

SUPREME COURT OF IOWA

Frontier Leasing Corporation v. Treynor Recreation Area

Frontier Leasing · No. No. 09-0123 · Decided March 19, 2010

SUMMARY

The Iowa Supreme Court considered whether Frontier Leasing Corporation was the real party in interest after a series of assignments of an equipment lease. The court vacated in part the court of appeals’ decision and remanded for the district court to determine whether substitution of the real party in interest was appropriate and whether Treynor would be prejudiced by substitution.

CASE DETAILS

|                       |                                                                                                                                                                                                              |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| COURT                 | Supreme Court of Iowa                                                                                                                                                                                        |
| WRITING FOR THE COURT | Per Curiam                                                                                                                                                                                                   |
| JURISDICTION          | Iowa                                                                                                                                                                                                         |
| DECIDED               | March 19, 2010                                                                                                                                                                                               |
| DOCKET                | No. 09-0123                                                                                                                                                                                                  |
| DISPOSITION           | vacated                                                                                                                                                                                                      |
| PROCEDURAL POSTURE    | Further review of the Iowa Court of Appeals' decision affirming dismissal of Frontier Leasing Corporation's petition because it was not the real party in interest due to errors in the chain of assignment. |
| PRECEDENTIAL VALUE    | unpublished                                                                                                                                                                                                  |
| PARTIES               | Frontier Leasing Corporation, Assignee From C & J Vantage Leasing, Assignor v. Treynor Recreation Area                                                                                                       |

TOPICS

- civil procedure
- appellate procedure
- joinder
- contracts
- commercial litigation

PRACTICE AREAS

- civil procedure
- appellate procedure
- contracts
- commercial litigation

QUESTIONS PRESENTED

1. Whether the district court should automatically permit substitution of the real party in interest after determining that the named plaintiff lacked an enforceable interest because of errors in the assignment

chain.

2. Whether the defendant must be given an opportunity to demonstrate prejudice before substitution of the real party in interest is allowed.

## HOLDINGS

1. The district court must determine whether substitution of the real party in interest is appropriate rather than automatically allowing a reasonable period for substitution.
2. Treynor must be given an opportunity to show prejudice before the district court decides whether substitution of the real party in interest is warranted.

## KEY QUOTATIONS

*“Without deciding the merits of whether the real party in interest should be substituted under Iowa Rule of Civil Procedure 1.201, we hold that Treynor should have an opportunity to show prejudice by any substitution.” (2)*

*“On remand, the district court shall determine whether substitution of the real party in interest is appropriate, and, if so, the reasonable timing of such substitution.” (3)*

## FACTUAL BACKGROUND

Treynor Recreation Area entered into an equipment lease with C and J Leasing Corporation and allegedly defaulted. Frontier Leasing Corporation claimed the right to recover under the lease through a series of assignments involving various entities. The assignment chain contained errors, creating a dispute over whether Frontier or another entity was the real party in interest entitled to pursue the claim.

## PROCEDURAL HISTORY

Frontier Leasing Corporation sought to recover from Treynor Recreation Area for default under an equipment lease. After a trial, the Iowa District Court for Polk County dismissed the petition, concluding that errors in the assignment chain meant Frontier was not the real party in interest. The Iowa Court of Appeals affirmed and directed the district court to allow a reasonable period for substitution of the real party in interest. The Supreme Court of Iowa vacated that portion of the court of appeals' decision, conditionally affirmed the district court judgment, and remanded for a determination whether substitution was appropriate and, if so, the timing of substitution.

## DISPOSITION

vacated

## REMAND INSTRUCTIONS

The district court must determine whether substitution of the real party in interest is appropriate and, if so, the reasonable timing of substitution. If substitution is warranted, the district court should consider the case on its merits. If substitution is not appropriate, the existing judgment stands.

## CASES CITED

- Estate of Kuhns v. Marco, 620 N.W.2d 488, 495 (Iowa 2000)
- Richardson v. Clark Bros., 202 Iowa 1371, 1372, 212 N.W. 133, 134 (1927)
- In re R.E.K.F., 698 N.W.2d 147, 151 (Iowa 2005)

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