

SUPREME COURT OF WYOMING

Millheiser v. Wallace

21 P.3d 752 (Wyo. 2001) · No. No. 00-194 · Decided April 19, 2001

SUMMARY

The Wyoming Supreme Court reviewed whether buyers who obtained rescission of a real estate contract based on mutual mistake were entitled to prejudgment interest on restitutionary payments. The court held that prejudgment interest may be considered as part of equitable restitution, but affirmed the district court's discretionary decision to deny it because neither party was found at fault and the remedy adequately restored the parties to the status quo.

CASE DETAILS

COURT	Supreme Court of Wyoming
WRITING FOR THE COURT	Kite, Justice; Lehman, C.J.; Golden, J.; Hill, J.; Kite, J.
JURISDICTION	Wyoming
DECIDED	April 19, 2001
DOCKET	No. 00-194
DISPOSITION	affirmed
PROCEDURAL POSTURE	The buyers appealed from the final judgment in a contract-rescission action, challenging the district court's refusal to award prejudgment interest on restitution owed to them.
STANDARD OF REVIEW	Abuse of discretion. The court reviewed the district court's equitable determination concerning the means of restoring the parties to the status quo and whether prejudgment interest was warranted.
PRECEDENTIAL VALUE	Published Wyoming Supreme Court opinion; precedential
PARTIES	Michael Millheiser and Dana Borroni v. Bobby J. Wallace and Bridget W. Wallace

TOPICS

- rescission
- restitution
- mistake
- real estate
- standard of review

PRACTICE AREAS

- Contracts
- Real estate
- Remedies
- Appellate procedure

QUESTIONS PRESENTED

1. Whether the buyers were entitled as a matter of law to prejudgment interest on the restitution judgment entered after rescission of the contract for deed.
2. Whether the district court abused its discretion by determining that prejudgment interest was unwarranted under the circumstances of the rescission.

HOLDINGS

1. Prejudgment interest may be considered as an element of equitable restitution when a contract is rescinded, but it is not automatically required even when the restitution amount is liquidated.
2. The district court did not abuse its discretion by denying prejudgment interest because both parties entered the transaction under the same mistaken assumption, neither was found at fault, and the court sought to restore the parties to their precontract positions without imposing a penalty or consequential damages.

KEY QUOTATIONS

“Prejudgment interest is one element to be considered by the court in determining the appropriate restitution when a contract is rescinded.” (21 P.3d at 756)

“That same conclusion applies here.” (21 P.3d at 757)

FACTUAL BACKGROUND

The buyers purchased Tract 5 from the sellers under a contract for deed intending to use the property for commercial purposes. The parties believed an amended declaration of protective covenants permitted commercial use, but the amendment was void because its purported executors no longer owned an interest in the property. After the buyers stopped making payments, the district court rescinded the contract based on mutual mistake and ordered restitution of the buyers' payments, but denied prejudgment interest.

PROCEDURAL HISTORY

The district court initially held that an attempted amendment to the subdivision covenants was void and that the property could not be used commercially. It later granted the buyers summary judgment on mutual mistake and ordered rescission of the contract for deed with restitution of payments made. The court denied prejudgment interest and costs; the buyers appealed only the denial of prejudgment interest.

DISPOSITION

affirmed

CASES CITED

- Smith v. Huber, 666 P.2d 1122 (Colo. App. 1983)
- Walter v. Moore, 700 P.2d 1219 (Wyo. 1985)
- Smith v. State ex rel. Wyoming Department of Transportation, 11 P.3d 931 (Wyo. 2000)

- Vaughn v. State, 962 P.2d 149 (Wyo. 1998)
- Horseshoe Estates v. 2M Co., 713 P.2d 776 (Wyo. 1986)
- United Pacific Insurance Co. v. Martin & Luther General Contractors, Inc., 455 P.2d 664 (Wyo. 1969)
- Laramie Rivers Co. v. Pioneer Canal Co., 565 P.2d 1241 (Wyo. 1977)
- Rissler & McMurry Co. v. Atlantic Richfield Co., 559 P.2d 25 (Wyo. 1977)
- Racicky v. Simon, 831 P.2d 241 (Wyo. 1992)
- Hagar v. Mobley, 638 P.2d 127 (Wyo. 1981)
- Mader v. James, 546 P.2d 190 (Wyo. 1976)
- Holst v. Guynn, 696 P.2d 632, 635 (Wyo. 1985)