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SC Court of Appeals

THE STATE OF SOUTH CAROLINA
In the Court of Appeals

APPEAL FROM GREENVILLE COUNTY
Court of Common Pleas

The Honorable Charles B. Simmons, Jr.
Master-in-Equity

Appellate Case No. 2025-002386
Circuit Court Case No. 2024-CP-23-04910

Harbor Town Association, Inc., ... Respondent,

v.

Rajiv Kumar Lakhaney, Deceased; and any children and heirs at law, distributees and devisees, and if any be deceased then any persons entitled to claim under or through them; also all other persons unknown claiming any right, title, interest or lien upon the real property described in the complaint herein, any unknown adults being a class designated as John Doe; and any unknown minors or persons under disability or in the military service being a class designated as Richard Roe……………………………………… Defendants

of which Rajiv Kumar Lakhaney, Deceased is the ………………... Appellant

and Oriole Properties, LLC, Thomas and Son Properties, LLC, and Kelley Yarborough Woody, Esq., Guardian ad Litem Nisi are…… Respondents

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**BRIEF OF RESPONDENTS
ORIOLE PROPERTIES, LLC AND
THOMAS AND SON PROPERTIES, LLC**

WOMBLE BOND DICKINSON (US) LLP
Jason D. Wyman, SC Bar No. 100271
550 South Main Street, Suite 400
Greenville, SC 29601
(864) 255-5400
jason.wyman@wbd-us.com

Attorneys for Respondents Oriole Properties, LLC and Thomas and Son Properties, LLC

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STATEMENT OF ISSUES ON APPEAL

I. Whether the Master-in-Equity correctly denied the Estate's Motion to Vacate where the Third-Party Purchasers are bona fide purchasers for value who acquired title at a public, competitive judicial sale without actual or constructive notice of any alleged defect in service, and where S.C. Code Ann. § 15-39-870 and controlling precedent hold that such alleged defects cannot be used to unwind a judicial sale against innocent purchasers?

II. Whether the bona fide purchaser doctrine and S.C. Code Ann. § 15-39-870 protect the Third-Party Purchasers' vested title regardless of Appellant's characterization of the underlying judgment, where the purchasers paid value, acquired legal title, and had no notice of any jurisdictional defect and where the alleged service defect was not "readily apparent on the face" of the court file reviewed before bidding?

III. Whether the Master-in-Equity properly exercised his discretion in declining to set aside the sale under the second prong of *Buffalo Creek*, where no irregularities in the conduct of the sale itself have been shown, the sale was competitive and public, and the equities overwhelmingly favor innocent purchasers who paid value and invested in substantial improvements in reliance on the finality of the judicial process?

IV. Whether the Master-in-Equity correctly applied the Debt Method of valuation under *Winrose* by considering both the $25,000 bid and the outstanding property taxes the Third-Party Purchasers paid in determining that the sale price did not shock the conscience?

<u>COUNTER STATEMENT OF THE CASE</u>

This appeal is brought by the Estate of Rajiv Kumar Lakhaney (the "Estate") from an Order of the Master-in-Equity denying the Estate's post-sale motion to vacate a foreclosure sale. The Estate asks this Court to strip title from innocent third-party purchasers who bought property at a public, competitive judicial sale, paid value, obtained a clear title opinion, recorded their deed, and invested tens of thousands of dollars in improvements. All of which occurred before the Estate bothered to file its motion. This Court should decline the invitation.

The Underlying Foreclosure. Harbor Town Association, Inc. (the "Association") filed this action on August 12, 2024, to foreclose its recorded homeowners' association lien on the property located at 36 Spinnaker Court, Greenville, South Carolina (the "Property"). (*See generally* Compl.; R. at ____.) The lien was recorded on June 16, 2023. (Order, Finding 2, R. at ____.) The record owner, Rajiv Kumar Lakhaney, had died on July 31, 2024. (Order, Finding 3, R. at ____.) Upon learning of the death of Mr. Lakhaney, the Association filed an Amended Summons and Complaint on August 29, 2024, substituting "Rajiv Kumar Lakhaney, Deceased" and naming unknown heirs. (Order, Finding 4, R. at ____.) The court appointed Kelley Yarborough Woody, Esq. as Guardian ad Litem Nisi and authorized service by publication, which was effected by publication in the Greenville News for three consecutive weeks. (Order, Finding 5, R. at ____.)

The Estate Received Multiple Opportunities to Protect Its Interest Before Sale. Whatever dispute exists concerning the adequacy of formal service, the record establishes that both administrators became aware of the foreclosure before the sale occurred and had opportunities to protect the Estate's interest before title passed to the Third-Party Purchasers. Ms. Woody was contacted by Phil Ziganto (a friend of the decedent) and by Katherine Semyonov, the initial Administrator of Mr. Lakhaney's Estate. (Order, Finding 6, R. at ____.) Ms. Semyonov contacted the Association's counsel, executed a repayment agreement on December 17, 2024 to cure the past-due assessments, and then stopped paying. (Order, Findings 10–11, R. at ____.) On or about January 22, 2025, Catherine (Carmen) Cortes-Sykes, Esq. was appointed Substitute Administrator. (Order, Finding 12, R. at ____.) Critically, Ms. Cortes-Sykes did *not* notify the Association, Ms. Woody, or the court of her appointment. (Order, Finding 12, R. at ____.)

On May 27, 2025, Ms. Woody forwarded the notice of the June 6, 2025 final hearing to Ms. Semyonov, who sent it to Ms. Cortes-Sykes the same day. (Order, Findings 14–15, R. at ____.) Ms. Cortes-Sykes contacted Plaintiff's counsel in June 2025; counsel attempted to return her call on June 5, 2025 – the day before the hearing. (Order, Finding 16, R. at ____.) Despite receiving notice of the final foreclosure hearing before it occurred, the Estate did not appear, seek a continuance, or otherwise take action to prevent the Property from proceeding to judicial sale. (Vacatur Hr'g Tr. 39:8-19, R at ___). The record also contains testimony that the Estate's representatives knew the Property was proceeding toward a judicial sale, yet no one moved to stay the sale, sought emergency relief, or otherwise took action to prevent the sale before title passed to the Third-Party Purchasers. (Vacatur Hr'g Tr. 45:1-11, R. at ___). The Judgment of Foreclosure and Sale was entered on June 6, 2025. (Order, Finding 17, R. at ____.)

The Judicial Sale and the Third-Party Purchasers. On August 4, 2025, the Property was offered at a public judicial sale. (Order, Finding 18, R. at ____.) The bidding process was competitive as evidenced by the fact that at least two other participants bid against Oriole Properties, LLC, with bidding progressing incrementally from approximately $250–$500 up to the winning bid of $25,000. (Order, Finding 18, R. at ____; Vacatur Hr'g Tr. 114:1–115:5, R. at ____.) Oriole deposited 5% on the same day and assigned a one-half interest to Thomas and Son Properties, LLC (together, the "Third-Party Purchasers"). (Order, Finding 18, R. at ____.)

Before bidding, Oriole Properties, LLC's principal, Clayton M. Custer, conducted extensive due diligence: he reviewed the foreclosure file, the court's orders, and the Judgment of Foreclosure and Sale; confirmed the status of title; researched the property's tax history (including the December 2024 tax sale); obtained and paid for an independent title opinion from outside counsel; and factored the $13,196.79 in outstanding property taxes and the Property's condition (requiring roof replacement and bathroom remodels, estimated $35,000–$45,000 in renovations) into the bid. (Vacatur Hr'g Tr. 110:5–113:22, 128:1–132:14, R. at ____.) Nothing in the court file, which reflected that a Guardian ad Litem had been appointed and that service had been completed by court order, put Oriole Properties on notice of any jurisdictional defect. (Vacatur Hr'g Tr. 126:12–127:18, R. at ____.)

The Third-Party Purchasers complied with their bid on August 14, 2025. (Vacatur Hr'g Tr. 120:2–18, 133:1–134:8, R. at ____.) A deed was issued and recorded on August 18, 2025, in Deed Book 2762, Page 1880. (Order, Finding 20, R. at ____.)

Post-Sale Reliance and the Estate's Delay. Immediately after complying with the bid, the Third-Party Purchasers commenced substantial renovations. (Order, Finding 21, R. at ____.) Renovation work was already underway before the Estate filed its Motion to Vacate on September 4, 2025 – a full month after the auction and after title had vested. (Order, Finding 21, R. at ____.)

The Master's Order. After a full evidentiary hearing on October 7, 2025, the Master-in-Equity entered a comprehensive Order on October 29, 2025, denying the Motion to Vacate. The Master-in-Equity found that: (1) the Third-Party Purchasers are bona fide purchasers for value; (2) the Association was not required to join the Estate's Administrator under S.C. Code Ann. § 29-3-610; (3) the Estate's fiduciaries had actual notice of the foreclosure and laches bars relief; and (4) the sale price does not shock the conscience. (Order, R. at ____.) The Estate's subsequent Motion to Reconsider was denied on November 17, 2025. (Reconsideration Order, R. at ____.)

STANDARD OF REVIEW

"The determination of whether to set aside a foreclosure sale is a matter within the discretion of the trial court." *Bloody Point Prop. Owners Ass'n, Inc. v. Ashton*, 410 S.C. 62, 66, 762 S.E.2d 729, 731 (Ct. App. 2014). An abuse of discretion occurs only when the trial court's decision is "controlled by an error of law" or "based on unsupported factual conclusions." *Belle Hall Plantation Homeowner's Ass'n, Inc. v. Murray*, 419 S.C. 605, 615, 799 S.E.2d 310, 315 (Ct. App. 2017); *accord Buffalo Creek Invs., Inc. v. Pettus*, 440 S.C. 111, 119, 889 S.E.2d 608, 612 (Ct. App. 2023).

"A judicial sale should not be set aside except for cogent reasons. The purpose of the law and of the proceedings in which a sale has been decreed is that it shall be final." *Spillers v. Clay*, 233 S.C. 99, 104, 103 S.E.2d 759, 761–62 (1958). That presumption of finality pervades every issue presented in this appeal.

ARGUMENT

This appeal is not ultimately about publication, service of process, or New Jersey probate procedure. It is about whether innocent third-party purchasers who acquired title through a public judicial sale may later be divested of that title based on alleged defects that were neither known to them nor apparent from the court file when they bid, complied, and accepted a deed. South Carolina has long protected such purchasers through both the bona fide purchaser doctrine and S.C. Code Ann. § 15-39-870. Even assuming Appellant's complaints regarding the underlying foreclosure have merit, those complaints do not justify unwinding a completed judicial sale against purchasers who paid value, acquired title, and lacked notice of any defect.

I. The Third-Party Purchasers Acquired Vested Rights Protected by South Carolina's Bona Fide Purchaser Doctrine and S.C. Code Ann. § 15-39-870.

A. A bona fide purchaser's title is not affected by alleged defects in service between the original parties to the foreclosure.

South Carolina has long protected the finality of judicial sales and the rights of innocent purchasers. The governing principle is codified in S.C. Code Ann. § 15-39-870, which provides that once a deed is executed and delivered by the proper officer of the court, "the proceedings under which the sale was made are deemed res judicata as to all bona fide purchasers for value without notice." This statute means what it says: procedural irregularities in the underlying action—including alleged defects in service—cannot be used to collaterally attack title held by a bona fide purchaser.

This Court squarely applied that principle in *Bloody Point Prop. Owners Ass'n, Inc. v. Ashton*, 410 S.C. 62, 69, 762 S.E.2d 729, 733 (Ct. App. 2014), holding that a bona fide purchaser's title to property was *"not affected"* by a claim of defective service in the underlying foreclosure.

The Court emphasized that the finality protections of § 15-39-870 shield purchasers from precisely the kind of post-hoc challenge the Estate raises here. *Id.*

Similarly, in *Robinson v. Estate of Harris*, 378 S.C. 140, 145–46, 662 S.E.2d 420, 423 (Ct. App. 2008), *aff'd*, 390 S.C. 272, 701 S.E.2d 740 (2010), this Court held that "[n]one of these affidavits, however, were matters of record at the time of the foreclosure sale" and therefore could not defeat the purchaser's bona fide status. The Supreme Court's reasoning could not be more directly applicable here: whatever the Estate has assembled *after* the sale concerning alleged service defects, nothing in the court file at the time of the August 4, 2025 sale suggested any jurisdictional issue. *Robinson*, 378 S.C. at 146, 662 S.E.2d at 423.

And the South Carolina Supreme Court confirmed in *Cumbie v. Newberry*, 251 S.C. 33, 37, 159 S.E.2d 915, 917 (1968), that a purchaser in good faith at a judicial sale "is not affected by procedural irregularities or even errors in the judgment under which the sale is made." This holding is dispositive. Even if the Estate could establish an error in the service process, which is not conceded, that error cannot defeat the rights of an innocent purchaser who acted in good faith and without notice.

Appellant attempts to circumvent this settled body of law by characterizing the Judgment as entirely "void." But as demonstrated in Section II, the void-judgment doctrine does not nullify the independent statutory protections of § 15-39-870 as applied to bona fide purchasers. *Robinson* itself involved a challenge predicated on alleged lack of personal jurisdiction over the defendant, and this Court affirmed the protection of the bona fide purchaser. 378 S.C. at 145–46, 662 S.E.2d at 423.

B. The Third-Party Purchasers are bona fide purchasers for value without notice as a matter of law.

A party claiming bona fide purchaser status must show: "(1) actual payment of the purchase price of the property, (2) acquisition of legal title to the property, or the best right to it, and (3) a bona fide purchase, 'i.e., in good faith and with integrity of dealing, without notice of a lien or defect." *Buffalo Creek Invs., Inc. v. Pettus*, 440 S.C. 111, 120, 889 S.E.2d 608, 612 (Ct. App. 2023) (quoting *Robinson*, 378 S.C. at 146, 662 S.E.2d at 423). The Master-in-Equity expressly found that the Third-Party Purchasers satisfy every element. (Order, R. at ____.) That finding is correct:

Payment of value. The Third-Party Purchasers paid the full bid of $25,000, deposited 5% on the day of sale, and complied with the bid on August 14, 2025. (Order, Finding 18, R. at ____.) They also subsequently paid $13,196.79 in outstanding property taxes—amounts that formed part of the financial burden associated with the Property. (Affidavit of Clayton M. Custer, R. at ____.) And they have invested an additional $35,000–$45,000 in renovations. (Order, Finding 21, R. at ____.)

Acquisition of legal title. A deed was issued by the Master-in-Equity and recorded on August 18, 2025, in Deed Book 2762, Page 1880. (Order, Finding 20, R. at ____.)

Good faith and absence of notice. This is the dispositive element on which Appellant spills most of its ink, yet the Master-in-Equity's finding is unassailable. Mr. Custer testified, without contradiction, that he reviewed the court file and orders before bidding; that the file reflected that service had been completed and approved by the court; that a Guardian ad Litem had been appointed; and that *nothing in the file suggested any defect in service or jurisdiction*. (Vacatur Hr'g Tr. 126:12–127:18, R. at ____.) The Judgment of Foreclosure and Sale itself expressly recited: "Service was made upon all Defendant(s) as shown by the proof(s) of service filed herein." (Foreclosure Order ¶ 4, R. at ____.)

Appellant's constructive notice argument collapses the moment one asks the dispositive question: constructive notice *of what*? Mr. Custer saw that the homeowner was deceased, that an estate existed in New Jersey, and that a GAL had been appointed. (Vacatur Hr'g Tr. 126:12–127:18, R. at ____.) None of that is notice of a *defect in service*. To the contrary, the appointment of a GAL and the court's express finding that service was complete are precisely the kinds of regular procedural steps that a purchaser is entitled to rely upon. A bidder at a judicial sale is not required to second-guess the court's own determination that service was proper. The relevant inquiry is not whether a purchaser could identify facts that, years later and with the benefit of litigation, might support a service argument. The relevant inquiry is whether the court file, as it existed before the sale, disclosed a defect sufficiently apparent to place a reasonable bidder on notice that the judgment itself was vulnerable. It did not. The file reflected appointment of a Guardian ad Litem, publication authorized by court order, entry of judgment, and a judicial finding that service had been completed. A purchaser reviewing that file was entitled to rely on the regularity of the judicial process.

Nor does Appellant identify any authority – because none exists in South Carolina jurisprudence – creating a heightened or sliding-scale inquiry obligation for a purchaser simply because the purchaser is a lawyer or has experience with purchasing properties at foreclosure sales. South Carolina's bona fide purchaser doctrine asks whether the purchaser paid value, acquired title, and lacked actual or constructive notice of a defect. It does not impose one standard for lawyers and another for lay purchasers. Appellant's attempt to convert Mr. Custer's professional background and diligence into constructive notice inverts the doctrine and finds no support in the case law.

Appellant also points to phone calls Mr. Custer received shortly before complying with his bid – one garbled voicemail from a New Jersey number and one call from Ms. Cortes-Sykes on August 13, 2025 in which she identified herself only as calling "about the property" without providing any substantive information about an alleged defect in service or jurisdiction. (Vacatur Hr'g Tr. 133:1–134:8, R. at ____.) Mr. Custer did not ignore the call; he forwarded it to his title attorney, who confirmed the title was clear. (Vacatur Hr'g Tr. 134:5–8, R. at ____.) He then complied with his bid on August 14, 2025. And the Estate? It waited until September 4, 2025 – three full weeks after that phone call – to file its Motion to Vacate. If a vague phone call "about the property" was supposed to put Mr. Custer on notice of a jurisdictional defect, one would expect the Estate to have acted with more urgency. A vague, unsolicited phone call from a person who does not identify herself as the Estate's administrator, does not mention any defect in service, and does not suggest the sale should be halted is not constructive.

C. *Rallis* Confirms That Appellant's Theory of Constructive Notice Is Too Broad.

Appellant's reliance on *Rallis Holdings, LLC v. Martinez*, No. 2019-001821, 2023 WL 155075 (S.C. Ct. App. Jan. 11, 2023), does not advance its argument. If anything, *Rallis* confirms the rule that protects the Third-Party Purchasers here.

In *Rallis*, the Court of Appeals addressed a post-sale challenge to a foreclosure judgment and sale based on alleged defective service. The Court reversed the Master-in-Equity's order setting aside the sale, emphasizing South Carolina's strong policy of protecting good-faith purchasers and preserving the finality of judicial sales. The Court held that a master's deed must be upheld against a later service challenge unless the alleged defect in service was "readily apparent on the face of the materials in the master's file before he ordered the foreclosure sale." *Id.* at *1.

That is the critical point. *Rallis* does not impose on bidders a duty to audit the plaintiff's service efforts, independently investigate out-of-state probate records, contact probate courts in other jurisdictions, or second-guess the court's own service determinations before bidding. It protects purchasers unless the court file itself reveals an obvious defect – one "readily apparent on the face" of the court's file. The alleged problem must be apparent from the face of the court's file, not constructed after the fact through post-sale testimony, affidavits, or a more aggressive legal theory about what the plaintiff should have done differently. Appellant's reading of *Rallis* and *Cumbie* – that a purchaser must investigate "at his peril" by contacting out-of-state courts and tracking down administrators – would impose an investigative burden that no South Carolina case has ever required.

The South Carolina Supreme Court's decision in *Gladden v. Chapman*, 106 S.C. 486, 91 S.E. 796 (1917), supplies the foundational principle. In *Gladden*, purchasers acquired property at a partition sale where the underlying judgment later proved erroneous – the court had proceeded on the theory that certain heirs were dead when they were, in fact, alive. *Id.*; 91 S.E.2d at 797. The heirs sought to recover the land, arguing the judgment was void. *Id.*; 91 S.E.2d at 798. The Supreme Court rejected the attack and protected the purchasers, holding that "the purchaser in good faith at a judicial sale is bound only to see that the court had jurisdiction of the subject of the action and of the parties in interest. He is not affected by irregularities or errors in the record for which the judgment might have been vacated in a direct attack, or reversed on appeal, or *by secret vices affecting the judgment, which are not disclosed by examination of the record.*" *Id.*; 91 S.E. at 797 (emphasis added).

Appellant points to facts in the file showing that Mr. Lakhaney was deceased, that an estate existed in New Jersey, and that a guardian ad litem had been appointed. But those facts do not establish constructive notice of a jurisdictional defect. They establish only that the foreclosure involved a deceased owner and unknown heirs, which is precisely why the court appointed a guardian ad litem and authorized publication. Nothing about that sequence of events – death, appointment of GAL, service by publication, entry of judgment – discloses on its face the kind of defect that *Rallis* requires or the kind of "secret vice" that *Gladden* holds cannot defeat bona fide purchaser status. Appellant's argument requires a purchaser to go several steps beyond the face of the file: to question whether publication should have been allowed, determine whether the Association should have served a fiduciary instead, investigate the New Jersey probate docket, evaluate the adequacy of due diligence under South Carolina publication statutes, and predict that a later court might disagree with the Master-in-Equity's service determination. That is not a readily apparent defect. It is a hindsight service challenge constructed after the sale and is precisely the kind of post-sale attack from which *Rallis* and *Gladden* protect bona fide purchasers.

The *Gladden* Court grounded this rule in sound public policy: "What sort of an opinion must the average layman entertain of a court and its administration of justice, if that court should sell him land and take his money for it, and afterwards tell him that he has no title and take it away from him? Our people have an abiding faith in 'court titles,' and it should not be shaken." *Gladden v. Chapman*, 106 S.C. 486, 91 S.E. 796, 797 (1917). That policy is implicated directly here. The Third-Party Purchasers reviewed the court file, saw that service had been completed pursuant to court order, that a Guardian ad Litem had been appointed, and that judgment had been entered. They paid value and took title in reliance on the court's orders. Appellant's after-the-fact argument that the Association should have done more to locate the Estate's administrator is precisely the kind of "secret vice" – one not apparent from the court file – that *Gladden* holds cannot defeat bona fide purchaser status.

D. The Association's non-opposition to vacatur is irrelevant to the Third-Party Purchasers' vested rights.

Appellant argues that the Association's "non-opposition" to vacating the sale somehow "reinforces that the equitable balance favors the Estate." (Appellant's Br. at 25.) The Association's litigation posture – whatever its motivations – cannot waive or compromise the *Third-Party Purchasers'* independently vested property rights. Once a deed issues to a bona fide purchaser, title vests. S.C. Code Ann. § 15-39-870. The original parties to the foreclosure cannot agree among themselves to strip that title any more than a seller and buyer can agree to take back property already conveyed to a third party. The Third-Party Purchasers are parties to this action; they hold title; and their rights are not subject to the Association's disposition.

II. Even If Appellant Could Establish a Jurisdictional Defect, That Does Not Eliminate Bona Fide Purchaser Protection.

A. The voidness doctrine does not extend to defeat bona fide purchaser protections under § 15-39-870.

Appellant's argument depends upon the proposition that labeling a judgment "void" automatically defeats the protections afforded bona fide purchasers. But *Robinson*, *Bloody Point*, and *Rallis* all involved post-sale attempts to challenge completed judicial sales based upon alleged defects in the underlying proceedings. If every later-asserted jurisdictional challenge automatically defeated bona fide purchaser protection, the protections recognized in those cases would have little practical effect. South Carolina law instead focuses upon what the purchaser knew, or reasonably should have known, at the time title was acquired.

Appellant's voidness authorities address whether a judgment may bind a party who was not properly served. They do not eliminate the separate statutory and equitable protections afforded to innocent third-party purchasers at judicial sales. That separate question is answered by § 15-39-870 and by the cases applying it, including *Robinson* and *Bloody Point*. Those cases specifically address what happens when a party attempts to use an alleged service or jurisdictional defect to undo a completed judicial sale. In *Robinson*, the challenge was framed in terms of lack of personal jurisdiction, yet this Court protected the bona fide purchaser. 378 S.C. at 145–46, 662 S.E.2d at 423. In *Bloody Point*, the challenge was defective service, yet this Court held the purchaser's title was "not affected." 410 S.C. at 69, 762 S.E.2d at 733. *Belle Hall* is not to the contrary: in that case, the publication affidavit was *facially* defective because it attached a search that had been conducted for the wrong defendant – a defect apparent on the face of the record. 419 S.C. at 616, 799 S.E.2d at 316. Here, by contrast, no facial defect appeared in the court file. The file showed regularity: GAL appointed, publication authorized by court order, service completed per the court's own finding.

Appellant tries to avoid these cases by emphasizing that § 15-39-870 applies only to sales conducted under a decree of "a court of competent jurisdiction." (Appellant's Br. at 21.) But that argument proves too much. Every Rule 60(b)(4) service challenge is, by definition, framed as a jurisdictional challenge. If merely recasting an alleged service defect as a jurisdictional defect were enough to remove the case from § 15-39-870, the statute would offer protection only when no one challenges the sale. That cannot be right. The General Assembly enacted § 15-39-870 precisely for the hard cases where a party seeks to disturb a judicial sale after a deed has issued to a purchaser who paid value without notice. Appellant's reading would nullify the statute in the very setting where it is supposed to operate and would make every foreclosure sale vulnerable to retroactive attack based on service theories developed after the fact.

Nor does the phrase "court of competent jurisdiction" require a different result. Under *Robinson*, *Bloody Point*, and *Rallis*, the relevant inquiry is not whether a losing party can later assemble a service challenge after the sale. It is whether the purchaser had notice, actual or constructive, of a defect apparent from the court file at the time of the sale. If the file facially discloses a jurisdictional defect, the purchaser proceeds at risk. But if the file reflects regularity, the purchaser is entitled to rely on the judicial process. The “court of competent jurisdiction” language protects purchasers who relied on a court that appeared to have jurisdiction based on the record before them; it does not strip protection from every purchaser whenever any defendant later raises a service argument.

Appellant’s proposed rule would destabilize every foreclosure sale in South Carolina. No bidder could safely rely on a court’s determination that service was adequate, because any defendant could later appear, allege a defect in service, characterize the judgment as “void,” and seek to retroactively destroy the purchaser’s title after payment, recording, improvements, and reliance. The finality doctrine exists to prevent precisely that kind of after-the-fact reconstruction from defeating property rights acquired in good faith through the judicial process.

B. Laches independently bars the Estate’s challenge.

Even if this Court were to accept Appellant’s voidness characterization – which it should not – the equitable doctrine of laches independently precludes relief. “Equity aids the vigilant, not those who sleep on their rights.” *Hemingway v. Mention*, 228 S.C. 211, 217, 89 S.E.2d 369, 372 (1955). The Estate’s representatives had enough information to act before the sale, yet no one appeared, sought a continuance, moved to stay the sale, or requested emergency relief before title passed.

Appellant argues that “[l]aches cannot supply the jurisdictional foundation that the publication record lacks.” (Appellant's Br. at 26.) But Appellant confuses two distinct issues. Laches does not “supply jurisdiction” - it bars *equitable relief* to parties who unreasonably delayed asserting their rights to the prejudice of others. A motion to vacate under Rule 60 is equitable in nature, and laches applies. *See Belle Hall*, 419 S.C. at 619, 799 S.E.2d at 317 (recognizing laches as a defense in the context of a motion to vacate for alleged service defects).

The facts here compel a laches finding:

First, the Estate's initial Administrator, Ms. Semyonov, had actual knowledge of the foreclosure as early as December 2024, when she contacted the Association's counsel and executed an installment payment agreement. (Order, ¶ 10, R. at ____.) She then stopped paying and did nothing further. (Order, Finding 11, R. at ____.)

Second, the successor Administrator, Ms. Cortes-Sykes, was bound by the knowledge of her predecessor and independently received notice of the final hearing on May 27, 2025 – more than a week before the foreclosure hearing. (Order, Findings 14–15, R. at ____.) She contacted the Association's counsel in June 2025 but failed to appear at the hearing, file an answer, move for a continuance, or take any action to protect the Estate's interest. (Order, Finding 16, R. at ____.)

Third, the Estate waited until September 4, 2025 – *a full month after the sale, after the deed had been recorded, and after the Third-Party Purchasers had commenced renovations* – to file its Motion to Vacate. (Order, Finding 21; Mot. to Vacate, R. at ____.)

The prejudice to the Third-Party Purchasers is real and irreversible. They paid the $25,000 purchase price, obtained a deed, purchased property insurance, paid for renovation work, and began substantial repairs before the Estate sought to set aside the sale. That is precisely the kind of detrimental reliance that laches is designed to protect. *See Belle Hall*, 419 S.C. at 619, 799 S.E.2d at 317.

C. The Estate's Jurisdictional Theory Also Fails Because South Carolina Law Did Not Require the Association to Join the Estate's Administrator.

Appellant's jurisdictional theory depends on the premise that the Association was required to join the Estate's Administrator as a party before obtaining a judgment foreclosing its lien. The

Master-in-Equity rejected that premise, and at a minimum, the Master-in-Equity's ruling confirms that the alleged defect was not readily apparent from the face of the court file.

The Association sought only to foreclose its lien against the Property. It did not seek a deficiency judgment, personal liability, or any other relief against the Estate itself. The action was therefore directed to the Property and the interests claimed in it, not to the imposition of personal liability on the Estate or its fiduciaries. As the Master-in-Equity recognized, S.C. Code Ann. § 29-3-610 permits a foreclosure action to proceed without joining the personal representative of a deceased owner when no personal judgment is sought against the estate.

Appellant responds that § 29-3-610 appears in the mortgage chapter and does not directly govern HOA lien foreclosures. Even if that is correct, the statute reflects an analogous foreclosure principle: when the action is in rem or quasi in rem and no personal judgment is sought, the personal representative's absence is not necessarily a jurisdictional defect. That principle is especially relevant here, not because it resolves every notice issue between the Association and the Estate, but because it defeats Appellant's constructive-notice theory. A third-party purchaser reviewing the file was not required to predict that a later court might reject the Master-in-Equity's application of that principle to an HOA lien foreclosure. At most, Appellant identifies a disputed legal issue, not a defect readily apparent from the court file.

III. The Master-in-Equity Did Not Abuse His Discretion Under *Buffalo Creek's* Second Prong.

Under *Buffalo Creek*, a judicial sale will be set aside for inadequate price only if: (1) the price was so grossly inadequate as to shock the conscience of the court; or (2) the inadequate - but not grossly inadequate - price was "accompanied by other circumstances from which the court may infer fraud has been committed." *Buffalo Creek*, 440 S.C. at 119, 889 S.E.2d at 612 (quoting *Wells Fargo Bank, NA v. Turner*, 378 S.C. 147, 150, 662 S.E.2d 424, 425 (Ct. App. 2008)).

Appellant invokes the second prong, arguing that "other circumstances" independently require vacatur. This argument fails for three independent reasons.

A. "Other circumstances" must relate to irregularities in the conduct of the sale itself.

The "other circumstances" prong of *Buffalo Creek* is not a free-floating equitable catchall. It addresses circumstances suggesting fraud, collusion, chilled bidding, or some irregularity in the conduct of the sale itself, not alleged defects in the underlying foreclosure proceedings between the original parties. The formulation matters: the second prong applies where an inadequate price is "accompanied by other circumstances from which the court may infer fraud has been committed." *Buffalo Creek*, 440 S.C. at 119, 889 S.E.2d at 612. That language directs the inquiry to whether something about the sale process warrants judicial interference.

That understanding is consistent with the cases applying the rule. The focus is on sale-level conduct: chilled bidding, self-dealing, inadequate advertisement, misrepresentations to bidders, or other interference with the competitive process. *Howell v. Gibson*, 208 S.C. 19, 31, 37 S.E.2d 271, 276 (1946) ("Courts are very jealous to insure that judicial sales be openly and freely conducted and nothing allowed to chill the bidding."). The second prong is not a back door for converting alleged procedural defects in the underlying foreclosure into irregularities in the sale itself. Those issues are addressed, if at all, through the bona fide purchaser doctrine, § 15-39-870, and laches.

Appellant's asserted "other circumstances" are: (a) the allegedly small initial HOA debt; (b) the Association's non-opposition to vacating the sale; and (c) the alleged disparity between the sale price and the Property's value. (Appellant's Br. at 26–30.) None identifies any irregularity in the conduct of the sale. The size of the underlying debt says nothing about whether the sale was properly noticed, competitive, or fairly conducted. The Association's current litigation posture does not retroactively make the sale irregular. And price adequacy is addressed under the first prong. Although price may be considered together with genuine sale irregularities, it cannot itself be recycled as the "other circumstance" without collapsing the two-prong framework into one.

B. No irregularities in the conduct of the sale have been shown.

Appellant does not contend that bidding was chilled, that notice of sale failed to comply with the Master-in-Equity's requirements, that the Third-Party Purchasers engaged in self-dealing, or that any bidder was misled. Rather, the undisputed evidence shows no irregularity in the conduct of the auction itself.

The sale was publicly noticed through the Greenville Journal/News foreclosure listings, which Mr. Custer monitored monthly. (Vacatur Hr'g Tr. 110:5–112:3, R. at ____.)

The bidding was competitive – at least two other participants bid against Oriole Properties, with bidding progressing incrementally to $25,000. (Order, Finding 18, R. at ____.) This is not a case of a single bid at a nominal amount.

There was no evidence of fraud, collusion, or chilling of bidding. The Master-in-Equity expressly so found. (Order, R. at ____.)

The Master-in-Equity conducted the sale in the ordinary course. No party has suggested any irregularity in how the Master-in-Equity administered the sale.

In short, there is simply nothing wrong with how this sale was conducted. Appellant's grievance is with how the underlying foreclosure proceeding was conducted. But that goes to the relationship between the Association and the Estate and is addressed by the bona fide purchaser doctrine and laches analysis set forth above. Appellant conflates two distinct inquiries: the first prong of *Buffalo Creek* concerns price adequacy; the second prong concerns irregularities in the *conduct of the sale*. The second prong is not a backdoor for relitigating alleged defects in the underlying foreclosure proceeding. Those defects are addressed through the BFP doctrine and laches. And they fail on this record for the reasons already explained. Appellant's asserted "other circumstances" do not supply what is missing.

C. The equities favor finality.

Equity does not operate in a vacuum. While Appellant invokes the interests of the decedent's minor child, equity must also account for the Third-Party Purchasers. Respondents do not minimize the Estate's concern for the decedent's minor child. But equity does not turn on sympathy alone, and it cannot be applied by ignoring the rights of innocent third parties who relied on the court's orders and a recorded Master-in-Equity's deed. The relevant question is not whether the Estate can identify a sympathetic beneficiary, but whether the completed judicial sale should be unwound after the Third-Party Purchasers paid value, obtained title, satisfied delinquent taxes, insured the Property, activated utilities, and began renovations before the Estate sought relief.

Nor does Appellant's "windfall" argument change that analysis. The assertion that the Third-Party Purchasers have been receiving rent during this appeal was not developed below and is not supported by anything in the record. In any event, alleged post-sale rental income would not establish notice of a defect at the time of sale, identify an irregularity in the conduct of the sale, or eliminate the prejudice caused by unwinding title after the purchasers changed their position. Equity should be assessed on the record before the Master-in-Equity, not on an unsupported assertion in Appellant's conclusion.

Here, the Third-Party Purchasers bid at a public, competitive judicial sale in reliance on the court's own orders declaring service proper. They commenced improvements before the Estate filed its motion. They obtained a clear title opinion from their attorney before complying with the bid. They paid $25,000 at the judicial sale, $13,196.79 in delinquent taxes, and $35,000–$45,000 in renovations amounting to a total investment of approximately $73,000–$83,000. They have also incurred additional expenses, including title-review costs, utilities, and insurance, all after obtaining a deed through the proper judicial sale.

Meanwhile, the Estate's own fiduciaries had actual knowledge of the foreclosure and failed to act. They failed to pay the past due assessments, failed to appear, failed to file an answer, failed to move for a continuance despite having *months* of opportunity. If the Estate's interest in the Property was worth protecting, its fiduciaries could have protected it at any time before the hammer fell. They did not. The Estate cannot invoke equity after the fact to undo vested rights acquired by Third-Party Purchasers who relied on the court's orders while the Estate's representatives failed to seek relief before title passed.

"A judicial sale should not be set aside except for cogent reasons. The purpose of the law and of the proceedings in which a sale has been decreed is that it shall be final." *Spillers*, 233 S.C. at 104, 103 S.E.2d at 761–62. There are no cogent reasons here.

IV. The Master-in-Equity Correctly Applied the Debt Method of Valuation Under *Winrose*, and the Sale Price Does Not Shock the Conscience.

A. The Debt Method is the correct framework where the property was sold subject to delinquent taxes.

In *Winrose Homeowners' Association, Inc. v. Hale*, 428 S.C. 563, 837 S.E.2d 47 (2019), the Supreme Court discussed two methods for evaluating whether a foreclosure sale price is so inadequate as to shock the conscience. The Debt Method focuses on the amount of debt a purchaser must incur to obtain free-and-clear title and compares the purchaser's total debt related to the property to the property's fair market value. The Equity Method, by contrast, compares the winning bid to the equity in the property, meaning the fair market value less any outstanding mortgage. The Court declined to adopt a categorical rule requiring one method in every case and instead looked to the economic reality of the transaction. *Id.* at 572, 837 S.E.2d at 52.

That is the controlling point here. In *Winrose*, the purchaser received credit for a mortgage it had not assumed and had taken no affirmative steps to pay. *Id.* at 572, 837 S.E.2d at 52. The Supreme Court rejected that fiction because it overstated the purchaser's economic burden. This case presents the opposite problem. Appellant asks this Court to understate the purchasers' burden by ignoring delinquent taxes that encumbered the Property, exposed the purchasers' title, and were actually paid to protect the title acquired at the judicial sale.

The Master-in-Equity was not required to view the $25,000 bid in isolation. The Property was sold subject to substantial delinquent taxes. The Master-in-Equity found a tax-sale redemption amount of $10,013.66 and 2024 real property taxes of $3,183.13, for a total tax burden of $13,196.79. (Order, Finding 23, R. at ____; Affidavit of Clayton M. Custer, R. at ____.) Those amounts were not speculative, optional, or unrelated to the purchase. The Property had already been sold at a delinquent tax sale in December 2024. Unless the tax-sale amount was redeemed, the Third-Party Purchasers' title remained exposed.

Although *Winrose* involved a senior mortgage, its reasoning is practical, not formalistic. A court evaluating price adequacy should consider title-burdening obligations that materially affect the value of what the purchaser acquired. Delinquent taxes do exactly that. They travel with the property, reduce what a rational bidder will pay, and must be addressed to protect the purchaser's interest. The Master-in-Equity therefore acted within his discretion by considering the delinquent taxes together with the bid when determining whether the sale price shocked the conscience.

Appellant's contrary rule would create the same kind of artificial valuation *Winrose* rejected. In *Winrose*, the artificiality came from adding debt the purchaser had not assumed. Here, the artificiality would come from ignoring a tax burden the purchasers actually paid. Either way, the governing principle is the same: the valuation must reflect the real transaction. The real transaction here was not a $25,000 acquisition of clear title. It was a $25,000 bid plus $13,196.79 in delinquent taxes that had to be satisfied to protect the title acquired through the judicial sale.

B. Under any reasonable measure, the sale price is well outside the range South Carolina courts have found shocking.

When the bid and delinquent taxes are considered together, the Third-Party Purchasers' immediate acquisition burden was at least $38,196.79. Using Appellant's appraisal figure of $178,000, that amount represents approximately 21.5% of value. Using the tax-assessed value of $107,000, it represents approximately 35.7% of value.

South Carolina has not adopted a bright-line percentage rule. But this Court has recognized that judicial sales have consistently been set aside for inadequacy of price only when the sale was for less than ten percent of the property's actual value. *E. Sav. Bank, FSB v. Sanders*, 373 S.C. 349, 359, 644 S.E.2d 802, 807 (Ct. App. 2007). This sale is not close to that line. A total acquisition burden between approximately 21.5% and 35.7% of value does not shock the conscience under South Carolina precedent.

The result is the same even if this Court looks only to the $25,000 bid. Mr. Custer testified that, given the Property's condition and need for substantial repairs, he valued it in its as-is condition at approximately $70,000 to $100,000. (Vacatur Hr'g Tr. 128:5–129:15, R. at ____.) On that evidence, the bid alone represented approximately 25% to 36% of the Property's as-is value, again well above the range where South Carolina courts have consistently found a sale price shocking. The required repairs do not need to be added to the Debt Method calculation to matter.

They are relevant because condition affects market value, bidder behavior, and the reasonableness of the price obtained at sale. For these reasons, the Master-in-Equity did not abuse his discretion.

CONCLUSION

For the foregoing reasons, Respondents Oriole Properties, LLC and Thomas and Son Properties, LLC respectfully request that this Court affirm the Master-in-Equity's October 29, 2025 Order denying the Estate's Motion to Vacate and the November 17, 2025 Form 4 Order denying the Estate's Motion to Reconsider.

The Third-Party Purchasers acquired title at a public, competitive judicial sale, paid value, recorded their deed, and acted in good faith without actual or constructive notice of any jurisdictional defect. Before the Estate sought relief, they relied on the court's orders, satisfied more than $13,000 in delinquent taxes, and invested substantial sums in the Property. Under S.C. Code Ann. § 15-39-870, controlling precedent, and the equitable principles governing judicial sales, those vested rights should not be undone based on an alleged service deficiency between other parties that was not apparent from the court file and that the Estate's fiduciaries failed to address despite actual knowledge and ample opportunity. The Master-in-Equity acted within his discretion. The sale price does not shock the conscience, no irregularity in the conduct of the sale has been shown, and the equities favor finality and protection of bona fide purchasers who relied on the judicial process. This Court should affirm.

Respectfully submitted,

WOMBLE BOND DICKINSON (US) LLP

By: /s/ Jason D. Wyman
Jason D. Wyman, SC Bar No. 100271
550 South Main Street, Suite 400
Greenville, South Carolina 29601
(864) 255-5400

Attorneys for Respondents Oriole Properties, LLC and Thomas and Son Properties, LLC

July 27, 2026

PROOF OF SERVICE

I certify that I have served the foregoing **BRIEF OF RESPONDENTS ORIOLE PROPERTIES, LLC AND THOMAS AND SON PROPERTIES, LLC**, by electronic mail addressed as follows:

Jane H. Downey (jdowney@bakerdonelson.com)
J. Boone Aiken, IV (baiken@bakerdonelson.com)
Baker, Donelson, Bearman, Caldwell & Berkowitz, PC
1501 Main St., Ste. 310
Columbia, SC 29201
Attorneys for the Estate of Rajiv Kumar Lakhaney

RECEIVED
Jul 27 2026
SC Court of Appeals

Kelley Y. Woody, Esq. (kwoody@kelleywoody.com)
Guardian ad Litem Nisi
P.O. Box 6432
Columbia, SC 29209
Attorney for Unknown Defendants

Ashley N. Green, Esq. (ashley.green@mccabetrotter.com)
Dean Hayes, Esq. (dean.hayes@mccabetrotter.com)
McCabe, Trotter & Beverly
4500 Fort Jackson Blvd, Suite 335
Columbia, SC 29209
Attorneys for Harbor Town Association, Inc.

By: /s/ Jason D. Wyman
Attorneys for Respondents

July 27, 2026