
BONDS - ARIZONA

UMB Bank, NA v. Parkview School, Inc

Court of Appeals of Arizona, Division 1 - January 5, 2023 - P.3d - 87 Arizona Cases Digest 4 - 2023 WL 106472

Trustee for loan made to nonprofit organization operating charter schools commenced action for a receiver after being authorized to do so by Minnesota probate court.

The Superior Court appointed receiver. Nonprofit organization appealed.

The Court of Appeals held that:

- Notice of claim statute did not apply to trustee's request for appointment of receiver;
- Even assuming one-year statute of limitations applied, receivership action was timely; and
- Arizona court properly deferred to Minnesota court's ruling in finding that forbearance agreement did not bar appointment of receiver.

Request for appointment of receiver made by trustee for loan made to nonprofit organization operating charter schools was not mere predicate to damages claim, and thus notice of claim statute did not apply; trustee requested receivership for prospective protection of bondholders, and to extent trustee requested past-due debt be collected within the receivership, severance of those requests did not redefine the nature of the action.

Receivership action initiated by trustee for loan made to nonprofit organization operating charter schools was timely, even assuming applicability of one-year statute of limitations for actions against public entities; trustee premised receivership action on nonprofit organization's failure to satisfy its obligation to make regular debt payments in full for several years, including defaults that occurred within one year of complaint, and any purported debt acceleration arising from trustee's complaint alleging "total aggregate due and owing" had no bearing on timeliness of receivership action.

In proceedings initiated by trustee for loan made to nonprofit organization operating charter schools, Minnesota court exercised jurisdiction over action by ruling on trustee's petition, which sought declaration that bondholder directive for trustee to enter forbearance agreement was ineffective and instruction not to enter forbearance agreement, before Arizona court exercised jurisdiction by ruling on trustee's motion for appointment of receiver, and thus, under prior exclusive jurisdiction doctrine, Arizona court properly deferred to Minnesota court's ruling in finding that forbearance agreement did not bar appointment of receiver.

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