

THE STATE OF SOUTH CAROLINA
In the Court of Appeals

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SC Court of Appeals

APPEAL FROM DORCHESTER COUNTY
Court of Common Pleas

The Honorable George M. McFaddin, Jr.

Case No. 2018-CP-18-01436
Appellate Case No.: 2020-000985

MONICA BROWN-GANTT Appellant

v.

CENTEX REAL ESTATE COMPANY, LLC and CENTEX HOMES, A NEVADA
GENERAL PARTNERSHIP Defendants

And

CENTEX REAL ESTATE COMPANY, LLC and CENTEX HOMES, A NEVADA
GENERAL PARTNERSHIP Third-Party Plaintiff

v.

FLOORS, INC., successor by merger to RICE PLANTERS CARPETS, INC., subsequently
known as CREATIVE TOUCH INTERIORS, INC. d/b/a HD SUPPLY INTERIOR SOLUTIONS
and now known as ISI DESIGN AND INSTALLATION SOLUTIONS, INC., J.H. LEE
MASONRY, INC. a/k/a JAMES H. LEE MASONRY, INC., DVS, INC., MCDANIEL
CONSTRUCTION CO., LLC a/k/a MCDANIEL CONSTRUCTION, INC., and
ALL-AMERICAN ROOFING, INC. Third-Party Defendants

Of which CENTEX REAL ESTATE COMPANY, LLC and CENTEX HOMES, A NEVADA
GENERAL PARTNERSHIP are the Respondents

FINAL BRIEF OF APPELLANT

SMITH | CLOSSER | WHEELER, PA

William K. Kalivas, Esquire
SC Bar No. 80201, wkalivas@scnlaw.com
7455 Cross County Road, Ste 1 (29418)
P.O. Box 40578, Charleston, SC 29423
843-760-0220; 843-552-2678 (fax)
Attorneys for Monica Brown-Gantt

TABLE OF CONTENTS

Table of Authorities.....	4
Statement of Issues on Appeal.....	6
Statement of Case.....	7
Standard of Review.....	8
Facts.....	9
Argument.....	10-18
I. The Circuit Court erred when it granted Respondent’s Motion for Summary Judgment because the parties did not have an opportunity to engage in full and fair discovery.	10-12
II. The Circuit Court erred in finding that the statute of limitations barred Appellant’s claims because there exists a genuine issue of material fact as to when the discovery rule should apply.....	12-14
III. The Circuit Court erred in finding that the statute of limitations barred Appellant’s claims because Respondents were equitably estopped from asserting the statute of limitations as a defense.....	14-17
IV. The Circuit Court erred in finding that the statute of repose barred Appellant’s claims because the statute of repose does not bar claims of gross negligence.....	17-19
Conclusion.....	19

TABLE OF AUTHORITIES

South Carolina Cases

<i>Allwin v. Russ Cooper Associates, Inc.</i> , 2019 WL 208925 (Ct.App. 2019)	14
<i>Baird v. Charleston County</i> , 333 S.C. 519, 529, 511 S.E.2d 69 (1999)	10, 11
<i>Baril v. Aiken Reg'l Med. Ctrs.</i> , 352 S.C. 271, 573 S.E.2d 830 (Ct.App.2002)	10
<i>Baughman v. AT & T</i> , 306 S.C. 101, 410 S.E.2d 537 (1991)	10, 11
<i>Beckham v. Short</i> , 294 S.C. 415, 365 S.E.2d 42 (Ct.App. 1988), <i>aff'd</i> , 298 S.C. 348, 380 S.E.2d 826 (1989)	8
<i>Conner v. City of Forest Acres</i> , 348 S.C. 454, 560 S.E.2d 606 (2002)	10
<i>Cunningham v. Helping Hands, Inc.</i> , 352 S.C. 485, 575 S.E.2d 549 (2003)	10
<i>Dawkins v. Fields</i> , 354 S.C. 58, 69, 580 S.E.2d 433, 439 (2003)	10, 11
<i>Dillon County School Dist. No. Two v. Lewis Sheet Metal Works, Inc.</i> , 286 S.C. 207, 332 S.E.2d 555 (Ct.App. 1985)	14, 15, 16, 17
<i>Doe v. Batson</i> , 345 S.C. 316, 322, 548 S.E.2d 854, 857 (2001)	10, 11
<i>Hampton Hall, LLC v. Chapman Coyle Chapman & Associates AIA, Inc.</i> , No. 9:17-CV-1575-RMG, 2018 WL 6790308 (D.S.C. Dec. 26, 2018)	17, 18
<i>Hancock v. Mid-South Management Co., Inc.</i> , 381 S.C. 326, 673 S.E.2d 801 (2009)	8
<i>Holly Woods Ass'n of Residence Owners v. Hiller</i> , 392 S.C. 172, 708 S.E.2d 787 (Ct.App. 2011)	14
<i>Lanham v. Blue Cross & Blue Shield</i> , 349 S.C. 356, 563 S.E.2d 331 (2002)	10, 11
<i>Magnolia North Property Owners' Ass'n, Inc. v. Heritage Communities, Inc.</i> , 397 S.C. 348, 725 S.E.2d 112 (Ct.App. 2012)	15, 16, 17
<i>Manning v. Quinn</i> , 294 S.C. 383, 365 S.E.2d 24 (1988)	8
<i>McNair v. Rainsford</i> , 330 S.C. 332, 499 S.E.2d 488 (Ct.App. 1998)	10

<i>Murray v. Holnam, Inc.</i> , 344 S.C. 129, 542 S.E.2d 743 (Ct.App.2001)	10
<i>Redwend Ltd. P'ship v. Edwards</i> , 354 S.C. 459, 581 S.E.2d 496 (Ct.App. 2003)	10
<i>Rothrock v. Copeland</i> , 305 S.C. 402, 409 S.E. 2d 366 (1991)	8
<i>Trivelas v. South Carolina Dep't of Transp.</i> , 348 S.C. 125, 558 S.E.2d 271 (Ct.App.2001)	10
<i>Turner v. Milliman</i> , 392 S.C. 116, 121-22, 708 S.E.2d 766, 769 (2011)	8

Statutes and Court Rules

South Carolina Rule of Civil Procedure 56(c)	8
S.C. Code Ann. §15-3-670(A)	17

STATEMENT OF ISSUES ON APPEAL

- I. The Circuit Court erred when it granted Respondent's Motion for Summary Judgment because the parties did not have an opportunity to engage in full and fair discovery.
- II. The Circuit Court erred in finding that the statute of limitations barred Appellant's claims because there exists a genuine issue of material fact as to when the discovery rule should apply.
- III. The Circuit Court erred in finding that the statute of limitations barred Appellant's claims because Respondents were equitably estopped from asserting the statute of limitations as a defense.
- IV. The Circuit Court erred in finding that the statute of repose barred Appellant's claims because the statute of repose does not bar claims of gross negligence.

STATEMENT OF THE CASE

This is an appeal by Monica Brown-Gantt (“Brown”) of the order granting Centex Real Estate Company, LLC and Centex Homes, A Nevada General Partnership’s (“Centex”) Motion for Summary Judgment on October 18, 2019. Brown filed the Complaint on August 8, 2018 alleging, among other things, construction defects for work performed by Centex. Centex filed an Answer and Third-Party Complaint on October 12, 2018 denying the allegations in the Complaint and naming all the subcontractors on the project as Third-Party Defendants. Centex then filed its Motion for Summary Judgment on March 21, 2019.

A motion hearing was held on April 11, 2019 in Dorchester County before the Honorable George M. McFaddin, Jr., with the parties submitting memorandums in opposition to and in support of the motion on April 8 and April 11, respectively. After oral arguments, the motion was taken under advisement, and Brown and Centex filed additional memorandums on April 12 and April 15, respectively. On October 18, 2019, Judge McFaddin, Jr. filed the Order Granting Summary Judgment. Brown timely filed a Motion to Reconsider on October 25, 2019, and the same was denied by order on June 17, 2020. The Notice of Appeal to the Court of Appeals was filed on July 8, 2020, seeking review of the Circuit Court’s decision.

STANDARD OF REVIEW

“When reviewing a grant of summary judgment, appellate courts apply the same standard applied by the trial court pursuant to Rule 56(c), SCRCP.” *Turner v. Milliman*, 392 S.C. 116, 121-22, 708 S.E.2d 766, 769 (2011). The granting of a motion for summary judgment is appropriate only if there is no genuine issue as to any material fact and the moving party is entitled to judgment as a matter of law. SCRCP 56(c); *Beckham v. Short*, 294 S.C. 415, 365 S.E.2d 42 (Ct.App. 1988), *aff’d*, 298 S.C. 348, 380 S.E.2d 826 (1989). In determining if there are material issues of fact, all inferences from the facts and ambiguities must be viewed in the light most favorable to the party opposing the motion. *Manning v. Quinn*, 294 S.C. 383, 365 S.E.2d 24 (1988).

Accordingly, summary judgment is inappropriate if the facts are conflicting or the inference to be drawn from the facts are doubtful. *Rothrock v. Copeland*, 305 S.C. 402, 409 S.E.2d 366 (1991). More importantly, “in cases applying the preponderance of the evidence burden of proof, the non-moving party is only required to submit a mere scintilla of evidence in order to withstand a motion for summary judgment.” *Hancock v. Mid-South Management Co., Inc.*, 381 S.C. 326, 330, 673 S.E.2d 801 (2009).

FACTS

Appellant Monica Brown-Gantt (“Brown”) contracted with Respondents Centex Real Estate Company, LLC and Centex Homes, A Nevada General Partnership’s (“Centex”) for the purchase and construction of her home, located in Dorchester County. (R. p. 35). Brown’s home was completed in 2005, with a Certificate of Occupancy being issued by the Town of Summerville on November 15, 2005. (R. p. 5). Shortly after moving in, and continuing until present day, Brown experienced problems with the home. (R. p. 68, lines 10-21). These issues were consistently raised with Centex, and until as recently as May 2018, Centex assured Brown that they would inspect and/or repair the various issues. (R. p. 79, lines 9-18). However, after the last offer to assist Brown with the issues, Centex notified her by letter dated May 23, 2018 that it would no longer offer to repair the damage to the home. (R. p. 36).

After Brown received the letter, and it was clear Centex was not going to cure the defects, Brown was forced to file suit. (R. p. 36). Brown filed her Complaint against Centex on August 8, 2018, alleging causes of action for negligence/gross negligence/defective construction, breach of implied warranties, breach of contract, unfair trade practices, and negligent construction. (R. p. 5). On March 8, 2019, after all the Third-Party Defendants had been served, Brown served discovery requests on Centex. (R. p. 164). Centex filed its Motion for Summary Judgment on March 21, 2019, two days after the final Third-Party Defendant filed its responsive pleading. (R. p. 164).

ARGUMENT

I. The Circuit Court erred when it granted Respondent's Motion for Summary Judgment because the parties did not have an opportunity to engage in full and fair discovery.

South Carolina courts have continuously held that summary judgment is a “drastic remedy,” which should be cautiously invoked to avoid severing a person’s right to a trial of the disputed factual issues. *Cunningham v. Helping Hands, Inc.*, 352 S.C. 485, 575 S.E.2d 549 (2003); *Lanham v. Blue Cross & Blue Shield*, 349 S.C. 356, 563 S.E.2d 331 (2002); *Conner v. City of Forest Acres*, 348 S.C. 454, 560 S.E.2d 606 (2002); *Redwend Ltd. P'ship v. Edwards*, 354 S.C. 459, 581 S.E.2d 496 (Ct.App. 2003); *Baril v. Aiken Reg'l Med. Ctrs.*, 352 S.C. 271, 573 S.E.2d 830 (Ct.App.2002); *Trivelas v. South Carolina Dep't of Transp.*, 348 S.C. 125, 558 S.E.2d 271 (Ct.App.2001); *Murray v. Holnam, Inc.*, 344 S.C. 129, 542 S.E.2d 743 (Ct.App.2001); *McNair v. Rainsford*, 330 S.C. 332, 499 S.E.2d 488 (Ct.App. 1998).

Because it is such a “drastic remedy,” summary judgment must not be granted until the opposing party has had a full and fair opportunity to complete discovery. *Baird v. Charleston County*, 333 S.C. 519, 529, 511 S.E.2d 69 (1999) (citing *Baughman v. AT & T*, 306 S.C. 101, 410 S.E.2d 537 (1991)). See also *Dawkins v. Fields*, 354 S.C. 58, 69, 580 S.E.2d 433, 439 (2003); *Lanham*, 349 S.C. at 363, 563 S.E.2d at 334; *Doe v. Batson*, 345 S.C. 316, 322, 548 S.E.2d 854, 857 (2001). After the initial pleadings in this case, Appellant and Respondent agreed to undergo brief initial discovery, to include Centex’s discovery requests and a deposition of Brown, to see if this matter might settle prior to Centex serving the Third-Party Defendants. (R. p. 152, lines 10-14).

After the deposition, a settlement was not reached, and Centex began serving the Third-Party Complaint on the individual Third-Party Defendants. (R. p. 152, lines 15-18). The final Third-Party Defendant filed an Answer on March 19, 2019, two (2) days before the Motion for

Summary Judgment was filed by Centex. (R. p. 152, lines 17-20). Brown served her initial discovery requests on Centex on March 8, 2019, after she learned which Third-Party Defendants were going to be involved in the case. (R. p. 152, lines 17-24-p. 153, lines 5-6). The discovery requests were served almost two (2) weeks before the Motion for Summary Judgment was filed, and over thirty (30) days before the hearing on the Motion. (R. p. 152, lines 18-20-p. 153: 5-6).

South Carolina courts have definitively required “full and fair” discovery before disposing of cases. *Baird v. Charleston County*, 333 S.C. 519, 529, 511 S.E.2d 69 (1999) (citing *Baughman v. AT & T*, 306 S.C. 101, 410 S.E.2d 537 (1991)). See also *Dawkins v. Fields*, 354 S.C. 58, 69, 580 S.E.2d 433, 439 (2003); *Lanham*, 349 S.C. at 363, 563 S.E.2d at 334; *Doe v. Batson*, 345 S.C. 316, 322, 548 S.E.2d 854, 857 (2001). At this point, neither party has had the opportunity to conduct full and fair discovery, as many of the Third-Party Defendants had only recently filed responsive pleadings by the time the motion hearing took place. (R. p. 152, lines 17-20).

Discovery is critical to the merits of this Motion as many of the issues raised by Brown in the Complaint may have been repaired by Centex and/or its subcontractors after the original construction, and therefore the date of repair would be relevant to the applicable limiting statutes. (R. p. 152, lines 1-8). Further, because many of the subcontractors who actually performed the work were only identified and brought into the lawsuit just before the Motion was heard, there was no opportunity to conduct discovery with the parties who may have firsthand knowledge of the issues with Brown’s property. (R. p. 152, lines 15-20). Brown did not have the opportunity to even identify the various subcontractors without Centex responding to her discovery requests or bringing them into the lawsuit. (R. p. 152, lines 21-24).

Because many of the parties had just been brought into the lawsuit and there was not yet an opportunity to participate in discovery, Respondent’s Motion was premature and the Circuit

Court should not have granted the Motion until the parties had a chance to engage in full and fair discovery.

II. The Circuit Court erred in finding that the statute of limitations barred Appellant's claims because there exists a genuine issue of material fact as to when the discovery rule should apply.

The statute of limitations should not bar Appellant's claims because she was not aware of many of the issues in the Complaint until an inspection in 2016 that uncovered many of the defects with her home. (R. p. 149, lines 15-19-p. 150, lines 13-16). The Circuit Court found that Brown failed to file her Complaint against Centex within the time allowed under S.C. Code Ann. § 15-3-530 and therefore all causes of action are barred. (R. p. 6). The Court determined the statute of limitations began to run based on the "discovery rule" or when the "injured party either knows or should have known by the exercise of reasonable diligence that a cause of action arises from the wrongful conduct." (R. p. 7). The Court focused primarily on Brown's deposition testimony and the fact that she began experiencing issues shortly after the home was built. (R. p. 9).

It is undisputed that the Certificate of Occupancy for Brown's home was issued by the Town of Summerville on November 14, 2005. (R. p. 2). It is also undisputed that her Complaint was not filed until August 8, 2018. (R. p. 2). However, there is a dispute as to when the discovery rule should apply and when Brown knew or should have known that she had a cause of action against Centex. (R. p. 148, lines 8-19). While Brown began experiencing symptoms of the construction defects shortly after moving into the home, it wasn't until 2016 that she realized that those symptoms were caused by defective conditions created by Centex's negligent actions. (R. p. 149, lines 15-19).

The Circuit Court determined that the last time Centex made repairs on Brown's home was in 2009, but it's clear from the same record that Centex continued to offer to make repairs, to include coming out to the home as late as 2016. (R. p. 16-p. 70, lines 11-17). Specifically, Brown

disputed that no repairs were performed after 2009 stating during her deposition that “I cannot agree on that one because I can’t recall if they came out after and made any repairs”. (R. p. 75, lines 6-12). Whether or not repairs were actually performed, it’s clear that Centex came out to inspect the property after 2009. (R. p. 70, lines 11-17-p. 79, lines 7-18).

From November 2005 until November 2015, Brown’s home was under warranty. (R. p. 13). Many off the issues reported to Centex were allegedly inspected and/or repaired by Centex during that timeframe. (R. p. 11). After the expiration of her warranty, when Brown continued to experience issues, she filed an insurance claim for water damage. (R. p. 148, lines 19-25). As part of the insurance company’s due diligence, they hired an engineer to inspect the home. (R. p. 148, lines 19-25). The report produced as a result of that inspection was made available to Brown in early 2016, and based on that report, she first understood the scope of the issues with her home, to include previously unknown defects, and specifically, the relation of the issues and defects to the work of Centex. (R. p. 149, lines 15-19). Many of the issues uncovered by the report were not readily discoverable to someone who is not an expert in the field, to include improperly installed flashing around windows and the chimney, and deterioration of sheathing in the attic. (R. p. 148, lines 22-25-p. 149, lines 1-6).

“[W]hen the parties present conflicting evidence, application of the discovery rule and determination of the date the statute began to run in a particular case are questions of fact for the jury.” *Allwin v. Russ Cooper Associates, Inc.*, 2019 WL 208925, at *6 (Ct.App. 2019). Centex produced conflicting evidence about when Brown first discovered the defects in its own Motion. (R. pp. 105-106). Brown specifically states that she did not know about many of the issues addressed in the Complaint until 2015 or 2016. (R. pp. 105-106). The issues that had been repaired

and/or inspected by Centex were the result of a 2009 inspection report, and not the inspection report produced to Brown in 2016. (R. pp. 11, 13-14).

It is a jury question as to whether the damages Brown claimed in the 2018 Complaint are different from those she experienced in the past. *Holly Woods Ass'n of Residence Owners v. Hiller*, 392 S.C. 172, 185, 708 S.E.2d 787, 794 (Ct.App. 2011). Because of the limitations of discovery at this stage to determine what repairs were actually made by Centex and when, determining not only when the negligent act occurred, but when Brown became aware of the damage from that negligent act is premature. (R. p. 152, lines 1-8). Therefore, the Circuit Court erred in determining that the statute of limitations ran before Brown filed her Complaint.

III. The Circuit Court erred in finding that the statute of limitations barred Appellant's claims because Respondents were equitably estopped from asserting the statute of limitations as a defense.

Even if the court determines that Brown knew or should have known she had causes of action prior to August 8, 2015, the statute of limitations should be tolled and Centex estopped from asserting the statute of limitations as a defense based on the actions of Centex. (R. p. 151, lines 5-10). "A defendant will be estopped to assert the statute of limitations in bar of a plaintiff's claim when the delay that otherwise would give operation to the statute has been induced by the defendant's conduct." *Dillon County School Dist. No. Two v. Lewis Sheet Metal Works, Inc.*, 286 S.C. 207, 218, 332 S.E.2d 555, 561 (Ct.App. 1985) (quoting 53 C.J.S. *Limitations of Actions* §25 at 962-64 (1948)).

In *Dillon County*, while it was determined that the School District either discovered or could have discovered the defective conditions in November 1972 and suit wasn't filed until June 1981, this Court found that whether some of the defendants were equitably estopped from claiming the statute of limitations as a defense based on their actions was a question for a jury. *Id* at 219, 332 S.E.2d at 562. This Court determined that one could reasonably infer from the correspondence

between the parties, and the visits by the defendants to the property to investigate the defective conditions and to attempt repairs, that the defendants assured the School District that its problems would be corrected and litigation would not be required. *Id.* “The question of whether a defendant’s conduct lulled a plaintiff into a false sense of security and thereby prevented the plaintiff from filing suit within the statutory period is ordinarily one of fact for a jury to determine.” *Id.* at 219, 332 S.E. 2d at 561.

In this case, Brown reasonably relied upon Centex’s assurances that they would inspect and repair the issues with her home without the need to resort to litigation. (R. p. 151, lines 5-19). Only after Brown received the May 23, 2018 letter stating that Centex would no longer offer to repair the damage to the home did she determine that these problems could only be addressed by filing suit. (R. p. 36). In fact, as late as May 16, 2018, Centex made an offer to repair some of the damage to Brown’s home. (R. p. 150, lines 17-24). Based on the fact that Centex made repairs when Brown complained of issues, combined with the assurances of an inspection and the offer of repair in May 2018, Centex should be estopped from asserting the statute of limitations as a defense before that date. *See Magnolia North Property Owners’ Ass’n, Inc. v. Heritage Communities, Inc.*, 397 S.C. 348, 725 S.E.2d 112 (Ct.App. 2012).

While the Court found that Centex stopped making repairs after 2009, it’s clear from the Brown’s deposition testimony that Centex continued to come out to the property to inspect for years after that, up until 2017. (R. p. 70, lines 11-17). It’s also clear from the record that Centex continued to correspond with Brown about her issues, to include sending representatives out to the home to inspect her complaints. (R. p. 79, lines 7-18-p. 80, lines 13-15). Evidence exists that could lead a jury to conclude it was reasonable for Brown to rely on the conduct and assurances

of Centex to remedy her issues without resort to litigation, to include an email as late as May 16, 2018 stating what repairs Centex was going to make. (R. pp. 175-176).

During her deposition, Brown raised numerous instances of her defending the decision not to bring suit in this case due to Centex's promises to inspect and/or fix the damages she claimed. (R. p. 86, lines 13-16-p. 236, lines 14-18-p. 247, lines 18-20-p. 248, lines 18-25-p. 257, lines 13-17-p. 261, lines 9-19-p. 269, lines 16-21-p. 270, lines 6-16). Because Centex continually promised Brown that it would inspect and/or repair her claims, she was induced into believing that she did not need to resort to litigation to resolve her issues. *See Dillon County* at 215, 332 S.E.2d at 559; *Magnolia North* at 374, 725 S.E.2d at 125. Further, based on these promises and assurances from Centex, it is reasonable for Brown to believe it would be counterproductive to file suit before giving Centex an opportunity to honor their representations, especially given its efforts to make some repairs. *See Magnolia North*, at 373, 725 S.E.2d at 126; (R. pp. 175-176).

The Circuit Court's finding that there was no support that Centex's conduct and assurances induced Brown to believe that the alleged defects would be corrected and litigation would not be necessary is clearly in error given that Centex provided a list of repairs it would perform in May 2018. (R. pp. 175-176). For that reason, Centex should be estopped from asserting the statute of limitations based on the principle of equitable estoppel and the statute of limitations should be tolled until the date when Brown knew it was necessary to resort to litigation to resolve her issues. *See Dillon County*, 286 S.C. 207, 332 S.E.2d 555, (Ct.App. 1985); *Magnolia North*, 397 S.C. 348, 725 S.E.2d 112 (Ct.App. 2012).

IV. The Circuit Court erred in finding that the statute of repose barred Appellant's claims because the statute of repose does not bar claims of gross negligence.

The statute of repose is not applicable to all of the Appellant's claims because "[t]he limitations provided by Sections 15-3-640 through 15-3-660 are not available as a defense to a

person guilty of fraud, *gross negligence*, or recklessness in providing components in furnishing materials, in developing real property, in performing or furnishing the design, plans, specifications, surveying, planning, supervision, testing or observation of construction, construction of, or land surveying, in connection with such an improvement...” S.C. Code Ann. §15-3-670(A). Brown alleges gross negligence in her first cause of action against Centex, and therefore the statute of repose is not an available defense in this action. (R. p. 167). The fact that Centex may have made repairs to certain of the issues complained of by Brown and that those issues continue to exist is evidence of gross negligence. (R. p. 154, lines 8-16).

In Brown’s deposition testimony, she points to numerous times where Centex allegedly addressed certain issues, and yet the problems persisted. (R. p. 74, lines 13-21-p. 83, lines 1-3). Further, Brown addressed some of the specific defects that provide further evidence of gross negligence. (R. p. 264, lines 10-16-p. 298, lines 7-12). Moreover, the issues uncovered in the January 2016 report from the insurance inspector provide a mere scintilla of evidence of gross negligence. (R. pp. 168-174).

In Centex’s oral argument that Brown’s claims are barred by the statute of repose, it argues for the first time that Brown’s claim for gross negligence should be barred because she did not make a *prima facie* case for gross negligence. (R. p. 147, lines 6-12). That, however, was a new argument not asserted in the motion for summary judgment. (R. p. 153, lines 23-25-p. 154, lines 1-5). Centex did not address Brown’s gross negligence claim in its original Motion, and only raised it for the first time in its Memorandum in Support of its Motion for Summary Judgment. (R. pp. 61-63-pp. 193-194).

A similar issue was raised in *Hampton Hall, LLC v. Chapman Coyle Chapman & Associates AIA, Inc.*, No. 9:17-CV-1575-RMG, 2018 WL 6790308, at *3 (D.S.C. Dec. 26, 2018),

cited in the Order Granting Summary Judgment. (R. p. 8). In *Hampton Hall*, the court declined to apply the motion for summary judgment to the gross negligence claims because “[n]ew arguments ordinarily cannot be raised in reply briefs.” *Id.* In this case, Centex first sought to apply its motion for summary judgment to Brown’s gross negligence claim in its Memorandum in Support of its Motion for Summary Judgment filed mere minutes before the motion hearing. (R. p. 157, lines 20-24-pp. 196-197). Like the court in *Hampton Hall*, this argument should not have been considered by the Circuit Court and Centex’s Motion should not have applied to Brown’s gross negligence claim. *Id.*

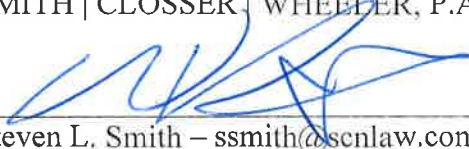
Because the statute of repose is not available as a defense to claims of gross negligence, the Circuit Court erred in finding that Brown’s claims are barred by the statute of repose because her Complaint was filed more than eight years after the date of substantial completion. (R. p. 20). Brown clearly provided a mere scintilla of evidence to support her claim of gross negligence and therefore, at a minimum, that cause of action should survive Centex’s Motion for Summary Judgment.

CONCLUSION

For all of the above-stated reasons, this Court should reverse the Circuit Court’s grant of Respondent’s Motion for Summary Judgment, and award costs to the Appellant as allowed by South Carolina Appellate Court Rule 222. This Court should also reverse the Circuit Court’s ruling for any other grounds appearing in the Record on Appeal as provided by Rule 220(c), SCACR.

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SMITH | CLOSSER | WHEELER, P.A.



Steven L. Smith – ssmith@scnlaw.com

(SC Bar No.: 05173)

William K. Kalivas – wkalivas@scnlaw.com

(SC Bar No.: 80201)

7455 Cross County Road, Suite 1

P.O. Box 40578

Charleston, SC 29423-0578

843-760-0220

Attorneys for Appellant Monica Brown-Gantt

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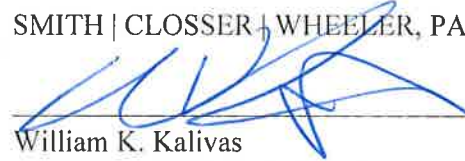
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GENERAL PARTNERSHIP are the Respondents

CERTIFICATE OF COMPLIANCE

The undersigned certifies that the Final Brief of the Appellant Monica Brown-Gantt complies with Rule 211(b), SCACR.

Respectfully Submitted,

SMITH | CLOSSER | WHEELER, PA



William K. Kalivas

SC Bar No. 80201, wkalivas@scnlaw.com

7455 Cross County Road, Ste 1 (29418)

P.O. Box 40578, Charleston, SC 29423

843-760-0220; 843-552-2678 (fax)

Attorneys for Monica Brown-Gantt

January 11, 2021

18-198

THE STATE OF SOUTH CAROLINA
In the Court of Appeals

APPEAL FROM DORCHESTER COUNTY
Court of Common Pleas

The Honorable George M. McFaddin, Jr.

Case No. 2018-CP-18-01436
Appellate Case No.: 2020-000985

MONICA BROWN-GANTT Appellant

v,

CENTEX REAL ESTATE COMPANY, LLC and CENTEX HOMES, A NEVADA
GENERAL PARTNERSHIP Defendants

And

CENTEX REAL ESTATE COMPANY, LLC and CENTEX HOMES, A NEVADA
GENERAL PARTNERSHIP Third-Party Plaintiff

v,

FLOORS, INC., successor by merger to RICE PLANTERS CARPETS, INC., subsequently
known as CREATIVE TOUCH INTERIORS, INC. d/b/a HD SUPPLY INTERIOR SOLUTIONS
and now known as ISI DESIGN AND INSTALLATION SOLUTIONS, INC., J.H. LEE
MASONRY, INC. a/k/a JAMES H. LEE MASONRY, INC., DVS, INC., MCDANIEL
CONSTRUCTION CO., LLC a/k/a MCDANIEL CONSTRUCTION, INC., and
ALL-AMERICAN ROOFING, INC. Third-Party Defendants

Of which CENTEX REAL ESTATE COMPANY, LLC and CENTEX HOMES, A NEVADA
GENERAL PARTNERSHIP are the Respondents

PROOF OF SERVICE

I certify that I have served the Appellant Monica Brown-Gantt's Final Brief by depositing a copy of it in the United State Mail, post prepaid, on January 11, 2020 addressed to their attorneys of record as follows:

Thomas C. Hildebrand Esquire
Taylor M. Morris, Esquire
Parker Poe Adams & Bernstein, LLP
200 Meeting Street, Suite 301
Charleston, SC 29401
tomhildebrand@parkerpoe.com
taylormorris@parkerpoe.com

Respectfully Submitted,

SMITH | CLOSSER | WHEELER, PA



William K. Kalivas
SC Bar No. 80201, wkalivas@scnlaw.com
7455 Cross County Road, Ste 1 (29418)
P.O. Box 40578, Charleston, SC 29423
843-760-0220; 843-552-2678 (fax)
Attorneys for Appellant Monica Brown-Gantt

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