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Worthwhile Legal News and Commentary

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May Real Estate Update | SJ Enterprises, LLC v. Quander

29 May 2019

On May 16, 2019, the District of Columbia Court of Appeals issued a new opinion in *SJ Enterprises, LLC v. Quander* that is of significant importance.

In this matter, Dianne Quander leased commercial premises to SJ Enterprises, LLC for an initial term of five years with two additional five year renewal options. The initial term was set to expire on November 30, 2015 and, per the terms of the lease, SJ Enterprises was to notify Ms. Quander of its intent to exercise the renewal option between December, 2014 and July, 2015. SJ Enterprises did not timely exercise its option. Nevertheless, on September 16, 2015—two months after the option period expired—Ms. Quander emailed SJ Enterprises with a subject line entitled, “reminder of lease increase and renewal” and stated:

I just wanted to remind you that your first five year lease agreement comes to an end on November 30, 2015. Please confirm that you want to continue with the lease. There is an increase of 3% each year starting in December, 2015 and the rent will be $4326 a month.

SJ Enterprises responded favorably and remained in the premises. On March 16, 2016, Ms. Quander issued a Notice to Vacate. SJ Enterprises filed suit shortly thereafter and Ms. Quander counterclaimed demanding a non-redeemable judgment for possession. While the trial court determined that the parties had entered into a new lease agreement through their email exchange, the Court of Appeals did not agree.

In reversing the trial court, the Court of Appeals noted that renewal options, including their deadlines, are strictly construed in the District of Columbia. However, a landlord can waive his or her right to timely notice of a renewal option and “in effect, resurrect the option belatedly, through words or conduct.” The Court of Appeals held that the “most obvious” example of the landlord’s intent to waive her rights to timely notice was her use of the term “renewal” in the email coupled with the fact that she failed to take steps after the close of the renewal period in July 2015.

One could presume from the Court of Appeals decision that the landlord’s waiver has led not just to one five year option, but that the tenant may ultimately exercise—presumably timely—its second option. The landlord’s “reminder” email may result in a tenancy of an additional 10 year period regardless of the landlord’s wishes.

Jackson & Campbell, P.C. represents landlords, developers, and real estate professionals in Maryland, Virginia, and Washington, D.C. and we strive to keep our clients up to date on various developments in the law. If you have any questions about this case or laws impacting real estate in the region, feel free to contact our Real Estate Litigation and Transactions Practice Group.

This summary is not intended to contain legal advice or to be an exhaustive review. If you have any questions regarding this case, please contact Chris A. Glaser *at Jackson & Campbell, P.C.*

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MAY REAL ESTATE UPDATE | SJ ENTERPRISES, LLC V. QUANDER

TAGGED: dc real estate, SJ Enterprises LLC v. Quander, District of Columbia Court of Appeals, Notice to Vacate, landlord tenant agreements