SUPREME COURT OF IDAHO

Houpt v. Wells Fargo Bank, National Ass'n

160 Idaho 181 (2016) · No. 41990 · Decided March 9, 2016

SUMMARY

The Idaho Supreme Court reviewed a dispute involving a nonjudicial foreclosure, the beneficiary status of Wells Fargo Bank, and claims for wrongful foreclosure. The court held that the Houpts had standing after abandonment of the relevant bankruptcy-estate interest, that the district court could distribute proceeds from a stipulated property sale, and that the claims for declaratory, injunctive, and wrongful-foreclosure relief failed because no foreclosure sale occurred. The court affirmed in part, vacated in part, and remanded regarding the calculation of the loan balance and attorney fees and costs.

CASE DETAILS

COURT	Supreme Court of Idaho
WRITING FOR THE COURT	Burdick, Justice; Burdick, Chief Justice; Eismann, Justice; J. Jones, Justice; W. Jones, Justice; Horton, Justice
JURISDICTION	Idaho
DECIDED	March 9, 2016
DOCKET	41990
DISPOSITION	other
PROCEDURAL POSTURE	Appeal from a district court order granting Wells Fargo summary judgment in a dispute concerning nonjudicial foreclosure, dismissing the Houpts' claims as moot and by judicial estoppel, awarding proceeds from a stipulated property sale to Wells Fargo, and awarding Wells Fargo attorney fees and costs.
STANDARD OF REVIEW	Summary judgment is reviewed de novo under the same standard applied by the district court. Attorney-fee awards are reviewed for abuse of discretion.
PRECEDENTIAL VALUE	Published opinion; precedential under Idaho law.
PARTIES	Charles W. Houpt, Gail N. Houpt v. Wells Fargo Bank, National Association

TOPICS

wrongful foreclosure · foreclosure · summary judgment · attorney fees · appellate procedure

PRACTICE AREAS

real estate · foreclosure · civil procedure · bankruptcy · remedies · appellate procedure

QUESTIONS PRESENTED

1. Whether the Houpts had standing or were the real parties in interest despite having filed bankruptcy without scheduling their claims.
2. Whether the district court had jurisdiction to distribute the stipulated-sale proceeds to Wells Fargo under Idaho's one-action rule and the parties' stipulation.
3. Whether the Houpts' claims for declaratory and injunctive relief were moot after the assignment was recorded and the property was voluntarily sold.
4. Whether Idaho recognizes a cause of action for attempted wrongful foreclosure when no foreclosure sale occurs.
5. Whether First American Title Company could be liable for initiating foreclosure without independently verifying the note owner or beneficiary's authorization.
6. Whether the loan balance, including the SBA payment and the date of default, was properly determined.
7. Whether Wells Fargo was entitled to attorney fees and costs, including fees incurred before recording its assignment.

HOLDINGS

1. Although the Houpts were not the real parties in interest when they filed the action because their claims belonged to the bankruptcy estate, the bankruptcy trustee later abandoned the estate's interest. The Houpts were therefore the real parties in interest when the issue was decided, and dismissal was unnecessary under Idaho Rule of Civil Procedure 17(a).
2. The district court had authority to distribute the proceeds of the stipulated sale to Wells Fargo.
3. The Houpts' declaratory and injunctive claims were moot because Wells Fargo had become the recorded beneficiary and the voluntary sale eliminated any foreclosure proceeding for the court to enjoin.
4. Idaho does not recognize a cause of action for attempted wrongful foreclosure. A wrongful-foreclosure action does not accrue until a foreclosure sale is completed and title is taken by the purchaser.
5. First American Title Company had no duty under Idaho Code section 45-1505 to determine who owned the note or whether the beneficiary authorized the foreclosure before initiating nonjudicial foreclosure proceedings.
6. Summary judgment was improper as to the amount owing because Wells Fargo admitted receiving an SBA payment, and a factual determination was required regarding the payment's effect on the interest and loan balance.
7. Remand was required to determine the correct date of default and its effect, if any, on interest and the balance due under the note.

8. The district court's attorney-fee and cost award was vacated. On remand, the court must exclude all fees and costs incurred by Wells Fargo before September 4, 2012, when the assignment was recorded, including fees related to bankruptcy and other proceedings that derived from the improper foreclosure initiation.

KEY QUOTATIONS

> *"we hold that under Idaho law, a cause of action for attempted wrongful foreclosure does not exist and that an action for wrongful foreclosure does not accrue until after a foreclosure sale is completed and title is "taken" by the purchaser."* (at 10-11)

> *"Thus, the district court should have eliminated all fees and costs (including those related to bankruptcy proceedings and other matters) incurred by Wells Fargo before September 4, 2012."* (at 17-18)

FACTUAL BACKGROUND

The Houpts executed a promissory note secured by a deed of trust on Idaho property. After the loan was transferred through mergers and acquisitions, Wells Fargo directed First American Title Company to begin nonjudicial foreclosure, although Wells Fargo's assignment was not recorded until September 4, 2012. The Houpts filed bankruptcy and later sold the property under a stipulated agreement before any foreclosure sale occurred, with proceeds deposited for distribution according to the parties' lien priorities.

PROCEDURAL HISTORY

The Bonneville County district court granted Wells Fargo summary judgment, concluding that the Houpts' claims were moot because Wells Fargo recorded an assignment and the property was voluntarily sold outside foreclosure proceedings. The district court later denied reconsideration, applied judicial estoppel, distributed the sale proceeds to Wells Fargo, and awarded attorney fees and costs. The Idaho Supreme Court affirmed summary judgment as to the Houpts' claims, vacated the fee and cost award, and remanded for determination of the SBA payment, the default date, the loan balance, and fees and costs excluding amounts incurred before September 4, 2012.

DISPOSITION

other

REMAND INSTRUCTIONS

Remand to determine what effect, if any, the SBA payment and the date of default have on interest and the balance due under the note. Recalculate attorney fees and costs while excluding all fees and costs incurred by Wells Fargo before September 4, 2012, including amounts related to bankruptcy and other proceedings deriving from the improper foreclosure initiation. Each side bears its own fees and costs on appeal.

CASES CITED

- Grazer v. Jones, 154 Idaho 58, 294 P.3d 184 (2013)

- Mackay v. Four Rivers Packing Co., 145 Idaho 408, 179 P.3d 1064 (2008)
- Jenkins v. Boise Cascade Corp., 141 Idaho 233, 108 P.3d 380 (2005)
- State v. Hoyle, 140 Idaho 679, 99 P.3d 1069 (2004)
- Campbell v. Parkway Surgery Center, LLC, 158 Idaho 957, 354 P.3d 1172 (2015)
- Conda Partnership, Inc. v. M.D. Constr. Co., 115 Idaho 902, 771 P.2d 920 (Ct. App. 1989)
- Hayward v. Valley Vista Care Corp., 136 Idaho 342, 33 P.3d 816 (2001)
- McCallister v. Dixon, 154 Idaho 891, 303 P.3d 578 (2013)
- Mowrey v. Chevron Pipe Line Co., 155 Idaho 629, 315 P.3d 817 (2013)
- Mullaney v. Anderson, 342 U.S. 415 (1952)
- Newman-Green, Inc. v. Alfonzo-Larrain, 490 U.S. 826 (1989)
- O'Connor v. Harger Constr. Inc., 145 Idaho 904, 188 P.3d 846 (2008)
- Fenn v. Noah, 142 Idaho 775, 133 P.3d 1240 (2006)
- State v. Rogers, 140 Idaho 223, 91 P.3d 1127 (2004)
- Williamson v. Ysursa, 78 Idaho 423, 305 P.2d 732 (1956)
- Peterson v. Hailey Nat'l Bank, 51 Idaho 427, 6 P.2d 145 (1931)
- Luzar v. Western Sur. Co., 107 Idaho 693, 692 P.2d 337 (1984)
- Peasley Transfer & Storage Co. v. Smith, 132 Idaho 732, 979 P.2d 605 (1999)
- Roos v. Belcher, 79 Idaho 473, 321 P.2d 210 (1958)
- Trotter v. Bank of New York Mellon, 152 Idaho 842, 275 P.3d 857 (2012)
- Bream v. Benscoter, 139 Idaho 364, 79 P.3d 723 (2003)
- Eighteen Mile Ranch, LLC v. Nord Excavating & Paving, Inc., 141 Idaho 716, 117 P.3d 130 (2005)
- Roos v. Blecher, 79 Idaho 473, 321 P.2d 210 (1958)
- Sec. Pac. Fin. Corp. v. Bishop, 109 Idaho 25, 704 P.2d 357 (Ct. App. 1985)
- Boise City v. Artesian Hot & Cold Water Co., 4 Idaho 351, 39 P. 562 (1895)
- McConnon v. Holden, 35 Idaho 75, 204 P. 656 (1922)