1 2	MICHAEL F. BOHN, ESQ. Nevada Bar No.: 1641 <u>mbohn@bohnlawfirm.com</u>			
3	LAW OFFICES OF			
4	MICHAEL F. BOHN, ESQ., LTD. 376 East Warm Springs Road, Ste. 140 Las Vegas, Nevada 89119 (702) 642-3113/ (702) 642-9766 FAX Attorney for plaintiff/appellant		Electronically Filec	
5	(702) 642-3113/ (702) 642-9766 FAX Attorney for plaintiff/appellant		May 24 2016 11:12 Tracie K. Lindema	z a.m. h
6			Clerk of Supreme	Court
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8	SUPREME	COURT		
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10	STATE OF	NEVADA		
11	SATICOY BAY LLC SERIES 2021	NL (0421		
12	GRAY EAGLE WAY,	No. 68431		
13	Appellant,			
14	VS.			
15				
16	JPMORGAN CHASE BANK, N.A.,			
17	Respondent.			
18				
19 20				
20 21	APPELLANT'S I	REPLY BRIEF		
21 22				
22	Michael F. Bohn, Esq. Law Office of			
23 24	Michael F. Bohn, Esq., Ltd. 376 East Warm Springs Rd., Ste. 140 Las Vegas, Nevada 89119 (702) 642-3113/ (702) 642-9766 Fax			
25	Las Vegas, Nevada 89119 (702) 642-3113/ (702) 642-9766 Fax			
26	Attorney for plaintiff/appellant,			
27	Saticoy Bay LLC Series Gray Eagle Way			
28				

Docket 68431 Document 2016-16241

### **NRAP 26.1 DISCLOSURE STATEMENT**

Counsel for plaintiff/appellant states that the plaintiff/appellant Saticoy Bay LLC Series 2021 Gray Eagle Way is a Nevada limited-liability company. The manager for Saticoy Bay LLC Series 2021 Gray Eagle Way is the Bay Harbor Trust. The trustee for the Bay Harbor Trust is Iyad Haddad.

These representations are made in order that the judges of this court may evaluate possible disqualification or recusal.

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12 13		
13	This case is a quiet title action. Rule 17 does not list quiet title matters as one	
15	of the cases retained by the Supreme Court. Counsel for appellant therefore believes	
16	that this appeal should be assigned to the Court of Appeals.	
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### **SUMMARY OF THE ARGUMENT**

Saticoy Bay LLC Series 2021 Gray Eagle Way (hereinafter "Saticoy") did not waive its objection to dismissal of the action with prejudice.

NRCP 17(a) provides that an action may not be dismissed unless the real party in action has an opportunity to ratify the action or join as a party.

Saticoy adequately explained why it did not take its complaint in intervention to trial within the nineteen months that it was a party.

The HOA necessarily foreclosed on its superpriority lien and extinguished the subordinate deed of trust held by JPMorgan Chase Bank, N.A. (hereinafter "JPMorgan").

The record on appeal contains no evidence of fraud, unfairness, or oppression that would support granting equitable relief from the conclusive recitals in the foreclosure deeds.

The HOA instituted foreclosure of its assessment lien within the three year period provided by NRS 116.3116(6).

There is no requirement that an HOA foreclosure sale be commercially reasonable.

The district court abused its discretion in dismissing the action with prejudice.

#### **ARGUMENT**

# 1. Saticoy did not waive its objection to dismissal of the action with prejudice.

At page 3 of Respondent's Answering Brief, JPMorgan argues that "Saticoy has failed to demonstrate that the district court abused its discretion in dismissing the 'action,' which included Saticoy's claims, with prejudice."

At page 5 of Respondent's Answering Brief, JPMorgan also asserts that "Saticoy did not object to the dismissal of Hannaford's complaint with prejudice. *See* APP000179-80." This reference is to the request made by Saticoy's counsel at the hearing held on April 16, 2015.

As reflected by the transcript of the hearing, after counsel for JPMorgan had acknowledged that "there is some case law that does allow discretion for the Court then to determine whether to dismiss with prejudice or without prejudice" (JA1b, pg. 173, ll. 2-6) and after the court granted Saticoy's request for an opportunity to brief the issue of dismissal "without prejudice" and the court set a briefing schedule (JA1b, pg. 179, ll. 4-8), counsel for the HOA requested that the court dismiss the claims filed by the plaintiff unit owner, who was not present or represented by counsel, with prejudice. (JA1b, pg. 179, ll. 11-23) The court granted this request stating that "[t]he questions just relate to the Plaintiff in Intervention" (JA1b, pg. 180, ll. 4-5) and that

"[i]t's just a question of with or without prejudice with respect to the intervention claims." (JA1b, pg. 180, ll. 12-13)

At page 5 of Respondent's Answering Brief, JPMorgan argues that because Saticoy's complaint in intervention is part of the same "action" as the plaintiff's complaint, dismissal of the plaintiff's complaint with prejudice necessarily requires the dismissal of Saticoy's complaint in intervention with prejudice.

Because Saticoy and JPMorgan filed their supplemental briefs on the same date on April 30, 2015 (JA1a, pgs. 70-74 for Saticoy, and JA1b, pgs. 75-152), Saticoy did not have a chance to respond to the new argument raised by JPMorgan in its supplemental brief that dismissal with prejudice of the claims asserted by plaintiff necessarily required dismissal of the entire "action," including the claims in Saticoy's third-party complaint. This was clearly not the understanding of the court or the parties at the hearing held on April 16, 2015 when the court granted the oral request by counsel for the HOA that the dismissal of the plaintiff's claims be with prejudice.

To the extent that this Court agrees that dismissal of the plaintiff's claims with prejudice necessarily requires the dismissal of Saticoy's claims with prejudice, then the Court should direct that the order entered by the district court be amended to dismiss the "action," including the plaintiff's claims, <u>without prejudice</u>.

As discussed at page 6 of Appellant's Opening Brief, plaintiff's ability to file

a new action will be barred by the statute of limitations, but Saticoy would still have until July 18, 2018 to file a new quiet title action within the 5-year limitation period provided by NRS 11.080.

### 2. Before dismissal is appropriate under NRCP 17(a), Gray Eagle Trust must have an opportunity to ratify Saticoy's complaint in intervention or join in the action.

At page 5 of Respondent's Answering Brief, JPMorgan states that "Saticoy Bay failed to address the fact that prior to the time of dismissal, Saticoy had conveyed its interest in the Property to a non-party entity named Gray Eagle Trust. *See* APP000149." JPMorgan, however, did not raise this issue until it filed its brief in support of dismissal with prejudice on April 30, 2015. (JA1b, pgs. 75-152) Saticoy had no opportunity to respond to the new argument raised in this brief.

Reference to the deed recorded on February 18, 2015 from Saticoy to Gray Eagle Trust was first made by counsel for JPMorgan at the hearing held on April 16, 2015. (JA1b, pg. 174, ll. 13-22) Reference to the deed is also made in paragraph 12 at page 4 of JPMorgan's brief (JA1b, pg. 78, ¶12). The reference to APP000149 is to the a copy of the deed attached as Exhibit 10 to JPMorgan's brief. (JA1b, pgs. 148-152).

NRCP 17(a) provides:

**Real Party in Interest**. Every action shall be prosecuted in the name of the real party in interest. An executor, administrator, guardian, bailee, trustee of an express trust, a party with whom or in whose name a contract has been made for the benefit of another, or a party authorized by statute may sue in that person's own name without joining the party for whose benefit the action is brought; and when a statute so provides, an action for the use or benefit of another shall be brought in the name of the State. No action shall be dismissed on the ground that it is not prosecuted in the name of the real party in interest until a reasonable time has been allowed after objection for ratification of, the real party in interest; and such ratification, joinder, or substitution shall have the same effect as if the action had been commenced in the name of the real party in interest. (emphasis added)

Plaintiff/appellant Saticoy is a Nevada limited-liability company. The manager for Saticoy is the Bay Harbor Trust. The trustee for the Bay Harbor Trust is Iyad Haddad.

Gray Eagle Trust is a Nevada trust. Resources Group, LLC is the trustee of the Gray Eagle Trust. The manager for Resources Group, LLC is Iyad Haddad.

Consequently, if provided with the required opportunity to have Gray Eagle Trust ratify or join in the action, Saticoy could easily resolve JPMorgan's objection.

At the top of page 6 of Respondent's Answering Brief, JPMorgan asserts that "Saticoy has waived its right to challenge this issue." NRAP 28(c) instead provides that the appellant "may file a brief in reply to the respondent's answering brief" and that the reply brief "must be limited to answering **any new matter** set forth in the opposing brief." (emphasis added)

On this issue, JPMorgan cites <u>Powell v. Liberty Mutual Fire Insurance Co.</u>, 127 Nev. 14, 252 P.3d 668, 672 n.3 (2011), where this Court considered the appellant's claim based on NRS 686A.310 even though appellant's opening brief only focused on the appellant's contract claim. In <u>Powell</u>, this Court relied on <u>Bongiovi</u> <u>v. Sullivan</u>, 122 Nev. 556, 570 n.5,138 P.3d 433, n.5 (2006), where this Court stated that "Bongiovi did not raise this issue in his opening brief, and because reply briefs are limited to answering any matter set forth in the opposing brief, NRAP 28 (c), we decline to consider this argument."

The argument asserted by JPMorgan is an issue raised by JPMorgan and not by plaintiff, so it is appropriate for plaintiff to respond to this issue in its reply brief. At page 6 of Respondent's Answering Brief, JPMorgan argues that "Saticoy **never** owned Lot 22" and that "the Association did not foreclose on Lot 22." Exhibit 6 to JPMorgan's brief, filed on April 30, 2015 (JA1b, pgs. 133-136), proves that the HOA held a foreclosure sale on July 18, 2013 and sold Lots 21 and 26 to plaintiff for \$81,000.00. Exhibit 8 to JPMorgan's brief, filed on April 30, 2015 (JA1b, pgs. 140-143), proves that the HOA held a separate foreclosure sale on November 21, 2013 and acquired title to Lot 22. Exhibit 9 proves that the HOA's foreclosure agent recorded a quitclaim deed conveying Lot 22 to Saticoy Bay LLC Series 2013 Gray
Eagle on December 3, 2013. (JA1b, pgs. 144-147) The grant, bargain sale deed
recorded on February 18, 2015 conveyed all three lots into the name of the Gray
Eagle Trust. (JA1b, pgs. 149-152) **3.** Saticoy adequately explained why it did not take its complaint in intervention to trial within the nineteen months that it was a party to the action.
As noted at pages 1 and 2 of Appellant's Opening Brief, the order granting
Saticoy's motion to intervene was entered on September 16, 2013 (JA1a, pgs. 38-39),

and Saticoy filed its complaint in intervention on September 30, 2013. (JA1a, pgs. 44-

50)

JPMorgan waited until after this Court entered its decision in <u>SFR Investments</u> <u>Pool 1, LLC v. U.S. Bank, N.A.</u>, 130 Nev., Adv. Op. 75, 334 P.3d 408 (2014), before JPMorgan filed its answer to Saticoy's complaint in intervention on November 6, 2014. (JA1a, pgs. 60-66) As a result, Saticoy's claims for relief were "at issue" for only thirty-nine (39) days before the five year period expired on December 15, 2014. At the hearing held on April 16, 2015, counsel for Saticoy explained the reason for failing to Saticoy's claims to trial before December 15, 2014.

THE COURT: Well, I'm sure I also could've prosecuted your case in a more timely fashion, too. It sat for over a year with really nothing

happening when you were up against this deadline, right? You have an obligation to know what those deadlines are.

MR. BOHN: Well, at the same time, you know, everybody in this courthouse is waiting for the SFR decision to come down, too. And this case was not formally stayed, but I can represent I have about 250 of these cases pending here and in federal court, and a good number of them, probably half are formally sated by the courts.

And Mr. Glover and I have worked together on a number of cases, we're very friendly, and we just didn't push this case while waiting for a decision. In fact, there were a number of cases that Mr. Glover and I stipulated to stay until a decision from the SFR. This was not – this was not one of those cases.

(JA1b, pgs. 178-179)

Saticoy offered a good excuse for its failure to bring its complaint in intervention to trial before December 15, 2014. Because the statute of limitations will not run on Saticoy's claims until July 18, 2018 at the earliest, the court abused its discretion to dismiss those claims with prejudice.

# 4. The HOA necessarily foreclosed on the superpriority portion of its assessment lien.

At page 10 of Respondent's Answering Brief, JPMorgan challenges the merits of Saticoy's third-party complaint and argues that "Saticoy did not present any evidence that the HOA foreclosed on the superpriority piece of it purported lien." JPMorgan raised this issue at page 10 of its brief filed on April 30, 2015 (JA1b, pg. 85) to which Saticoy had no opportunity to respond. As approved by this Court in <u>SFR Investments Pool 1, LLC v. U.S. Bank, N.A.</u>, 130 Nev., Adv. Op. 75, 334 P.3d 408, 418 (2014), the notice of delinquent assessment lien recorded on April 20, 2009 identified the total amount of the lien including "assessments, late charges, interest, costs, attorney fees and penalties" as "\$7,815.82 as of April 14, 2009." (JA1b, pgs. 122-124). The notice of default and election to sell recorded on September 8, 2009 identified the total amount of the lien as "\$7,815.82 as of April 14, 2009, plus assessments, late charges, interest, costs, attorney fees and fees of the agent for the management body, that have accrued since April 14, 2009." (JA1b, pgs. 125-128) The notice of foreclosure sale recorded on May 23, 2013 identified the total amount of the lien as "\$70,733.90 as of May 1, 2013." (JA1b, pgs. 129-132)

By definition, an HOA assessment lien includes a superpriority portion defined by the language in NRS 116.3116(2). In the present case, JPMorgan produced no evidence that it or any other person or entity tendered the superpriority amount prior to the foreclosure sale held on July 18, 2013. As a result, it is JPMorgan that failed to produce any evidence that the HOA did not foreclose on the superpriority portion of its assessment lien.

At the bottom of page 10 of Respondent's Answering Brief, JPMorgan repeats its argument that Saticoy is no longer the real party in interest. JPMorgan, however, has not proved that the district court provided the Gray Eagle Trust with the required
 opportunity to ratify or join as a party to the complaint in intervention filed by
 Saticoy.
 Saticoy.
 The record on appeal contains no evidence of fraud, unfairness, or oppression that would support granting equitable relief from the conclusive recitals in the foreclosure deeds.

At page 12 of Respondent's Answering Brief, JPMorgan argues that the requirement to prove inadequacy of price and "some element of fraud, unfairness, or oppression as accounts for and brings about the inadequacy of price" adopted in <u>Shadow Wood Homeowners Association, Inc. v. New York Community Bancorp,</u> <u>Inc.</u>, 132 Nev., Adv. Op. 5, 366 P.3d 1105, 1111 (2016), is satisfied by a claimed error on the second page of the second notice of foreclosure sale recorded on October 16, 2013.

The notice of foreclosure sale recorded on May 23, 2013 states that it was foreclosing Lot 21, Block B, and Lot 26, Block B, but not Lot 22, Block B. (JA1b, pgs. 130-131) The foreclosure deed recorded on August 26, 2013 relates only to Lot 21, Block B and Lot 26, Block B. (JA1b, pgs. 134-136)

The notice of foreclosure sale recorded on October 16, 2013 clearly states on the first page that it relates to Lot 22, Block B commonly known as 2013 Gray Eagle Way, Las Vegas, Nevada 89117 and includes APN 163-05-414-016 at the top of the page. (JA1b, pg. 138) The exception on the second page does by mistake mention Lot 22 (instead of Lot 21), but the exception on the second page expressly identifies the excluded property as APN 163-05-414-015 being a combination of 2021 Gray Eagle Way and 2016 Eagle Trace Way. (JA1b, pg. 139) The first page of the foreclosure deed recorded on November 27, 2013 refers only to Lot 22, Block B commonly known as 2013 Gray Eagle Way, Las Vegas, Nevada 89117. (JA1b, pg. 141)

The typographical error on the second page of the notice of foreclosure sale recorded on October 16, 2013 is not evidence of "fraud and unfairness" as claimed at page 12 of Respondent's Answering Brief. It is just a mistake.

## 6. The HOA instituted proceedings to enforce its assessment lien within the three year period provided by NRS 116.3116(6).

At pages 12 and 13 of Respondent's Answering Brief, JPMorgan argues that "proceedings to enforce" an HOA assessment lien are not "instituted" under NRS 116.3116(6) until the HOA has actually completed the nonjudicial foreclosure sale at the end of the foreclosure process.

JPMorgan also argues that this Court's interpretation in SFR of the word

"institution" that appears in NRS 116.3116(2) as "[t]he commencement of something, such as a civil or criminal action" (334 P.3d at 415) has no relevance to interpreting the word "instituted" that appears in NRS 116.3116(6).

In <u>SFR</u>, this Court found that the nonjudicial "action" to "enforce" an HOA assessment lien are "instituted" when a Nevada HOA notifies the owner of the delinquent assessments pursuant to NRS 116.3116(1)(a). 334 P.3d at 411. In the present case, the notice of delinquent assessment lien was recorded on April 20, 2009. (JA1b, pg. 123-124) JPMorgan produced no evidence that any of the assessments included in the notice of delinquent assessment lien were more than three years old on April 20, 2009.

### 7. There is no requirement that an HOA foreclosure sale be commercially reasonable.

At the bottom of page 15 and top of page 16 of Respondent's Answering Brief, JPMorgan states: "To the extent that the district court did rely on a commercial reasonableness requirement, the argument from Section IV.D2 is incorporated herein by reference." As discussed at pages 9 and 10 above, the typographical error in the notice of foreclosure sale recorded on October 16, 2013 (JA1b, pgs. 137-139)for the separate sale of Lot 22 could not possibly have affected the sale of Lots 21 and 26 in the sale that was completed on July 18, 2013 (JA1b, pgs. 133-136) The 8.

typographical error on page 2 of the notice of foreclosure sale recorded on October 16, 2013 was also too minor to affect the foreclosure sale of Lot 22 on November 21, 2013.

## The <u>Monroe</u> factors show that the district court abused its discretion in dismissing the action with prejudice.

At page 17 of Respondent's Answering Brief, JPMorgan argues that the factors in <u>Monroe v. Columbia Sunrise Hospital & Medical Center</u>, 123 Nev. 96, 158 P.3d 1008, 1012 (2007), support dismissal with prejudice in the present case.

Reviewing "the underlying conduct of the parties," JPMorgan offered no evidence of any misconduct by plaintiff in prosecuting its third-party complaint.

Regarding "whether the plaintiff offers adequate excuse for delay," JPMorgan claims that plaintiff offered no excuse for delay "except to state that its claim had been pending for nineteen months. *See* APP000155."

As set forth above at pages 6 and 7, the finding cited by the court at page 3 of its order to dismiss with prejudice (JA1b, pg. 155) ignores the exchange between the court and plaintiff's counsel at the hearing held on April 16, 2015 (JA1b, pgs. 178-179) as well as the fact that JPMorgan did not file its answer to Saticoy's complaint in intervention until November 6, 2014. (JA1a, pgs. 60-66)

Regarding "whether the plaintiff's case lacks merit," JPMorgan produced no

evidence of fraud, unfairness, or oppression relating to the HOA foreclosure sale, and the district court's interpretation of the three year limit contained in NRS 116.3116(6) is incorrect.

Regarding the factor of "whether any subsequent action following dismissal would not be barred by the applicable statute of limitations," as noted above, the five year statute of limitations on Saticoy's quiet title claim will not expire until July 18, 2018.

#### **CONCLUSION**

By reason of the foregoing, plaintiff respectfully requests that this Court reverse the order to dismiss with prejudice entered by the court on June 22, 2015 and remand this case to the district court with instructions to amend the order to be a dismissal without prejudice.

DATED this 23rd day of May, 2016.

LAW OFFICES OF MICHAEL F. BOHN, ESQ., LTD. By: / s / Michael F. Bohn, Esq. / Michael F. Bohn, Esq. 376 East Warm Springs Road, Ste. 140 Las Vegas, Nevada 89119 Attorney for plaintiff/appellant

### **CERTIFICATE OF COMPLIANCE**

1. I hereby certify that this brief complies with the formatting requirements of NRAP 32(a)(4), the typeface requirements of NRAP 32(a)(6) because this brief has been prepared in a proportionally spaced typeface using Word Perfect X6 14 point Times New Roman.

2. I further certify that this brief complies with the type-volume limitations of NRAP 32(a)(7) because, excluding the parts of the brief exempted by NRAP 32(a)(7), it is proportionately spaced and has a typeface of 14 points and contains 3,529 words.

3. I hereby certify that I have read this appellate brief, and to the best of my knowledge, information, and belief, it is not frivolous or interposed for any improper purpose. I further certify that this brief complies with all applicable Nevada Rules of Appellate Procedure, in particular NRAP 28(e)(1), which requires every assertion in the brief regarding matters in the record to be supported by a reference to the page of the transcript or appendix where the matter relied on is to be found.

DATED this 23rd day of May, 2016.

LAW OFFICES OF MICHAEL F. BOHN,ESQ., LTD.

By: / s / Michael F. Bohn, Esq. / Michael F. Bohn, Esq. 376 East Warm Springs Rd, Ste. 140

1	Las Vegas, Nevada 89119			
2	Attorney for plaintiff/appellant			
3				
4	CERTIFICATE OF SERVICE			
5				
6 7	In accordance with N.R.A.P. 25, I hereby certify that I am an employee of the			
8	Law Offices of Michael F. Bohn, Esq., Ltd., and that on the 23rd day of May, 2016,			
9	a copy of the foregoing APPELLANT'S REPLY BRIEF was served electronically			
10	through the Court's electronic filing system to the following individuals:			
11				
12	Kent F. Larsen, Esq. Chet A. Glover, Esq.			
13	SMITH LARSEN & WIXOM			
14	1935 Village Center Circle Las Vegas, NV 89134			
15				
16 17				
17 19	/s/ /Marc Sameroff /			
18 19	An Employee of the LAW OFFICES OF MICHAEL F. BOHN, ESQ., LTD.			
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