

SUPREME COURT OF IDAHO

Valiant Idaho, LLC v. JV L.L.C.

429 P.3d 168 (Idaho 2018) · No. 44584 · Decided October 15, 2018

SUMMARY

The Idaho Supreme Court reviewed a foreclosure and lien-priority dispute involving tax deeds, redemption deeds, and competing mortgages on Idaho Club property. It held that JV's redemption deed conveyed no fee title or superior lien priority and affirmed the priority of Valiant's mortgages. The court also upheld sanctions imposed against JV and its attorney, while the judgment indicates that costs were among the issues addressed on appeal.

CASE DETAILS

COURT	Supreme Court of Idaho
WRITING FOR THE COURT	Bevan, Justice; Burdick, Chief Justice; Horton, Justice; Brody, Justice; Schroeder, Justice pro tem
JURISDICTION	Idaho
DECIDED	October 15, 2018
DOCKET	44584
DISPOSITION	other
PROCEDURAL POSTURE	JV appealed from a district court judgment determining that Valiant's mortgages had priority over JV's mortgage and redemption deed, awarding sanctions against JV and its attorney, and awarding costs against JV. The Idaho Supreme Court affirmed the summary judgment and sanctions rulings but vacated and remanded the costs award.
STANDARD OF REVIEW	Summary judgment and questions of law are reviewed de novo. Sanctions under Idaho Rule of Civil Procedure 11 and discretionary costs are reviewed for abuse of discretion under the Lunneborg four-part test.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	JV L.L.C. v. Valiant Idaho, LLC

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QUESTIONS PRESENTED

1. Whether JV's redemption deed conveyed fee-title ownership or otherwise subrogated JV to Bonner County's priority position over Valiant's mortgages.
2. Whether the district court abused its discretion by imposing Idaho Rule of Civil Procedure 11 sanctions against JV and its attorney.
3. Whether the district court abused its discretion in apportioning costs among JV and the other defendants.
4. Whether Valiant was entitled to attorney fees on appeal under Idaho Code section 12-121.

HOLDINGS

1. A redemption deed issued after redemption from a county tax deed does not convey fee-title ownership or any additional ownership interest to the redemptioner; it merely terminates the county's rights acquired under the tax deed.
2. Idaho Code section 45-114 does not give a junior mortgagee a super-priority lien after redeeming property from a tax deed because Title 63, chapter 10 is the more specific statutory scheme and a tax deed conveys title rather than leaving the county with a lien.
3. The district court did not abuse its discretion by imposing sanctions against JV and its attorney for filing a last-minute motion to stay the sheriff's sale that was frivolous and presented for an improper purpose.
4. The district court abused its discretion by apportioning costs among the defendants without adequately explaining the legal and factual basis for its allocation.
5. Valiant was not entitled to attorney fees under Idaho Code section 12-121 because JV presented at least one legitimate, nonfrivolous statutory argument and prevailed in part on the costs issue.

KEY QUOTATIONS

"Thus, JV's mortgage and the amount JV paid to redeem remain subordinate to Valiant's mortgages." (7)

"Based on the foregoing case law and statutory authority, we hold that JV's 'title theory' argument fails." (8)

"JV's paying the past-due taxes did not have the effect of moving it to the front of the line, vis-à-vis Valiant's position." (10)

"Therefore, we hold the district court did not abuse its discretion when it awarded Valiant sanctions against JV and JV's attorney." (14)

"However, when a court does so, it must provide the basis for its reasoning, particularly stating why the costs should be apportioned among the adverse parties in the manner designated by the court." (15)

FACTUAL BACKGROUND

POBD developed the Idaho Club property in Sandpoint, Idaho, using loans secured by multiple mortgages, including mortgages later assigned to Valiant and a mortgage held by JV. After POBD failed to pay its notes, property taxes, and amounts owed to mechanics and materialmen, Bonner County issued tax deeds, and JV and Valiant separately redeemed portions of the property. JV received a redemption deed after paying delinquent taxes, while Valiant acquired and recorded the lenders' mortgages. The district court held that Valiant's mortgages had priority over JV's mortgage and redemption deed, and later imposed sanctions and costs against JV.

PROCEDURAL HISTORY

The district court granted Valiant summary judgment on mortgage priority, later reaffirmed that ruling, and after a court trial entered a foreclosure judgment declaring Valiant's mortgages senior to JV's mortgage and redemption deed. The district court also awarded sanctions against JV and its attorney and assessed costs against JV, VP, and NIR. JV appealed. The Supreme Court affirmed the merits and sanctions rulings, vacated the costs award, and remanded for reconsideration and explanation of the cost apportionment.

DISPOSITION

other

REMAND INSTRUCTIONS

The district court must reconsider and explain the allocation of costs, including why JV and VP bear the designated proportion of the costs, how costs as a matter of right and discretionary costs should be allocated, and how the litigation-guarantee and other challenged costs should be balanced in light of the related North Idaho Resorts decision. The court may award more or fewer costs after applying the governing standards and exercising reasoned discretion.

CASES CITED

- Curlee v. Kootenai Cty. Fire & Rescue, 148 Idaho 391, 394, 224 P.3d 458, 461 (2008)
- Callies v. O'Neal, 147 Idaho 841, 846, 216 P.3d 130, 165 (2009)
- Venable v. Internet Auto Rent & Sales, Inc., 156 Idaho 574, 581, 329 P.3d 356, 363 (2014)
- Samuel v. Hepworth, Nungester & Lezamiz, Inc., 134 Idaho 84, 87-88, 996 P.2d 303, 306-07 (2000)
- Losee v. Idaho Co., 148 Idaho 219, 222, 220 P.3d 575, 578 (2009)
- Farm Bureau Mutual Ins. Co. of Idaho v. Cook, 163 Idaho 455, 458, 414 P.3d 1194, 1197 (2018)
- Hardy v. McGill, 137 Idaho 280, 286, 47 P.3d 1250, 1256 (2002)
- Trusty v. Ray, 73 Idaho 232, 236-38, 249 P.2d 814, 817-18 (1952)
- Gordon v. Hedrick, 159 Idaho 604, 612, 364 P.3d 951, 959 (2016)
- City of Pocatello v. Idaho, 152 Idaho 830, 838, 275 P.3d 845, 853 (2012)
- Mulder v. Liberty Nw. Ins. Co., 135 Idaho 52, 57, 14 P.3d 372, 377 (2000)

- J.R. Simplot Co., Inc. v. Idaho State Tax Comm'n, 120 Idaho 849, 820 P.2d 1206 (1991)
- George W. Watkins Family v. Messenger, 118 Idaho 537, 797 P.2d 1385 (1990)
- Campbell v. Kildew, 141 Idaho 640, 649-50, 115 P.3d 731, 740-41 (2005)
- Slack v. Anderson, 140 Idaho 38, 39, 89 P.3d 878, 879 (2004)
- Lunneborg v. My Fun Life, 163 Idaho 856, 863, 421 P.3d 187, 194 (2018)
- Shawver v. Huckleberry Estates, LLC, 140 Idaho 354, 363, 93 P.3d 685, 694 (2003)
- Trimble v. Engelking, 134 Idaho 195, 196, 998 P.2d 502, 503 (2000)
- Great Plains Equip., Inc. v. Northwest Pipeline Corp., 136 Idaho 466, 474, 36 P.3d 218, 226 (2001)
- Green River Ranches, LLC v. Silva Land Co., LLC, 162 Idaho 385, 392, 397 P.3d 1144, 1151 (2017)
- Stolle v. Bennett, 144 Idaho 44, 51, 165 P.3d 545, 552 (2007)
- Hayden Lake Fire Protection Dist. v. Alcorn, 141 Idaho 307, 314, 109 P.3d 161, 168 (2005)
- Valiant Idaho, LLC v. North Idaho Resorts, LLC, No. 44583, 2018 WL 4927560 (Idaho Oct. 11, 2018)
- Mueller v. Hill, 158 Idaho 208, 215-16, 345 P.3d 998, 1005-06 (2015)
- Bettwieser v. New York Irr. Dist., 154 Idaho 317, 326, 297 P.3d 1134, 1143 (2013)
- Bolognese v. Forte, 153 Idaho 857, 867, 292 P.3d 248, 258 (2012)
- Budget Truck Sales, LLC v. Tilley, 163 Idaho 841, 850, 419 P.3d 1139, 1148 (2018)
- Snider v. Arnold, 153 Idaho 641, 645-46, 289 P.3d 43, 47-48 (2012)
- Michalk v. Michalk, 148 Idaho 224, 235, 220 P.3d 580, 591 (2009)
- Regan v. Owen, No. 43848, 2017 WL 3927024, at *7 (Idaho Sept. 8, 2017)
- Christensen v. West, 92 Idaho 87, 88, 437 P.2d 359, 360 (1968)

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