

SUMMARY STATEMENT

Farms v. Isom, Docket No. 49633

This appeal centered on a district court’s application of state law and federal bankruptcy law to determine the statutes of limitation for three breach of contract claims following an automatic stay in bankruptcy. Ralph and Paula Isom (the Isoms), facing foreclosure, entered into a deed in lieu of foreclosure agreement with Farms, LLC (“Farms”). The Isoms then leased the real property (a farm and various houses) back from Farms, subsequently defaulted on their obligations under the lease agreement, and later filed a Chapter 11 bankruptcy, which was afterward converted to a Chapter 7. During the Isoms’ bankruptcy, Farms also acquired several third-party claims against the Isoms from other independent creditors of the Isoms. The bankruptcy court denied the Isoms a discharge, and after the bankruptcy case closed, Farms sued the Isoms personally, alleging three counts of breach of contract. Following a one-day bench trial, the district court awarded Farms a judgment of \$1,281,501.68 as to Count III—related to Farms’ purchase of the third-party claims. But the district court concluded that Farms’ remaining two claims related to the lease were barred by the applicable statute of limitations. The Isoms timely appealed, arguing that the district court erred in determining the applicable statute of limitations as to Count III. Farms cross-appealed, arguing the district court erred in misapplying the statutes of limitation as to Counts I and II. The Idaho Supreme Court affirmed the district court’s judgment as to Count III, but reversed and vacated the judgment on Counts I and II. In doing so, the Court concluded that Farms complaint was timely because Idaho Code section 5-234 applied over U.S.C. section 108(c) to establish the statute of limitations period.

******This summary constitutes no part of the opinion of the Court, but has been prepared by court staff for the convenience of the public.******