

	Two Key Developments	
	 The Texas Supreme Court has issued two significant opinions in the last year related to lender's subrogation rights vis-à-vis the prior lienholder 	
	 Freddie Mac v. Zepeda 	
	• PNC Mortgage v. Howard	
	 More state courts are following the federal courts' lead in finding acceleration is abandoned as a matter of law in statute- of-limitations cases 	
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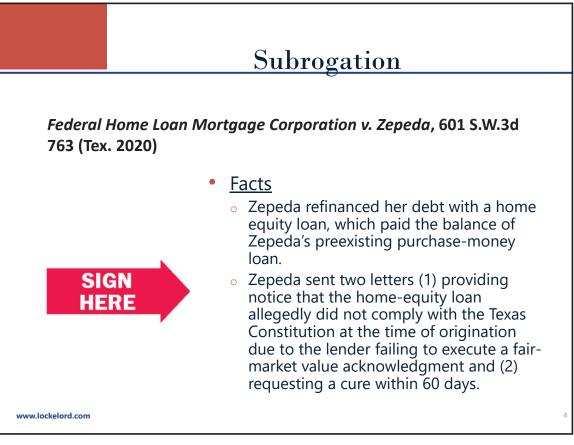
Subrogation



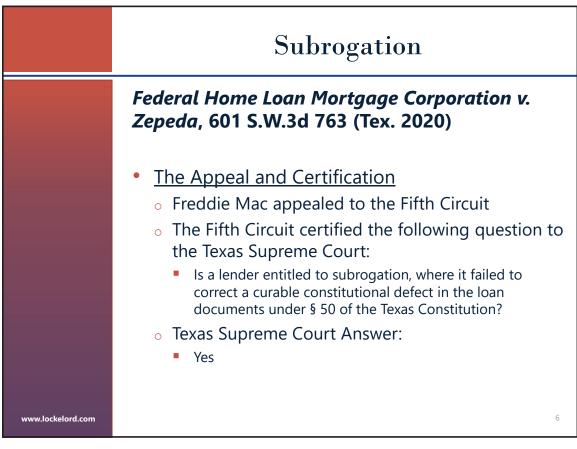
- If the shoe fits . . .
- The doctrine of equitable subrogation allows a lender who discharges a valid lien on the property of another to step into the prior lienholder's shoes and assume that lienholder's security interest in the property, even though the lender cannot foreclose on its own lien.

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3



	Subrogation
	Federal Home Loan Mortgage Corporation v. Zepeda, 601 S.W.3d 763 (Tex. 2020)
	 <u>The Lawsuit</u> Zepeda filed a lawsuit seeking to quiet title premised on the claim that the lien securing her home-equity loan was void due to the origination defect and the lender's failure to cure.
	 Freddie Mac argued it was subrogated to the previous lender's rights under the purchase-money lien under equitable subrogation because its predecessor paid off the balance of that loan.
	 District court granted Zepeda summary judgment, determining that (1) the lien was void, and (2) Freddie Mac was not entitled to subrogation because it was negligent in failing to cure the constitutional defect.
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First appeared as part of the conference materials for the 55th Annual William W. Gibson, Jr. Mortgage Lending and Servicing Institute session "Residential Mortgage Litigation Update"