ARIZONA SUPREME COURT
ORAL ARGUMENT CASE SUMMARY

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Bridges v. Nationstar Mortgage L.L.C.,
Case no. CV-021-0024-PR

PARTIES:

Petitioner: Lavelle Bridges

Respondents: Nationstar Mortgage, LLC

FACTS:

In 2007, Lavelle Bridges obtained a $500,000 loan secured by a deed of trust against his property. The note and the deed of trust contained an optional acceleration clause granting the lender the power to accelerate the debt in the event of default. The note required that Bridges be given notice of acceleration. The deed of trust required that the lender send a notice to Bridges advising of the default and that failure to timely cure the default "may result in acceleration . . . and sale of the [p]roperty."

Bridges defaulted on the loan in 2008. "A notice of default was sent to Bridges but the notice did not state that failing to cure the default may result in acceleration of the loan, as required by the deed of trust." (Opinion ¶ 3) Along with the notice of default, separate notices of trustee's sales were recorded in January 2009 and May 2009. Neither notice invoked or referred to the optional acceleration clause and no sale was held. The deed of trust and loan were later assigned to a different bank and Nationstar started servicing the loan on behalf of the bank around 2011.

Meanwhile, Bridges petitioned for bankruptcy in January 2011 and again in March 2014 staying Nationstar's ability to foreclose on the property each time. Between January 2012 and January 2016, Bridges intermittently applied five times for loan modifications and applied to participate in Nationstar's short sale program twice. While reviewing Bridges' loan modification and short sale applications, Nationstar suspended the foreclosure process as prescribed by its internal policy until it decided each of his applications.

In January 2016, Bridges sued Nationstar for declaratory relief, asserting that Nationstar was barred from foreclosing on his property because the six-year statute of limitations prescribed under A.R.S. § 12–548(A)(1) had run. Bridges moved for, and the court granted, a temporary restraining order to prevent Nationstar from selling the property at a trustee's sale. Bridges also moved for a preliminary injunction to stop the foreclosure of his property, but the trial court denied his motion in July 2016.

Bridges then moved for summary judgment arguing that the 2009 notices of trustee's sales had accelerated the debt, thereby triggering the statute of limitations, and that the statute of limitations had run by January 2015 or May 2015. Nationstar responded and moved for summary judgment

arguing that the notices of trustee's sales did not accelerate the debt and that Bridges presented no evidence that Nationstar intended to accelerate the debt. It further argued that even if the debt had been accelerated, Bridges' bankruptcies and equitable estoppel tolled the statute of limitations.

The trial court granted Bridges summary judgment, finding that the notices of trustee's sales accelerated the debt. The court further ruled that Nationstar's "claims of tolling [did] not pertain in this instance." Nationstar timely appealed.

In the September 2020 appeal , the Court of Appeals reversed and remanded, finding:

> Because Bridges received a default notice that did not invoke the acceleration clause under the terms of the deed of trust, the notice of trustee's sale did not accelerate the debt. Therefore, the statute of limitations never started to run and we need not address Nationstar's remaining arguments. Nationstar is not barred from foreclosing on the property and the trial court erred by granting Bridges' summary judgment motion.

ISSUES:

1. Did recording a notice of trustee sale accelerate the debt here as a matter of law?

2. Was the limitations period here tolled?