

SUPREME COURT OF VERMONT

Mongeon Bay Properties, LLC v. Mallets Bay Homeowner's Association, Inc. and Anthony J. Sineni III

168 A.3d 463 (Vt. 2017) · No. 2016-397 · Decided April 17, 2017

SUMMARY

The Vermont Supreme Court held that the trial court had authority under 12 V.S.A. § 4854 to stay execution of a writ of possession for good cause, but could not use a stay to effectively undo the termination of a ground lease following the Association's adjudicated breach. The court reversed in part and remanded for the trial court to exercise its discretion regarding a shorter stay to facilitate an orderly transition. The court indicated that any extension beyond May 1, 2017 would require adequate security for rent, taxes, insurance, and related liabilities.

CASE DETAILS

COURT	Supreme Court of Vermont
WRITING FOR THE COURT	Robinson, J.; Reiber, C.J.; Skoglund, J.; Eaton, J.; Dooley, J. (Ret.), specially assigned
JURISDICTION	Vermont
DECIDED	April 17, 2017
DOCKET	2016-397
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	The Association appealed the trial court's partial denial of its motion to stay issuance and execution of a writ of possession following termination of the ground lease.
STANDARD OF REVIEW	The Supreme Court reviewed the trial court's interpretation of its statutory authority and remanded because the trial court declined to exercise discretion under the applicable statute based on an erroneous belief that it lacked such discretion.
PRECEDENTIAL VALUE	Published Vermont Supreme Court opinion; precedential.
PARTIES	Mallets Bay Homeowner's Association, Inc. v. Mongeon Bay Properties, LLC

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QUESTIONS PRESENTED

1. Whether the trial court had authority under 12 V.S.A. § 4854 to stay execution of the writ of possession for a shorter period to facilitate an orderly transition after termination of the ground lease.
2. Whether the trial court could stay the writ until the lease's scheduled expiration in 2036, or for a comparable multiyear period, based on equitable hardship and the Association's improvements to the property.
3. Whether the ground lease provided an unspecified period after termination for the Association or homeowners to remove structures from the property.

HOLDINGS

1. Although the trial court could not use a stay to undo the contractual forfeiture, extend possession through the lease term, or otherwise deny MBP's entitlement to possession, it had statutory discretion under 12 V.S.A. § 4854 to grant a shorter stay for good cause to facilitate an orderly transition.
2. The trial court had discretion to consider a modest stay lasting weeks or months, but not a stay through 2036 or the requested ten-year period. Any extension beyond May 1, 2017 should be supported by bonding or other advance security protecting MBP against rent, taxes, insurance, waste, and other liabilities caused by the stay.
3. The ground lease did not provide an unspecified post-termination period for the Association or homeowners to remove their homes. It required surrender of the property without buildings or structures at the end of the lease term, and repossession upon default pursuant to Vermont law.

KEY QUOTATIONS

“The trial court had the discretion to consider the Association’s more modest and defensible requests for a shorter term stay of execution to facilitate the homeowners’ transition.” (¶ 12)

“Although the trial court has the authority to stay execution of the judgment of possession pursuant to 12 V.S.A. § 4854, the court’s discretion does not extend to essentially undoing the parties’ contract and the consequences of the Association’s forfeiture under that agreement.” (¶ 10)

FACTUAL BACKGROUND

MBP owned land in Colchester containing seasonal camps held under a ground lease with the Association. The Association substantially breached the lease by failing to perform required repairs and maintenance, including measures to prevent severe erosion and damage to the lakefront embankment. In the prior appeal, the Supreme Court held that MBP was entitled to terminate the lease and obtain possession; the present appeal concerned the permissible duration and terms of a stay of the writ of possession.

PROCEDURAL HISTORY

MBP previously obtained a ruling that the Association substantially defaulted under the ground lease and that MBP was entitled to terminate the lease and receive a writ of possession. On remand, the trial court entered judgment terminating the lease and granted a stay of the writ through May 1, 2017, but concluded it lacked authority to grant a longer stay based on equitable hardship. The Vermont Supreme Court reversed in part and remanded for the trial court to exercise its statutory discretion under 12 V.S.A. § 4854.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The trial court must exercise its discretion under 12 V.S.A. § 4854 regarding whether to grant a longer, limited stay than the October 31 order provided. Any extension beyond May 1, 2017 should be conditioned on a bond or other sufficient advance security for rental payments, property taxes, insurance, waste-related losses, and other liabilities identified by the trial court. If the required security was not provided by May 1, 2017, the writ of possession was to issue without further hearing.

CASES CITED

- Mongeon Bay Properties, LLC v. Mallets Bay Homeowner's Association, 2016 VT 64, 149 A.3d 940
- State v. Tierney, 138 Vt. 163, 165, 412 A.2d 298, 299 (1980)
- State v. Cavett, 2015 VT 91, 199 Vt. 546, 126 A.3d 1287