

Bond Case Briefs

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ANNEXATION - IDAHO

In re Old Cutters, Inc.

United States District Court, D. Idaho - March 31, 2014 - Not Reported in F.Supp.2d - 2014 WL 1319854

The City of Hailey appealed the Memorandum Decision, Order and Judgment entered by the United States Bankruptcy Court for the District of Idaho. Hailey argued that the Bankruptcy Court erred when it invalidated the annexation fees and community housing provisions imposed by Hailey in connection with the annexation of property owned by the chapter 11 debtor, Old Cutters.

Mountain West Bank, Old Cutters' principal creditor, agreed with the Bankruptcy Court's ruling with respect to the annexation fees and community housing provisions, but appealed the Court's finding that the description of the real property in the relevant annexation agreement satisfied the requirements of the Idaho statute of frauds.

The Court concluded that the description of "Market Rate Lots" was sufficient in the Annexation Agreement and exhibits referenced in the agreement to satisfy the statute of frauds. The Court accordingly affirms the Bankruptcy Court's finding that Hailey's lien on the Property was valid under the Idaho statutes. However, because the Court also affirmed the Bankruptcy Court's holding that Hailey does not hold an enforceable claim to collect any further amounts from Old Cutters under the Annexation Agreement, Hailey's lien is ultimately unenforceable.