

## Client Challenge

### Where to park

In the simplest terms, the Manchester Oaks case was about parking spaces. The HOA, in that case, had implemented a parking policy that reserved parking spaces for some but not all homeowners in the community. However, the issues in that case have much broader applicability and can be applied to any situation where a homeowners association or condominium is treating members unfairly or inequitably.

## Approach

At issue in the Manchester Oaks case was whether, and to what extent, the Association could limit the use of common area parking spaces in the Manchester Oaks town-home community. The Association assigned the parking spaces preferentially, by designating two spaces for each “ungaraged” lot, but no spaces for lots containing garages. When Owners of “garaged” lots challenged the preferential designation of parking spaces to “non-garaged” Lots, the Association amended its Declaration to create “Reserved Common Area,” which included the right of the Association to designate two parking spaces for the exclusive use by each “non-garaged” lot owner on a non-uniform and preferential basis.

This amendment, however, was ruled invalid by the trial court for a number of reasons, including (i) the absence of adequate notice of the meeting to vote on the amendment under the Declaration; (ii) the fact that the use of proxies was not expressly authorized in the Declaration; and, (iii) that the effect of the amendment was an improper forfeiture of the “garaged” lot owners’ easement rights. Having agreed with the trial court that the amendment was invalid, the Virginia Supreme Court then turned to whether the original language of the Declaration authorized the Association to assign parking spaces only to the “non-garaged” lot owners, to the exclusion of the “garaged” lot owners. To answer this question, the Supreme Court analyzed the definitions of the terms “common area” and “in common” and concluded that equality was inherent within each definition. The Virginia Supreme Court held that “any assignment of parking spaces undertaken pursuant to... [the Declaration] must benefit all lot owners equally without regard to the type of lot owned.” *Manchester Oaks Homeowners Ass’n, Inc. v. Batt*, 284 Va. 409, 417, 732 S.E.2d 690, 695 (2012).



## Real Estate

Related Practice Areas: Commercial Litigation / Community Association



## Our Role

Represented client and related homeowners against homeowners association

# Impact and Solution

## Parking Spaces for All and More

For those reasons, the Supreme Court held in favor of the owners of the “garaged” lots and ruled that the Association must assign the parking spaces equally, no matter the type of lot owned.

At their core, the issues in the Manchester Oaks case concerned the fundamental notion that a homeowner’s association or condominium association must follow its own rules and must treat all members fairly and equitably. The rules that are set forth in an HOA’s or condo association’s Bylaws, Declaration, and Covenants are not only binding on members of the association; they also provide strict limits on what the association itself is able to do. And just as an association member can be penalized for not following the rules, the association itself can also be held responsible for breaking its own rules or exceeding the scope of its authority.

These issues also impact on fundamental property rights of the members of a homeowner’s association or condominium association. An association’s property rights—in common areas or common elements—are strictly limited by recorded deeds, and applicable easements. Only in rare circumstances, and subject to the applicable rules and bylaws, does an association have the authority to privatize common elements, annex the property of association members, or alter the easement rights of members.

Perhaps the most significant issue in the Manchester Oaks case was the question of legal fees. In the US, the general rule is that each party in a lawsuit pays for its own lawyers. However, the costs of litigation can easily rise into the tens- or hundreds-of-thousands of dollars. In the case of an association dispute, the legal fees create a fundamental imbalance because a member must pay his or her own legal fees while the association can use association funds—which were initially paid by the members themselves—to defend the case. As the association can typically levy a special assessment or otherwise increase member dues to fund a litigation, an association has virtually unlimited resources to devote to legal disputes, unlike most members.

Prior to the Manchester Oaks decision, Virginia courts were unclear on how to interpret the applicable provisions of the Virginia Property Owners’ Association Act and the Virginia Condominium Act, which were somewhat ambiguous. Both laws clearly allowed an Association to recover its legal fees if it sued an association member for non-payment of dues or other rules violations, but the laws were not entirely clear on whether an association member could also recover legal fees for challenging an association for violating its own rules or otherwise exceeded its authority. Ultimately, the Virginia Supreme Court decided in favor of fairness, allowing association members to recover their legal fees, which promotes access to justice for all association members in the beginning of it all or if you want to be

## Attorney Testimonial

*“In winning the Manchester Oaks case, we not only achieved a great result for our clients, we also made a lasting impact on Virginia law that continues to benefit homeowners to this day.”*

– David Ludwig, Managing Partner,  
Dunlap Bennett & Ludwig

**Doing Better Law.**

