the return of his wrongfully towed and stored vehicles.

At no time did the plaintiff request, or present any evidence of, consequential damages associated with the wrongful towing and storage of his vehicles. Had he done so, we would find the trial court's mitigation analysis persuasive.

Because the vehicles were illegally towed and stored, the plaintiff had no express or implied contractual obligation to pay Superior Towing to store his wrongfully towed vehicles — that obligation belonged to the defendants.

To rule, as the trial court implicitly did, that the plaintiff should have mitigated the defendants' obligation to pay Superior Towing *120turns the mitigation doctrine on its head. The defendants cannot use mitigation as a sword to protect themselves from obligations they incurred to Superior Towing through their unlawful conduct.

The plaintiff did not seek the storage costs as damages when he initially filed his petition for declaratory judgment. Accordingly, the defendants cannot assert a failure to mitigate against damages the plaintiff did not originally claim and for which he is not legally liable. That the parties stipulated, at the urging of the court, that the plaintiff would pay the storage costs pending the court's ultimate resolution of liability does not mandate a different result.

Having found that the defendants acted illegally in taking the plaintiffs vehicles, the trial court should have ruled that they, not the plaintiff, were responsible for the \$4,350 in storage costs. The plaintiff could not be held responsible to mitigate damages he was not legally obligated to pay. Affirmed in part; reversed in part; vacated in part; remanded.

Brock, C.J., and Nadeau, J., concurred; Dalianis and Duggan, JJ., concurred in part and dissented in part.