DISTRICT OF COLUMBIA COURT OF APPEALS

Aeon Financial, LLC v. District of Columbia

84 A.3d 522 (D.C. 2014) · No. Nos. 12-CV-695, 12-CV-696, 12-CV-1013, 12-CV-1241, 12-CV-1278, & 12-CV-1348 · Decided February 6, 2014

SUMMARY

The District of Columbia Court of Appeals considers whether properties purchased at District tax sales were properly redeemed and how redemption refunds owed to the tax-sale purchaser should be calculated. The court holds that a property is redeemed when the District concludes in good faith that all amounts levied by it have been paid and the tax-sale purchaser's reimbursable expenses have been paid. The court remands for further proceedings concerning the redemption dates and refund amounts and holds that the District need not pay refunds until the purchaser dismisses its foreclosure actions.

CASE DETAILS

COURT	District of Columbia Court of Appeals
WRITING FOR THE COURT	McLeese, Associate Judge; Blackburne-Rigsby, Associate Judge; Steadman, Senior Judge
JURISDICTION	District of Columbia
DECIDED	February 6, 2014
DOCKET	Nos. 12-CV-695, 12-CV-696, 12-CV-1013, 12-CV-1241, 12-CV-1278, & 12-CV-1348
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Consolidated appeals and cross-appeals from Superior Court orders determining that properties purchased by Aeon at District tax sales had been redeemed, calculating redemption refunds, and ordering the District to pay those refunds before dismissal of Aeon's foreclosure actions.
STANDARD OF REVIEW	Questions of statutory construction are reviewed de novo. The court generally defers to an agency's interpretation of a statute it administers unless unreasonable or inconsistent with statutory language or purpose, and defers to an agency's interpretation of its own regulations unless plainly erroneous or inconsistent with the regulations.
PRECEDENTIAL VALUE	Published opinion; precedential
PARTIES	Aeon Financial, LLC v. District of Columbia

TOPICS

property tax · tax liens · tax collection · appellate jurisdiction · statutory interpretation

PRACTICE AREAS

real estate · property tax · tax collection · municipal law · appellate procedure

QUESTIONS PRESENTED

1. Whether the Superior Court orders were final and appealable despite leaving ministerial acts and dismissal of the foreclosure actions outstanding.
2. Whether Aeon's motion for review in Wasef was timely and whether Aeon could challenge that ruling for the first time in its reply brief.
3. Whether Aeon had prudential standing to challenge the interpretation and application of the District's tax-sale statutes and regulations.
4. Whether caveat emptor barred Aeon from challenging the redemption dates and amounts of its statutory redemption refunds.
5. Whether the District could waive interest and penalties owed by delinquent property owners.
6. When a property is redeemed after a tax-sale purchaser has filed an action to foreclose redemption, particularly when the District has made an error in calculating amounts levied.
7. Whether the District was required to pay redemption refunds before Aeon dismissed its actions to foreclose redemption.

HOLDINGS

1. The orders determining the parties' legal rights and obligations were final and appealable even though ministerial acts remained and the trial court had not yet dismissed the cases.
2. Aeon failed to preserve a challenge to the Superior Court's dismissal of its Wasef motion for review as untimely.
3. Aeon had prudential standing to challenge the interpretation and application of the tax-sale statutes and regulations, but lacked standing to assert a generalized taxpayer challenge to the District's use of public funds.
4. Caveat emptor did not bar Aeon from asserting its statutory entitlement to properly calculated redemption refunds.
5. The District may waive interest and penalties on unpaid real-property taxes under D.C. Code § 47-811.04(1).
6. When a tax-sale purchaser has filed an action to foreclose redemption, a property is redeemed if and when, at the same time, the District concludes, correctly or incorrectly, that all amounts levied by it have been paid and the tax-sale purchaser's reimbursable expenses have been paid.

7. The District was not required to pay Aeon's redemption refunds before Aeon dismissed its actions to foreclose redemption.

KEY QUOTATIONS

> *"On the merits, we ultimately conclude that a property is redeemed when, at the same time: (a) the District concludes in good faith, whether correctly or incorrectly, that all amounts levied by it have been paid; and (b) the tax-sale purchasers' reimbursable expenses have been paid."* (3)

> *"Under the foregoing analysis the properties in these cases were redeemed if and when (a) the District concluded, whether correctly or incorrectly, that all amounts levied by it had been paid; and (b) the tax-sale purchasers' reimbursable expenses had been paid."* (33-34)

> *"In sum, Aeon does not appear to have surrendered its certificates of sale and did not seek dismissal of its actions to foreclose redemption. Under the circumstances, the trial court erred in ordering the District to pay refunds to Aeon."* (48)

FACTUAL BACKGROUND

Aeon purchased the Broadwater, Wasef, and Culbertson properties, along with hundreds of other properties, at District of Columbia real-property tax sales. The delinquent property owners later made payments to redeem the properties, and the District determined that the properties had been redeemed as of particular dates. Aeon disputed whether the payments were sufficient to effect redemption and argued that additional interest accrued, increasing the redemption refunds owed to it. The District also disputed whether it had to pay the refunds before Aeon dismissed its foreclosure actions.

PROCEDURAL HISTORY

Aeon purchased numerous properties at District of Columbia real-property tax sales and filed actions to foreclose the rights of redemption. The Superior Court grouped the cases, applied the framework from Aeon Financial v. Haynes, determined redemption dates and refund amounts, and ordered the District to pay refunds within thirty days before Aeon filed praecipes acknowledging payment. The reviewing judge affirmed most of the magistrate judge's orders, dismissed Aeon's motion for review in Wasef as untimely, and the parties brought consolidated appeals and cross-appeals.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

In the Broadwater and Culbertson cases, the Superior Court must determine the applicable redemption date and redemption amount under the court's two-condition framework. The District may not be required to pay refunds until Aeon dismisses the foreclosure actions or otherwise satisfies the applicable refund prerequisites. The dismissal of Aeon's motions for review in Wasef was affirmed.

CASES CITED

- Murphy v. McCloud, 650 A.2d 202, 203 n.4 (D.C. 1994)
- District of Columbia v. Tschudin, 390 A.2d 986, 988 (D.C. 1978)
- St. Louis Iron Mountain & S. Ry. v. Southern Express, 108 U.S. 24, 28-29 (1883)
- Giove v. Stanko, 977 F.2d 413, 415 (8th Cir. 1992)
- Taper v. City of Long Beach, 181 Cal. Rptr. 169, 177-78 (Ct. App. 1982)
- Marshall v. United States, 15 A.3d 699, 711 n.2 (D.C. 2011)
- Grayson v. AT&T Corp., 15 A.3d 219, 233-34 (D.C. 2011) (en banc)
- Community Credit Union Servs. v. Federal Express Servs. Corp., 534 A.2d 331, 333 (D.C. 1987)
- Padou v. District of Columbia Alcoholic Beverage Control Bd., 70 A.3d 208, 212 (D.C. 2013)
- Lujan v. Defenders of Wildlife, 504 U.S. 555, 573-75 (1992)
- Lee v. District of Columbia Bd. of Appeals & Review, 423 A.2d 210, 216 (D.C. 1980)
- D.C. Library Renaissance Project/West End Library Advisory Grp. v. District of Columbia Zoning Comm’n, 73 A.3d 107, 115 (D.C. 2013)
- McCulloch v. District of Columbia, 685 A.2d 399, 402 (D.C. 1996)
- Rupsha 2007, LLC v. Kellum, 32 A.3d 402, 411 n.16 (D.C. 2011)
- Washington v. District of Columbia Dep’t of Pub. Works, 954 A.2d 945, 948 (D.C. 2008)
- Providence Hosp. v. District of Columbia Dep’t of Emp’t Servs., 855 A.2d 1108, 1111 (D.C. 2004)
- District of Columbia Dep’t of Env’t v. East Capitol Exxon, 64 A.3d 878, 880-81 (D.C. 2013)
- District of Columbia Office of Tax & Revenue v. BAE Sys. Enter. Sys., 56 A.3d 477, 481 (D.C. 2012)
- Fawncrest Assocs., Inc. v. District of Columbia, 727 A.2d 892, 893-94 (D.C. 1999)
- Northeast Drilling, Inc. v. Inner Space Servs., Inc., 243 F.3d 25, 36-37 (1st Cir. 2001)
- Bio-Medical Applications of D.C. v. District of Columbia Bd. of Appeals & Review, 829 A.2d 208, 215 (D.C. 2003)
- Bardoff v. United States, 628 A.2d 86, 90 n.8 (D.C. 1993)
- Schwartz v. City of Chicago, 315 N.E.2d 215, 223 (Ill. App. Ct. 1974)
- Robinson v. Bailey, 198 N.E. 217, 219 (Ill. 1935)
- Petak v. City of Paterson, 677 A.2d 244, 246-49 (N.J. Super. Ct. App. Div. 1996)
- James Parreco & Son v. District of Columbia Rental Hous. Comm’n, 567 A.2d 43, 49-50 (D.C. 1989)
- Jones v. State, 119 S.W.3d 766, 784 (Tex. Crim. App. 2003) (en banc)
- Heartwood 88, Inc. v. Montgomery Cnty., 846 A.2d 1096, 1104 (Md. Ct. Spec. App. 2004)
