SUPREME COURT OF SOUTH CAROLINA

Lewis v. Premium Investment Corp., 351 S.C. 167

568 S.E.2d 361 (2002) · No. No. 25510 · Decided August 5, 2002

SUMMARY

The Supreme Court of South Carolina considered whether a strict forfeiture provision in an installment land contract barred a defaulting purchaser from seeking equitable redemption. The court held that equity may relieve a purchaser from forfeiture and provide an opportunity for redemption when warranted by the circumstances, and remanded for that determination. The court affirmed the Court of Appeals as modified.

CASE DETAILS

COURT	Supreme Court of South Carolina
WRITING FOR THE COURT	Justice Burnett; Chief Justice Toal; Justice Moore; Justice Pleicones; Acting Justice George T. Gregory, Jr.
JURISDICTION	South Carolina
DECIDED	August 5, 2002
DOCKET	No. 25510
DISPOSITION	remanded
PROCEDURAL POSTURE	The Supreme Court of South Carolina granted certiorari to review the Court of Appeals' reversal of a master-in-equity's decision enforcing an installment land contract's forfeiture provision.
STANDARD OF REVIEW	The court reviewed the legal issue concerning enforceability of the forfeiture provision and the existence of an equitable right of redemption on certiorari; the underlying action was in equity.
PRECEDENTIAL VALUE	Published opinion; binding South Carolina Supreme Court precedent.
PARTIES	Premium Investment Corporation v. William Lewis

TOPICS

contracts · real estate · remedies · specific performance real estate · equitable relief

PRACTICE AREAS

Contract law · Real property · Equitable remedies

QUESTIONS PRESENTED

1. Whether an installment land contract's strict forfeiture provision may be enforced without allowing a defaulting purchaser an opportunity to redeem.
2. Whether equitable principles permit a court to relieve a defaulting purchaser from forfeiture when enforcement would constitute an inequitable penalty.

HOLDINGS

1. A court of equity may relieve a defaulting purchaser from a strict forfeiture provision in an installment land contract and provide an opportunity for redemption when equity so demands.
2. Lewis was not automatically entitled to redemption on the existing record; the case had to be remanded for the master-in-equity to determine whether an equitable right of redemption existed under the circumstances.

KEY QUOTATIONS

> *"Equity does not favor forfeitures or penalties and will relieve against them when practicable in the interest of justice."* (at 172)

> *"For the above reasons, we hold courts of equity can relieve a defaulting purchaser from the strict forfeiture provision in an installment land contract and provide the opportunity for redemption when equity so demands."* (at 173-74)

FACTUAL BACKGROUND

In 1976, William Lewis entered an installment sales contract to purchase North Myrtle Beach real estate from Premium Investment Corporation. Lewis made 141 of approximately 182 monthly payments, then stopped paying after July 1988. Premium mailed a cancellation notice in October 1989, which was returned unclaimed; Lewis later attempted to resume payments, but Premium refused his tender. The contract stated that after a thirty-day payment default, Premium could terminate the contract and retain prior payments as rent.

PROCEDURAL HISTORY

Lewis sued Premium Investment Corporation for breach of contract and specific performance after Premium declared the installment sales contract terminated following Lewis's payment default. The master-in-equity found Lewis in default and held that Premium could terminate the agreement. The Court of Appeals reversed, concluding that Lewis held an equitable interest and a nonwaivable right of redemption. The Supreme Court affirmed as modified and remanded for a determination whether redemption was equitable under the circumstances.

DISPOSITION

remanded

REMAND INSTRUCTIONS

Remanded to the master-in-equity to determine whether the purchaser has an equitable right of redemption under the circumstances.

CASES CITED

- Lewis v. Premium Investment Corp., 341 S.C. 539, 535 S.E.2d 139 (Ct. App. 2000)
- C.A.N. Enterprises, Inc. v. South Carolina Health & Human Services Finance Commission, 296 S.C. 373, 373 S.E.2d 584 (1988)
- Gambrell v. Travelers Insurance Cos., 280 S.C. 69, 310 S.E.2d 814 (1983)
- Tate v. Le Master, 231 S.C. 429, 99 S.E.2d 39 (1957)
- Kirkland Distributing Co. of Columbia, S.C. v. United States, 276 F.2d 138 (4th Cir. 1960)
- South Carolina Department of Health and Environmental Control v. Kennedy, 289 S.C. 73, 344 S.E.2d 859 (Ct. App. 1986)
- Lane v. New York Life Insurance Co., 147 S.C. 333, 374, 145 S.E. 196, 209 (1928)
- Dempsey v. Huskey, 224 S.C. 536, 80 S.E.2d 119 (1954)
- Bartles v. Livingston, 282 S.C. 448, 319 S.E.2d 707 (Ct. App. 1984)
- Southern Pole Buildings, Inc. v. Williams, 289 S.C. 521, 347 S.E.2d 121 (Ct. App. 1986)
- Brook v. Council of Co-Owners of Stones Throw Horizontal Property Regime I, 315 S.C. 474, 445 S.E.2d 630 (1994)
- Collier v. Green, 244 S.C. 367, 137 S.E.2d 277 (1964)
- Wilder Corp. v. Wilke, 324 S.C. 570, 479 S.E.2d 510 (Ct. App. 1996)