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 Shelby Cnty Judge of Probate, AL
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 58-CV-2020-900879.00
 CIRCUIT COURT OF
 SHELBY COUNTY, ALABAMA
 MARY HARRIS, CLERK

IN THE CIRCUIT COURT OF SHELBY COUNTY, ALABAMA

LOVE THY NEIGHBOR MINISTRIES
 LLC,
 Plaintiff,

V.

DL3R PROPERTIES, LLC,
 SMITH DANALU N.,
 REGIONS BANK,
 Defendants.

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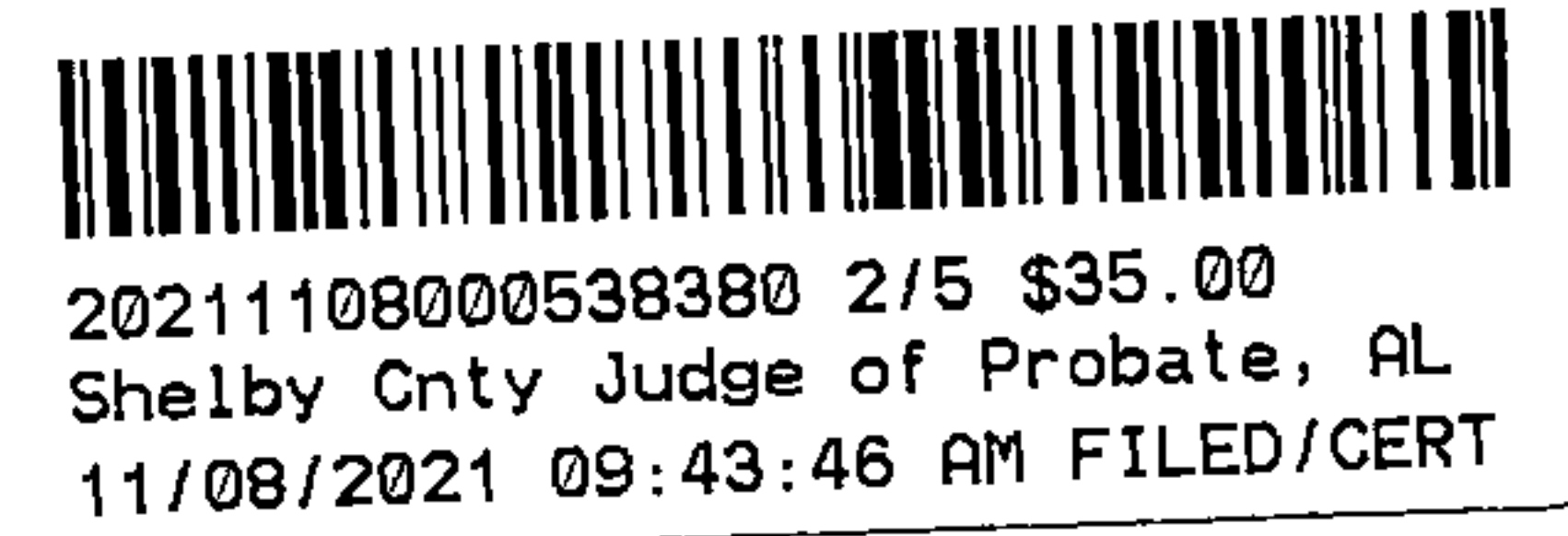
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Case No.: CV-2020-900879.00

ORDER

This cause is before the Court on the Substitute Motion for Summary Judgment of defendants Danalu N. Smith ("Smith") and DL3R Properties, LLC ("DL3R")(collectively, "Defendants") on the complaint of plaintiff Love Thy Neighbor Ministries, LLC ("Plaintiff") to declare that Plaintiff is the owner of the parcel of real estate made the basis of this action and to set aside deeds of that parcel to Defendants, and also on the counterclaim of Defendants to declare that a prior quitclaim deed of that parcel under which Plaintiff claims title is void, invalid and of no effect. Co-defendant Regions Bank ("Regions"), which holds the mortgage on the subject parcel, has joined in Defendants' Motion, as the title of Regions under its mortgage is derivative of the title in Defendants. The Court, having considered Defendants' Motion and supporting evidentiary submission, the Response of Plaintiff, the Reply Brief of Defendants, and the argument of counsel for all parties at the July 27 hearing on the Motion, finds that Defendants' Motion is well-taken and is due to be granted.

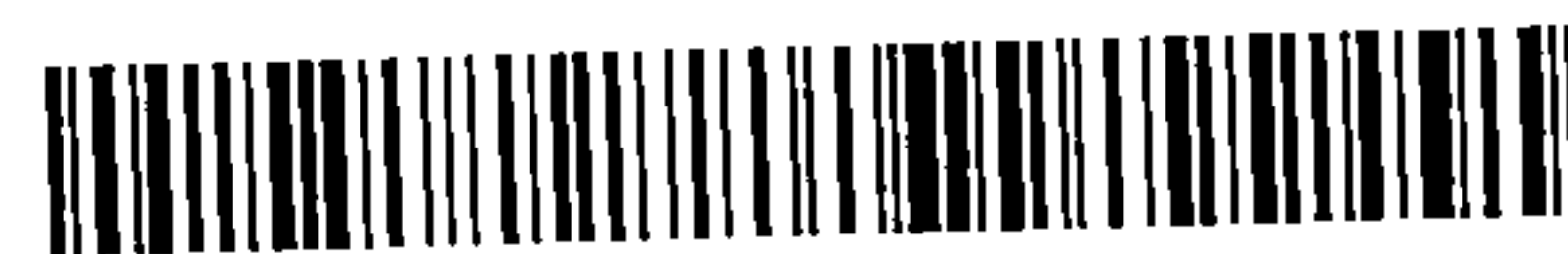


Operative Facts

This action involves title to a parcel of land in Shelby County, Alabama, having a street address of 78 Fowler Lane, Shelby, Alabama, and more particularly described as Lot 2, according to the Map of the 1974 Addition to Shelby Shores, Phase II, as recorded in Map Book 6, Page 33, in the Probate Office of Shelby County, Alabama ("Fowler Lane Property"). By deed dated May 3, 2007, Candice Hammick, a married woman, acquired the Fowler Lane Property, and on the same date, Hammick, joined by her husband, James Hammick, executed two mortgages of the Fowler Lane Property in the combined amount of the full purchase price thereof. On March 24, 2014, Candice Hammick filed a divorce petition in the Superior Court of Sacramento County, California, being Case Number 14 FL 01738 ("California Divorce Action").^[1]

On February 27, 2015, and during the pendency of the California Divorce Action, Candice Hammick signed a quitclaim deed of the Fowler Lane Property to Love Thy Neighbor Ministries, which was a Georgia limited liability company that had been administratively dissolved by the Georgia Secretary of State on September 8, 2010. Joseph Hale, the manager/agent of Love Thy Neighbor Ministries, and whose former wife was a cousin of Candice Hammick, testified that he knew that Candice was going through a divorce and that an arrangement was worked out with Candice by which she would sign a quitclaim deed of the Fowler Lane Property, as well as another parcel of property not involved in this action, to Love Thy Neighbor Ministries, in return for a ten dollar payment for each property. According to Hale's deposition testimony, he, working through Love Thy Neighbor Ministries, would try to prevent foreclosure of the mortgages on the two properties.

[1] The Shelby County Circuit Court has taken judicial notice of the



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California Divorce Action in two prior cases, namely, DR-2015-90060 and CV-2018-000191. In DR-2015-90060, the Court stated in an order that it “defers to California’s exclusive and continuing jurisdiction” concerning “the marriage of the parties, ... [and] personal and real property issues of the marriage.”

On November 22, 2017, the California Superior Court entered Findings and Order After Hearing in the California Divorce Action. In its order, the California court ruled that the Fowler Lane Property was community property, and awarded same to the husband, James Hammick. Thereafter, by the combination of the February 21, 2018 deed from James Hammick to Smith, and the February 20, 2018 California Clerk’s Deed to Smith, title to the Fowler Lane Property was conveyed to Smith, who granted a mortgage of same to Regions. Smith thereafter conveyed the Fowler Lane Property to DL3R.

Application of Law to Facts

It is a basic principle of law that a “valid deed of conveyance requires a grantee in existence who is legally capable of accepting the deed and taking and holding title to the property at the date of delivery.” 23 Am. Jur. 2d Deeds, § 24 (2013). Because Love Thy Neighbor Ministries was an administratively dissolved Georgia LLC on the date it received the quitclaim deed, the Court must look to Georgia law to determine its status as a potential grantee of this deed. *Watts v. TI, Inc.*, 561 So. 2d 1057 (Ala. 1990).

Under Georgia law, a “limited liability company administratively dissolved continues its existence but may not carry on any business except that necessary to wind up and liquidate its business and affairs.” OCGA § 14-11-603(b)(3). Defendants argue that, under Georgia law, while an administratively dissolved company may dispose of



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property, it is not allowed to acquire new property. See OGCA § 14-2-1405 (winding down includes “disposing” of property); *Medical Center of Cent. Georgia, Inc. v. Macon Health Ctr., Inc.*, 815 S.E. 2d 199 (Ga. App. 2018)(holding that administratively dissolved company could not exercise option to renew lease). Thus, Defendants argue that because Love Thy Neighbor Ministries was barred by Georgia from acquiring property, the 2015 quitclaim deed was invalid. This Court agrees.

But, even if Love Thy Neighbor Ministries could have been a valid grantee of the 2015 quitclaim deed, it is still subject to the rule that “one who has only a quitclaim deed to land cannot claim protection as bona fide purchaser without notice.” *Polhemus v. Cobb*, 653 So. 2d 964, 967-68 (Ala. 1995). Under Alabama law, the use of a quitclaim deed “puts the purchaser upon inquiry as to any and all defects that may exist in the title, by way of outstanding incumbrances, equities and the like.” *Rucker v. Tennessee Coal, Iron & R. Co.*, 58 So. 465, 468 (Ala. 1912). Moreover, the quitclaim grantee is charged with knowledge of facts to which due inquiry would lead. *Jefferson County v. Mosley*, 226 So. 2d 652 (Ala. 1969). During the course of his dealings with Candice Hammick that led up to her signing of the quitclaim deed, Mr. Hale, manager of Love Thy Neighbor Ministries, knew that she was married and that she was involved in a divorce case. Love Thy Neighbor Ministries was thus under inquiry notice of the fact that the Fowler Lane Property was subject to the jurisdiction of the California Superior Court.

By order entered on November 22, 2017, the California court ruled that the Fowler Lane Property was community property, awarded same to the husband, and declared that the 2015 quitclaim deed was “null and void.” When a foreign court, having jurisdiction, makes rulings on property division, then that decision is due to be



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given "the res judicata effect to which it would be entitled in the state that rendered the judgment." *McGouryk v. McGouryk*, 672 So. 2d 1300, 1302 (Ala. Civ. App. 1995).

Accordingly, this Court concludes that the 2015 quitclaim deed was voided by the order of the California court, if not previously invalid under the principles above discussed.

FINAL JUDGMENT

On the basis of the foregoing, it is ORDERED, ADJUDGED and DECREED as follows:

1. That the Substitute Motion of Summary Judgment of Defendants Danalu N. Smith and DL3R Properties, LLC, and joined in by defendant Regions Bank, be and the same is hereby GRANTED, and that Plaintiff's claims against all defendants are hereby DISMISSED.
2. That the Quitclaim Deed from Candice Hammick to Love Thy Neighbor Ministries, dated February 27, 2015, and recorded on the same date in the Probate Office of Shelby County, Alabama, as Instrument Number 20150227000061940, is hereby declared to be void, invalid and of no effect, and is hereby SET ASIDE and CANCELLED.
3. That costs are taxed as paid.

DONE this 20th day of September, 2021.

/s/ LARA M ALVIS
CIRCUIT JUDGE