

SUMMARY STATEMENT

Guenther v. Ryerson

Case No. 46258

The Idaho Supreme Court vacates the district court's order requiring the sale of partnership property for a fixed price, reverses the district court's order attributing 100 percent of post-dissolution equity in partnership property to one partner, affirms the district court's order denying attorney's fees, and remands for further proceedings consistent with its opinion.

Michelle Ryerson appealed multiple decisions made by the Ada County district court during the dissolution and winding up of West Foothills TIC, a partnership in which she was a partner. Specifically, Ryerson appealed the district court's order granting summary judgment as to the value of the partnership's real property as of the date of dissolution and attributing any equity in the partnership's property after that date to Joseph Guenther, her former partner. She argued that any increase in equity in the partnership's property belonged to the partnership under the Idaho Uniform Partnership Act and was required to be distributed amongst the partnership's partners pursuant to the Act's provisions. Ryerson also appealed an order by the district court allowing her former partner an opportunity to buy the partnership's real property at a fixed price. She argued the district court erred in fixing the price at which the partnership's real property would be sold because the Idaho Uniform Partnership Act required the property be sold at its fair market value.

Guenther cross-appealed, arguing the district court erred by ordering the sale of the partnership's real property on the open market after he failed to purchase the property. Guenther also appealed the district court's order declining to award him attorney's fees as the prevailing party in the action below.

The Idaho Supreme Court held that the Idaho Uniform Partnership Act requires the sale of partnership property at its fair market value during the dissolution and winding up of a partnership, unless the partners agree to an alternate method of distribution. The Court also held that the district court erred in attributing any post-dissolution increase in equity in the partnership's real property to Guenther because the equity was partnership property under the Idaho Uniform Partnership Act. Finally, the Court held that the district court did not err in declining to award attorney's fees to Guenther because the winding up of a partnership pursuant to a statutory scheme was not a commercial transaction. Accordingly, the Idaho Supreme Court vacated in part, reversed in part, affirmed in part, and remanded for further proceedings consistent with its opinion.