SUPREME COURT OF IDAHO

Monitor Fin., L.C. v. Wildlife Ridge Estates, LLC, 164 Idaho 555

433 P.3d 183 (2019) · Decided January 9, 2019

SUMMARY

The Idaho Supreme Court affirmed a judicial foreclosure judgment in favor of the holders of a deed of trust. It held that the property owner's fraud counterclaim and affirmative defenses were barred by res judicata, while the foreclosure action itself was not precluded because parties who were indispensable to enforcement of the underlying debt could not have been joined during bankruptcy proceedings. The court also held that the foreclosure was timely and awarded the beneficiaries reasonable attorney's fees on appeal.

CASE DETAILS

COURT	Supreme Court of Idaho
WRITING FOR THE COURT	Stegner, Justice; Burdick, Chief Justice; Horton, Justice; Brody, Justice; Bevan, Justice
JURISDICTION	Idaho
DECIDED	January 9, 2019
DISPOSITION	affirmed
PROCEDURAL POSTURE	Wildlife Ridge Estates, LLC appealed from summary judgment, a decree of judicial foreclosure, and denial of its motion for reconsideration in favor of the deed-of-trust beneficiaries.
STANDARD OF REVIEW	Summary judgment is reviewed under the same standard applied by the district court, with reasonable inferences drawn in favor of the nonmoving party. Questions of law, including res judicata, are reviewed de novo. A denial of reconsideration is reviewed under the same standard used by the lower court in deciding the underlying motion.
PRECEDENTIAL VALUE	Published Idaho Supreme Court opinion; precedential.
PARTIES	Wildlife Ridge Estates, LLC v. Monitor Finance, L.C., First Capital Funding, L.C.

TOPICS

summary judgment · foreclosure · res judicata · statute of limitations · attorney fees

PRACTICE AREAS

civil procedure · real estate litigation · foreclosure · commercial litigation · bankruptcy

QUESTIONS PRESENTED

1. Whether Wildlife LLC's affirmative defenses and fraud counterclaim were barred by res judicata.
2. Whether the beneficiaries' foreclosure action was barred by Idaho's five-year statute of limitations.
3. Whether res judicata barred the beneficiaries from bringing the later foreclosure action because of the prior quiet-title action.
4. Whether the beneficiaries were entitled to attorney's fees on appeal.

HOLDINGS

1. Yes. The prior quiet-title action was dismissed with prejudice and therefore constituted a final judgment on the merits; the actions involved the same parties and the same transaction. Wildlife LLC's fraud claim could have been brought against the beneficiaries without joining Millward and M&S, so the fraud claim and related defenses were barred by claim preclusion.
2. No. The foreclosure action was timely because the November 8, 2012 partial payment restarted the five-year limitations period applicable to foreclosure of the deed of trust, and the complaint was filed within that period.
3. No. Res judicata did not bar the beneficiaries' foreclosure claim because Millward and M&S were required parties to the debt-enforcement and foreclosure action, joinder was not feasible during the bankruptcy stay, and they were indispensable under the Rule 19(b) factors. Issue preclusion also did not apply because the amount of the debt had not been actually litigated or decided in the prior quiet-title action.
4. Yes. As prevailing parties in an action based on a deed of trust, promissory note, and modification, the beneficiaries were entitled to reasonable attorney's fees under Idaho Code section 12-120(3) and the applicable appellate rule.

KEY QUOTATIONS

> *“"The doctrine of res judicata covers both claim preclusion (true res judicata) and issue preclusion (collateral estoppel)."”* (188)

> *“"First, the trial court must determine if the party is a required party under Rule 19(a)(1); second, the court must determine if joinder is feasible; if joinder is feasible, the court must join the party under Rule 19(a)(2); and third, if the court has found that the party is required and joinder is not feasible, the court must determine if that party is indispensable under Rule 19(b)."”* (191)

FACTUAL BACKGROUND

The beneficiaries held a deed of trust securing a promissory note and later modification involving real property owned by Wildlife Ridge Estates, LLC. Wildlife LLC previously sued the beneficiaries to quiet title, alleging that the debt had been paid, but stipulated to dismissal with prejudice. After the beneficiaries filed a foreclosure action, Wildlife LLC asserted fraud and other defenses, while the borrowers and trustor, Michael Millward and M&S Development, were unavailable during the earlier action because of the bankruptcy automatic stay. A partial payment made on November 8, 2012, preceded the foreclosure filing by less than five years.

PROCEDURAL HISTORY

Wildlife LLC previously filed a quiet-title action against the beneficiaries, alleging that the secured debt had been paid in full. That action was dismissed with prejudice by stipulation. The beneficiaries later filed a judicial foreclosure action; the district court dismissed Wildlife LLC's affirmative defenses and fraud counterclaim as barred by res judicata, rejected its statute-of-limitations defense, granted summary judgment and foreclosure to the beneficiaries, and denied reconsideration. The Idaho Supreme Court affirmed and awarded the beneficiaries attorney's fees on appeal.

DISPOSITION

affirmed

CASES CITED

- Berkshire Invs., LLC v. Taylor, 153 Idaho 73, 80-81, 278 P.3d 943, 950-51 (2012)
- Marek v. Hecla, Ltd., 161 Idaho 211, 214, 384 P.3d 975, 978 (2016)
- Fragnella v. Petrovich, 153 Idaho 266, 276, 281 P.3d 103, 113 (2012)
- Ticor Title Co. v. Stanion, 144 Idaho 119, 122-24, 157 P.3d 613, 616-18 (2007)
- Magic Valley Radiology, P.A. v. Kolouch, 123 Idaho 434, 437, 849 P.2d 107, 110 (1993)
- Joyce v. Murphy Land & Irrigation Co., 35 Idaho 549, 553, 208 P. 241, 242-43 (1922)
- Lohman v. Flynn, 139 Idaho 312, 319, 78 P.3d 379, 386 (2003)
- Foster v. City of St. Anthony, 122 Idaho 833, 890, 841 P.2d 413, 420 (1992)
- Maravilla v. J. R. Simplot Co., 161 Idaho 455, 458-59, 387 P.3d 123, 126-27 (2016)
- Bauscher Grain v. Nat'l Sur. Corp., 92 Idaho 229, 231, 440 P.2d 349, 351 (1968)
- Costello v. United States, 365 U.S. 265, 81 S. Ct. 534, 5 L. Ed. 2d 551 (1961)
- Hegg v. I.R.S., 136 Idaho 61, 62, 28 P.3d 1004, 1005 (2001)
- Rhone-Poulenc Inc. v. Int'l Ins. Co., 71 F.3d 1299, 1301 (7th Cir. 1995)
- Horkley v. Horkley, 144 Idaho 879, 881, 173 P.3d 1138, 1140 (2007)
- Ulrich v. Bach, 155 Idaho 249, 252-53, 308 P.3d 1232, 1235-36 (2013)
- Brower v. E.I. DuPont De Nemours & Co., 117 Idaho 780, 784, 792 P.2d 345, 349 (1990)
- Sun Valley Hot Springs Ranch, Inc. v. Kelsey, 131 Idaho 657, 663, 962 P.2d 1041, 1047 (1998)
- Alabama-Quassarte Tribal Town v. United States, 899 F.3d 1121, 1123 (10th Cir. 2018)
- Fla. Wildlife Fed'n Inc. v. United States Army Corps of Engineers, 859 F.3d 1306, 1316 (11th Cir. 2017)

INSTRUCTIONS FOR AN AI ASSISTANT