

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
LOUISIANA

Mary M. Monteleone, et al. v. CMH Homes, Inc. d/b/a Freedom
Homes 650, et al.

Monteleone · No. 26-494 · Decided May 21, 2026

SUMMARY

The United States District Court for the Eastern District of Louisiana considered defendants’ motion to compel arbitration and stay proceedings in a dispute involving alleged mold-related defects in a manufactured home. The court held that the binding dispute resolution agreement was valid and encompassed Mary Monteleone’s claims, and that Katie and William Monteleone’s individual claims were also subject to arbitration under direct-benefits estoppel. The court denied arbitration as to claims brought by Katie and William on behalf of their minor children and stayed the entire case pending arbitration.

CASE DETAILS

COURT	United States District Court for the Eastern District of Louisiana
WRITING FOR THE COURT	Barry W. Ashe
JURISDICTION	United States District Court for the Eastern District of Louisiana
DECIDED	May 21, 2026
DOCKET	26-494
DISPOSITION	other
PROCEDURAL POSTURE	Defendants removed plaintiffs' Louisiana state-court action to federal court on diversity grounds and moved under the Federal Arbitration Act to compel arbitration and stay the proceedings.
STANDARD OF REVIEW	The court applied the Federal Arbitration Act's two-step arbitrability analysis: whether a valid agreement to arbitrate exists and whether the dispute falls within its scope, followed by consideration of whether any federal statute or policy renders the claims nonarbitrable. Contract formation was evaluated under ordinary Louisiana state-law principles.
PRECEDENTIAL VALUE	unpublished; nonprecedential district court order

PARTIES

CMH Homes, Inc. d/b/a Freedom Homes 650, Wimbledon Properties, LLC, Clayton Properties Group, Inc. v. Mary M. Monteleone, Katie Monteleone, William Monteleone, G.M., D.M.

TOPICS

arbitration

civil procedure

contracts

construction law

consumer protection

PRACTICE AREAS

arbitration

civil procedure

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QUESTIONS PRESENTED

1. Whether Mary's binding dispute resolution agreement was valid under Louisiana contract law despite her assertions of error and adhesion.
2. Whether the plaintiffs' claims fell within the broad scope of the arbitration agreement.
3. Whether Katie and William, as nonsignatories, were bound by the arbitration agreement through direct-benefits estoppel.
4. Whether Katie and William could bind their minor children to arbitration without judicial authorization under Louisiana Civil Code article 3101.
5. Whether the entire action should be stayed pending arbitration of the arbitrable claims.

HOLDINGS

1. The binding dispute resolution agreement was valid and enforceable. Mary did not establish that her consent was vitiated by error, and the agreement was not adhesiory.
2. The broad arbitration agreement encompassed Mary's claims arising from the purchase, ownership, occupancy, design, construction, and alleged defects in the home, so those claims had to be arbitrated.
3. Katie and William were bound by the arbitration agreement as to their individual claims under Louisiana's direct-benefits-estoppel doctrine.
4. Katie and William could not bind G.M. and D.M. to the arbitration agreement because Louisiana Civil Code article 3101 requires court authorization before tutors bind minors to arbitration.

KEY QUOTATIONS

"If the issues in a case are within the reach of that arbitration agreement, the district court has no discretion under section 3 to deny the stay." (§ III)

"In Louisiana, a party who signs a written instrument is presumed to know its contents and cannot avoid its obligations by contending that he did not read it, that he did not understand it, or that the other party failed to explain it to him." (§ III.A.1)

"Direct benefits estoppel involves nonsignatories who, during the life of the contract, have embraced the contract despite their nonsignatory status but then, during litigation, attempt to repudiate the arbitration

clause in the contract.”” (§ III.B)

“”[E]quitable estoppel is not available [to enforce an arbitration clause when] it conflicts with the positive law”” (§ III.C)

FACTUAL BACKGROUND

Mary Monteleone purchased a modular home from CMH Homes and signed a binding dispute resolution agreement requiring mediation and, if unsuccessful, arbitration of broadly defined disputes relating to the home, its purchase, and its design and construction. Katie and William Monteleone and their minor children later occupied the home, where plaintiffs alleged recurring toxic mold caused by defects in the ventilation system and asserted warranty, statutory, contract, and tort claims. Mary signed the arbitration agreement electronically on the same day as the sales and closing agreements, both of which referenced the arbitration agreement.

PROCEDURAL HISTORY

Plaintiffs filed suit in Louisiana state court on January 5, 2026, alleging claims arising from alleged mold, design, and construction defects in a manufactured home. Defendants removed the action based on diversity jurisdiction and moved to compel arbitration under a binding dispute resolution agreement signed by Mary Monteleone. The court granted arbitration as to Mary's claims and Katie and William's individual claims, denied arbitration as to claims asserted by Katie and William on behalf of their minor children, and stayed the entire case pending arbitration.

DISPOSITION

other

CASES CITED

- Texaco Expl. & Prod. Co. v. AmClyde Engineered Prods. Co., 243 F.3d 906, 909 (5th Cir. 2001)
- Dean Witter Reynolds Inc. v. Byrd, 470 U.S. 213, 217 (1985)
- In re Hornbeck Offshore (1984) Corp., 981 F.2d 752, 754 (5th Cir. 1993)
- Iberia Credit Bureau, Inc. v. Cingular Wireless LLC, 379 F.3d 159, 166 (5th Cir. 2004)
- Morgan v. Sundance, Inc., 596 U.S. 411, 418 (2022)
- Jones v. Halliburton Co., 583 F.3d 228, 233-34 (5th Cir. 2009)
- Sherer v. Green Tree Servicing LLC, 548 F.3d 379, 381 (5th Cir. 2008)
- Fleetwood Enters., Inc. v. Gaskamp, 280 F.3d 1069, 1073 (5th Cir. 2002)
- First Options of Chi., Inc. v. Kaplan, 514 U.S. 938, 944 (1995)
- Finta-Volpati v. Volpati, 428 So. 3d 759, 768 (La. App. 2025)
- Rodriguez v. Ed's Mobile Homes of Bossier City, 889 So. 2d 461, 464 (La. App. 2004)
- Quebedeaux v. Sunshine Homes Inc., 941 So. 2d 162, 164-65 (La. App. 2006)
- Mapp, LLC v. Floor & Decor Outlets of Am., Inc., 2025 WL 2732375, at *5 (E.D. La. Aug. 25, 2025)
- Duhon v. Activelaf, LLC, 411 So. 3d 605, 611 (La. 2016)

- Bernard v. Kabco Builders, Inc., 2016 WL 8710076, at *4-9 (W.D. La. Feb. 12, 2016), adopted, 2016 WL 937381 (W.D. La. Mar. 3, 2016)
- Brown v. CMH Mfg., Inc., 2014 WL 4298332, at *11 (S.D.W. Va. Aug. 29, 2014)
- Georgetown Home Owners Ass'n, Inc. v. Certain Underwriters at Lloyd's, London, 2021 WL 359735, at *13 (M.D. La. Feb. 2, 2021)
- Geovera Specialty Ins. Co. v. Odoms, 836 F. App'x 197, 202 (5th Cir. 2020)
- Evans v. CMH Homes, Inc., 2024 WL 5110178, at *3-4 (E.D. La. Dec. 13, 2024)
- AT&T Techs., Inc. v. Commc'ns Workers of Am., 475 U.S. 643, 648 (1986)
- Moses H. Cone Mem'l Hosp. v. Mercury Constr. Corp., 460 U.S. 1, 24-25 (1983)
- Wisener v. CMH Homes, Inc., 2022 WL 17839010, at *1, *5 (N.D. Ala. Dec. 21, 2022)
- Snyder v. Belmont Homes, Inc., 899 So. 2d 57, 64 (La. App. 2005)
- Billieson v. City of New Orleans, 863 So. 2d 557, 562 (La. App. 2003)
- Jacks v. CMH Homes, Inc., 856 F.3d 1301, 1306 (10th Cir. 2017)
- Traders' Mart, Inc. v. AOS, Inc., 268 So. 3d 420, 427-28 (La. 2019)
- Police Jury of Calcasieu Par. v. Indian Harbor Ins. Co., 395 So. 3d 717, 729 (La. 2024)
- Esch v. CMH Homes, Inc., 2024 WL 716054, at *3 n.5 (N.D. Miss. Feb. 20, 2024)
- Harvey v. Joyce, 199 F.3d 790, 795-96 (5th Cir. 2000)
- Perry v. Thomas, 482 U.S. 483, 490 (1987)

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