IN THE
SUPREME COURT OF THE REPUBLIC OF PALAU
APPELLATE DIVISION

TEREKIEU CLAN, represented by OUDELCHAD BRENDA N. RENGIIL and AUGUSTA RENGIIL,
Appellants,
v.

BERENGIEI MASAMI,
Appellee.

Cite as: 2024 Palau 6
Civil Appeal No. 23-012
Appeal from Civil Action No. 21-024

Decided: February 12, 2024

Counsel for Appellants .... Raynold B. Oilouch
Counsel for Appellee .... William L. Ridpath

BEFORE: OLDIAIS NGIRAIKELAU, Chief Justice, presiding
FRED M. ISAACS, Associate Justice
DANIEL R. FOLEY, Associate Justice

Appeal from the Trial Division, the Honorable Lourdes F. Materne, Associate Justice, presiding.

OPINION

PER CURIAM:

[¶ 1] This appeal involves a residential lease dispute resulting from an incomplete lease agreement's description of the leased premises. Appellant Terekieu Clan presents several issues on appeal, each relying on the assumption that the trial court awarded an entire lot to Appellee Masami. Masami asserts the court did not award her the entire lot but concedes a remand might be necessary to determine what part of the lot is included in the leased

premises. We cannot discern whether the court awarded Masami the entire lot when it referred to "the entire area, including the disputed area." Furthermore, the court's decision fails to establish relevant facts and does not separate its limited factual findings from its conclusions of law. We need established facts to properly consider the lease agreement and apply relevant contract law on appeal.

[¶ 2] For the reasons set forth below, we **VACATE and REMAND** for further proceedings consistent with this opinion.

BACKGROUND

[¶ 3] This appeal stems from a trial court decision granting Appellee Masami's request for a judgment declaring that Appellant Terekieu Clan breached the covenant of peaceful enjoyment provided in their residential lease agreement. Terekieu Clan and Masami entered into that lease as part of a stipulated judgment after attending mediation.[1] Their lease agreement describes the leased premises as:

> 900 square meters of Cadastral Lot 064 B 04, a lot located in Iyebukel Hamlet, Koror, Palau, in accordance with the Certificate of Title issued to Terekieu Clan on August 27, 2012.
>
> The 900 meters includes the land under the house currently occupied by the Lessee on Cadastral

[1] Stipulated J., *Terekieu Clan v. Alan Seid*, Civil Action No. 16-103, at 2 (Tr. Div. May 11, 2017). The trial court's failure to establish certain facts makes reciting the background in this and related cases difficult. Masami alleges she previously leased land on Cadastral Lot 64 B 04 from Koror State Public Lands Authority (KSPLA) and built three homes and other structures on the lot. Defs.' Answer and Countercl., *Terekieu Clan v. Alan Seid*, Civil Action No. 16-103, at 8 (Tr. Div. Dec. 12, 2016) [hereinafter Defs.' Contercl.]. Terekieu Clan claimed ownership of Cadastral Lot 64 B 04 and filed suit to eject Masami and her family. Compl., *Terekieu Clan v. Alan Seid*, Civil Action No. 16-103, at 3-4 (Tr. Div. Nov. 2, 2016). Masami counterclaimed, seeking reimbursement in the amount of $600k for the homes and structures built on the land. Defs.' Countercl. 9. Terekieu Clan representatives alleged they were not obligated to compensate Masami for those improvements. Pls.' Reply to Defs.' Countercl., *Terekieu Clan v. Alan Seid*, Civil Action No. 16-103, at 4 (Tr. Div. Jan. 3, 2017). The court referred the case to mediation. Joint Motion for Referral to Mediation, *Terekieu Clan v. Alan Seid*, Civil Action No. 16-103 (Tr. Div. Jan. 13, 2017).

> Lot 064 B 04, the open area between the house and the roadway, and the area that the home of Dwight Masami encroaches into Cadastral Lot 064 B 04. The specific outlines of the leased area are shown in the attached map labeled Exhibit A which is signed by the Lessor and the Lessee and incorporated herein as part of this lease agreement.

Appellant's Opening Br. App. Ex. E, at 1 § 1.

[¶ 4] Although the premises description refers to an "attached map labeled Exhibit A," no such map exists. According to the Clan, the parties agreed to create the map after surveying the land to determine what part of the lot the 900 square meters would include. Appellant's Opening Br. 6. Before completing the survey, Brenda, one of the Clan's representatives, allowed her son-in-law to clean and clear land on the property. *Id.* at 7. Brenda's daughter and son-in-law sought to build an apartment complex on the open area between the house and the roadway. Decision, *Alan Seid v. Terekieu Clan*, Civil Action No. 21-024, at 2 (Tr. Div. Apr. 19, 2022) [hereinafter Tr. Div. Decision]. Consequently, "an argument began, which led to the filing of the instant case by Berengiei in the court below." Appellant's Opening Br. 6.

[¶ 5] During trial, the parties presented several witnesses. One witness, Mr. Alan Seid, is married to Masami's daughter and "played a major part of negotiating the terms of the Lease Agreement." Tr. Div. Decision 2-3. Seid testified that: during negotiations he confirmed lawyers for both parties increased the size of the leased premises from 790 to 900 square meters so Masami could keep additional parts of the lot;[2] he knew the entire lot was 1,385

[2] Tr. on Trial Proceedings 49. (Alan Seid: "If you look at this map, it shows a square meter of 790 square meter on this lot. So, when I asked [Terekieu Clan's] lawyer and asked my lawyer, are we increasing this size to 900 to accommodate the area for Dwight Masami's buildings, and the answer is yes. The 900 square meter includes all of [Appellee Masami's] house and all of Dwight's encroachment."). Also, according to land registration records, Masami's previous lease with KSPLA was for 790 square meters, which supports Seid's testimony. *See* LAND RECORD BOOK NO. 28, line 1720 (1996) (listing a residential lease agreement between KSPLA and Berengiei Masami in Iyebukel for 790 square meters). Attorney Yukiwo P. Dengokl, witness for Appellee Masami, also admitted during cross-examination that he knew the lot was

square meters before the parties signed the lease; and the parties had access to the Certificate of Title for Cadastral Lot 064 B 04 during negotiations, which lists the lot size as 1,385 square meters.[3]

[¶ 6] In its decision, the court presented the issue as "revolv[ing] around the open area between the house and the roadway, and the area that the home of Dwight Masami encroaches into (herein, 'disputed area'), which both parties claim." Tr. Div. Decision 1. The court determined the terms of the lease are "slightly contradictory" because the lease "refers to the leased area as 900 square meters" whereas "a new survey indicates that actually the area under the home is approximately 900 square meters, while the home in addition to the disputed area together are 1,385 square meters." *Id.* at 2. The court noted that the lease "refers to the disputed area as part of the lease" and concluded that "both parties were relying on the mistaken belief that the entire area, including the disputed area, is 900 square meters." *Id.* at 3. As such, the court ruled in favor of Masami, "verif[ying] that the disputed area is part of the Lease" and ordering the Clan "to cease breaches to the covenant of peaceful enjoyment of the land." *Id.* at 4. The Clan appeals this determination.

STANDARD OF REVIEW

[¶ 7] We review matters of law de novo, findings of fact for clear error, and exercises of discretion for abuse of that discretion. *Ngirmeriil et al. v. Terekieu Clan*, 2023 Palau 21 ¶ 12. The court's "interpretation of a contract is a matter of law, which we review de novo." *Anastacio v. Eriich*, 2016 Palau 17 ¶ 8. However, when that interpretation "includes review of factual extrinsic evidence, the findings of fact are reviewed for clear error, and the principles of law applied to those facts are reviewed de novo." *Id.* The trial court's decision must demonstrate "an understanding analysis of the evidence, a resolution of the material issues of fact that penetrate beneath the generality of conclusions,

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greater than 900 square meters. *Id.* at 111 (Mr. Oilouch: "Okay. Now, the Lease Agreement that was prepared for [Masami] was only for 900 square meters, so it was clear that it is only for the portion of the land that [Masami] was supposed to lease?" Mr. Dengokl: "Yeah, I mean, thirteen hundred (1,300) minus nine hundred (900) leaves something, yes, so that's right.").

[3] Tr. on Trial Proceedings 57-58. The premises description quoted above also states it is "in accordance with the Certificate of Title issued to Terekieu Clan on August 27, 2012." Appellant's Opening Br. App. Ex. E, at 1 § 1.

and an application of the law to the facts." *Beouch v. Sasao*, 16 ROP 116, 118-19 (2009). Additionally, "the court must find the facts specially and state its conclusions of law separately." ROP R. CIV. P. 52(a).

DISCUSSION

[¶ 8] Appellant Terekieu Clan presents four issues on appeal. The first issue is whether the trial court violated Terekieu Clan's due process rights by disregarding facts established in the court's summary judgment order when it awarded the entire lot to Appellee Masami. The second issue is whether the court abused its discretion by awarding the entire lot to Masami. The third issue is whether the court clearly erred by awarding the entire lot to Masami despite evidence presented at trial. The fourth and final issue is whether the court abused its discretion by failing to rule on Terekieu Clan's counterclaims. These issues assume the court awarded the entire lot to Masami. As such, we need to understand whether the court awarded the entire lot to Masami, and we need the court to properly establish relevant findings of fact.

[¶ 9] The trial court's decision found the parties mistakenly believed "the entire area, including the disputed area, is 900 square meters." Tr. Div. Decision 3. The court also referred to a survey that indicates "the home in addition to the disputed area together are 1,385 square meters." *Id.* at 2. This seems to imply the court found the parties mistakenly believed the entire lot, which is 1,385 square meters, was included in the leased premises. The court, moreover, ruled in favor of Masami, seemingly reforming the leased premises to include the entire lot under a theory of mistaken belief.[4]

[¶ 10] Terekieu Clan representatives assert they knew the entire lot was 1,385 square meters and did not mistakenly believe it to be 900 square meters. Appellant's Opening Br. 10-11. Masami seeks "to clarify the scope of the Trial Court's Decision and Judgment" by stating that "[n]either did Ms. Masami

[4] If the parties mistakenly believed the leased premises included the entire lot, the proper remedy on appeal would likely be an equitable remedy of rescission or reformation. 77 Am. Jur. 3d *Proof of Facts* § 1 (2023) ("[A] mutual mistake in the drafting of a lease, such that it does not express the true intentions of the parties, is grounds for reformation, whereas a mistake in the making of the lease, such that no meeting of the minds ever occurred as to essential terms, is grounds for cancellation."). To determine the appropriate remedy, however, we would need to consider established findings of fact.

argue at trial, nor, contrary to the Clan's statements on this appeal, did the Trial Court award 'the entire lot' to Appellee." Appellee's Resp. Br. 1-2. Masami, however, concedes that "[i]f this matter were to be remanded to the Trial Court, Ms. Masami suggests that it would be for the limited purpose of determining, consistent with the Lease's textual property description, the parts of Lot No. 064 B 04 that are not subject to the Lease Agreement." *Id.* at 2.

[¶ 11] Appellant's assertions and Appellee's concessions, together with the evidence presented at trial, suggest they knew the leased premises included only a portion of the entire lot. Hence, if the trial court found the parties mistakenly believed the leased premises included the entire lot, the court clearly erred. On remand, the trial court should establish relevant facts and separate those findings of fact from its conclusions of law. To prevent further confusion, the court should define and use key terms, such as the "leased premises," the "disputed area," and the "entire lot." To maintain clarity, the court should avoid using such key terms interchangeably, as it did when it stated, "the entire *area*, including the disputed area." Tr. Div. Decision 3 (emphasis added).

CONCLUSION

[¶ 12] For the foregoing reasons, we **VACATE** and **REMAND** the Trial Division's decision for further proceedings consistent with this opinion.