

1 SAN BERNARDINO SUPERIOR COURT, RANCHO CUCAMONGA
2 COUNTY OF SAN BERNARDINO
3 8303 Haven Ave.
4 Rancho Cucamonga, California 92415-0210

FILED
SUPERIOR COURT
COUNTY OF SAN BERNARDINO
RANCHO CUCAMONGA DISTRICT
APR 20 2026
BY Alberta Rodriguez
DEPUTY

5 SUPERIOR COURT OF THE STATE OF CALIFORNIA
6 COUNTY OF SAN BERNARDINO
7

8 THOMAS F. REECE; LIU JEAN QUAN
9 REECE,

Plaintiffs,

10 vs.

11 NATIONSTAR MORTGAGE, LLC;
12 MORTGAGE ELECTRONIC
13 REGISTRATIONS SYSTEMS, INC.,;
14 HSBC BANK USA, N.A., AS TRUSTEE
15 FOR HOLDERS OF and for DEUTSCHE
16 ALT-A SECURITIES MORTGAGE LOAN
17 TRUST, MORTGAGE PASS-THROUGH
18 CERTIFICATES SERIES 2006-OA1;
19 BANK OF AMERICA, N.A.; CLEAR
20 RECON CORP; PATRON
21 INVESTMENTS, LLC; and Does 1 through
22 10 inclusive,

Defendants.

23 PATRON INVESTMENTS LLC,

Cross Complainant,

24 vs.

25 HSBC BANK USA, N.A., AS TRUSTEE
26 FOR DEUTSCHE ALT-A SECURITIES,
27 INC. MORTGAGE LOAN TRUST,
28 SERIES 2006-OA1, MORTGAGE PASS-
THROUGH CERTIFICATES; AND ROES
1 through 20 inclusive,

Cross Defendants.

CASE NO. CIVSB2106194

TENTATIVE DECISION / STATEMENT
OF DECISION

BENCH TRIAL

Evidence:

January 6, 2026 – January 9, 2026

Closing Arguments were submitted in
writing:

Plaintiff: Closing Brief – 1/21/2026;
Rebuttal Brief – 2/5/2026

Defendants – HSBC; Nationstar; Patron:
Motion for Judgment and
Closing Brief – 1/27/2026

Department: R12

1 This matter came on regularly for a Bench Trial phase which commenced
2 evidence on January 6, 2026, and concluded on January 9, 2026. The parties agreed
3 to present closing arguments in writing. Plaintiffs submitted their Closing argument
4 brief on January 21, 2026, and Rebuttal brief on February 5, 2026. Defendant HSBC
5 Bank submitted their Closing brief and Motion for Judgment (CCP 631.8) on January
6 27, 2026. Patron Investments submitted their Closing brief on January 27, 2026.

7 Ronald Freshmen represented Plaintiffs Thomas F. Reece and Liu Jean Quan
8 Reece on the Second Amended Complaint. Of Plaintiffs eleven causes of action, only
9 three are presented at the bench trial phase: 5th Cause of Action: Cancellation of
10 Instruments, 9th Cause of Action: Quiet Title (as to Patron Investments), and 11th
11 Cause of Action: Violation of the Unfair Competition Law.

12 John Lynch and Holly Cheong represented Defendants HSBC, Mortgage
13 Electronic Registration Systems (MERS) and Nationstar. Scott Gizer and Brian Ritter
14 represented Patron Investments who cross complain for Breach of Contract, Breach of
15 Warranty Deed and Indemnity against HSBC Bank and MERS, but separately seek
16 judgment in their favor as to Plaintiffs' 5th and 9th causes of action at the bench trial.

17 The court took testimony from several witnesses and admitted the following
18 exhibits into evidence by stipulation of the parties on 1/6/2026: Exhibits 1-44; 60-67;
19 80-93.

20 The court has assessed the demeanor of all the parties and witnesses.

21 The court has considered the testimony and credibility of all of the parties and
22 witnesses.

23 The court has considered all of the evidence that was received.

24 The burden of proof in this case was a preponderance of the evidence; more
25 likely true than not true.

26 The Court's Tentative Decision is, or will become, the Statement of Decision
27 unless a party specifies further issues pursuant to CA Rule of Court § 3.1590(c)(4).

28 HSBC as Trustee and Nationstar and Patron Investments moved for Judgment
under Code of Civil Procedure Section 631.8. That motion is denied as the Court

1 declines to render any judgment until the close of all the evidence. (CCP §631.8(a)).

2
3 **TENATIVE DECISION / STATEMENT OF DECISION**

4 At issue in this case are questions of cancellation of instruments and quiet title
5 (as to Patron Investments), and violation of the Unfair Competition Law authority and
6 legal effect.

7 The court finds the Plaintiffs have failed to carry their burden at trial. Patron
8 Investments' title is without defect. Nationstar and HSBC as Trustee conducted a
9 proper nonjudicial foreclosure sale of the 100% of the subject property encumbered by
10 a deed of trust executed by Mr. Reece. Of note, even if the non-judicial foreclosure sale
11 was not proper (which is not the Court's ruling), Nationstar and HSBC were entitled to
12 an equitable lien under the evidence provided at trial.

13 **ISSUES**

14 I. Cancellation of Instruments

15 Should all assignments be cancelled as void, the notice of default cancelled and
16 the grant deed to Patron Investments be cancelled as void?

17 II. Quite Title

18 Should Plaintiffs maintain the subject property recognizing 50% to be retained by
19 Liu Jean Quan Reece (Mrs. Reece) pursuant to the judgment voiding the Interspousal
20 Grant Deed (and recognizing Mrs. Reece is not on the deed of trust as a borrower, co-
21 borrower, trustor or grantor) and 50% to Thomas Reece (Mr. Reece) free and clear of
22 any encumbrances except as to Countrywide? Is HSBC/Nationstar entitled to an
23 equitable lien?

24 III. Unfair Competition Law

25 Whether the HSBC/Nationstar's conduct constituted unlawful, unfair or fraudulent
26 business practices?

27 **RELEVANT FACTS**

28 Plaintiff Thomas Reece obtained an interest in a residential property located at

1 5458 Jasper Street, Alta Loma, California 91701 through a grant deed recorded February
2 28, 1977. (Trial Ex. 1.) Plaintiff Liu Jean Quan Reece obtained an interest in the property
3 on August 5, 1985. (Trial Ex. 3.) In 2003, Plaintiffs obtained a mortgage loan in the amount
4 of \$308,000 from Washington Mutual Bank, FA secured by a deed of trust. (Trial Ex. 80.)

5 Plaintiffs approached Countrywide Home Loans (Countrywide) in 2006 to
6 refinance, pay off their creditors, and take cash out. Mr. Reece testified that Mrs. Reece
7 was a credit risk and Countrywide would not fund the loan unless Mrs. Reece transferred
8 her interest in the property back to Mr. Reece. (Transcript of Trial – Day 1, dated Jan. 6,
9 2026, at 54:8-11, 59:6-22.) More simply, Countrywide advised Plaintiffs that if they
10 wanted the loan, Thomas Reece would need to be the sole borrower and sole record
11 owner of the Property. To effectuate this requirement, Mrs. Reece executed an
12 Interspousal Transfer Deed (the “Interspousal Transfer”) which transferred her interest in
13 the Property into Thomas Reece’s name alone. (Ex. 5.)
14

15 On November 22, 2006, Mrs. Reece voluntarily transferred her interest in the
16 property to Mr. Reece transferring 100% interest to Mr. Reece as his sole and separate
17 property. (Trial Ex. 5.) Plaintiffs recorded the Interspousal Transfer Grant Deed that same
18 day and Mr. Reece closed on his cash-out refinance loan on the property two days later
19 on November 24, 2006. (Trial Exs. 6, 9, and 81.)

20 On December 8, 2006, Washington Mutual Bank, FA, through California
21 Reconveyance Company, reconveyed the 2003 deed of trust as Countrywide had paid
22 off Plaintiffs’ 2003 loan and Plaintiffs’ creditors in the amount of \$353,703.47. Plaintiffs
23 received \$171,557.25 in cash from the refinance after closing costs that Mr. Reece
24 testified would be used for his medical treatment and to provide some money to Mrs.
25 Reece in case Mr. Reece passed away. (RT 356:25 – 357:2; Trial Exs. 81, 83.) At trial,
26 Mr. Reece admitted the money was for both him and his wife. (Transcript of Trial – Day
27 1, dated Jan. 6, 2026, 63:22-64:15.)
28

Shortly after origination in December 2006, the loan was transferred into the

1 Deutsche ALT-A Securities Mortgage Loan Trust, Mortgage Pass-Through Certificates
2 Series 2006-OA1 (the "Trust") and HSBC as Trustee of the Trust became the loan owner.
3 (Trial Ex. 33 at p. Exh_033-006; Trial Ex. 43 at 48:16-54:3, Trial Ex. 82, and Trial Ex. 94
4 at 48:16-54:3, Deposition Exhibit 3, p. Reece_HSBC_000291-299,
5 Reece_HSBC_000307-315). On October 1, 2008, less than 24 months later, Mr. Reece
6 stopped making payments on the loan. (Trial Exs. 87, 93.)

7 Due to Mrs. Reece's unpaid debts, Creditors Adjustment Bureau, Inc. ("CAB") sued
8 Plaintiffs claiming Mrs. Reece's interspousal transfer grant deed to Mr. Reece was
9 fraudulent to divest herself of assets reachable by her creditors. After Plaintiffs failed to
10 appear in the action, Creditors Adjustment Bureau obtained a Judgment Setting Aside
11 Fraudulent Transfer of Property via default on October 10, 2008. (Trial Ex. 11.) The 2008
12 judgment resulted in cancellation of the interspousal transfer grant deed. One question
13 before the Court is whether the cancellation/voiding judgment only voided the transfer
14 between CAB and Plaintiffs only, or whether the judgement cancelled/voided as to
15 everyone, including subsequent transfers/assignments of the deed.
16

17 At trial evidence was received that as to Mr. Reece and Countrywide, the separate
18 action by the Court between CAB and Mrs. Reece voiding of the interspousal transfer
19 deed by Mrs. Reece independently would have affected the loan obtained by Mr. Reece
20 as 100% interest holder and would have violated the deed of trust's prohibition on transfer
21 of that interest in the property to any other individual or entity without the lender's
22 permission. (Trial Ex. 9 at Exh_009-013, ¶ 18.) Such a transfer would have also violated
23 Mr. Reece's covenant in the deed of trust "that the Property is unencumbered, except for
24 encumbrances of record" and he "will defend generally the title to the Property against all
25 claims and demands, subject to any encumbrances of record." (*Id.* at Exh_009-005.)

26 Nationstar became servicer of the loan in December 2013. On September 11,
27 2015, Nationstar filed a judicial foreclosure complaint against Plaintiffs and their creditors.
28 (Trial Ex. 19.) On August 21, 2017, Creditor's Adjustment Bureau executed a binding

1 settlement agreement with Nationstar and Countrywide subordinating the 2008 “judgment
2 setting aside fraudulent conveyance entered on October 10, 2008 and recorded against
3 the Property on December 19, 2008 in the official records of San Bernardino County
4 Recorder’s Office as document number 2008-0561543” as to the 2006 deed of trust. (Trial
5 Ex. 86.)

6 Plaintiffs never remitted any payments to Nationstar or HSBC as Trustee. (Trial
7 Ex. 93.) Mr. Reece also admitted at trial he stopped paying insurance and property taxes
8 on the property when he defaulted in October 2008. (Transcript of Trial – Day 1, dated
9 Jan. 6, 2026, at 70:15-24.) The prior loan servicer and Nationstar paid Plaintiffs’ property
10 taxes and insurance for nearly two decades. (Trial Ex. 93.)

11 HSBC as Trustee foreclosed and acquired the property on February 10, 2020.
12 (Trial Ex. 24.) Shortly after the sale, on February 10, 2020, Mrs. Reece filed an individual
13 bankruptcy petition listing the loan debt in the amount of \$971,185.00 as her own. (Trial
14 Ex. 90.) HSBC as Trustee sold the property to Defendant/Cross Complainant Patron
15 Investments LLC (Patron) in November 2020. (Trial Ex. 25.) Plaintiffs did not pay rent to
16 Patron, Patron paid the property taxes and insurance, and Plaintiffs continue to occupy
17 the property to this day. (Transcript of Trial – Day 1, dated Jan. 6, 2026, at 71:17-72:15.)
18 Plaintiffs filed their complaint on February 12, 2021; First Amended Complaint (FAC) on
19 July 7, 2021; and Second Amended Complaint (SAC) on April 19, 2024.
20

21 22 **APPLICABLE LAW**

23 Plaintiffs’ claims against Patron are for cancellation of instruments and quiet title.
24 To prevail on a claim to cancel an instrument, a plaintiff must prove (1) the instrument is
25 void or voidable due to, for example, fraud; and (2) there is a reasonable apprehension
26 of serious injury including pecuniary loss or the prejudicial alteration of one’s position.
27 *Turner v. Turner*, 167 Cal.App.2d 636, 641 (1959). A quiet title cause of action generally
28 has two elements: (1) “the plaintiff is the owner and in possession of the land,” and (2)

1 “the defendant claims an interest therein adverse to [the plaintiff].” *South Shore Land Co.*
2 *v. Petersen* (1964) 226 Cal.App.2d 725, 740; *West v. JPMorgan Chase Bank, N.A.* (2013)
3 214 Cal.App.4th 780, 802–803; Code Civ. Proc., § 761.020.

4 5 ANALYSIS

6 The Court will focus its analysis by addressing the issues argued by Plaintiff in
7 their closing arguments.

8 Did the void order return title to Mrs. Reece (Applicability of *Patterson* Rule)?

9 The Court finds that the rule in *Patterson v. Missler*, (1965) 238 Cal.App.2d
10 759, 770, does apply here. It is undisputed Mr. Reece entered into a deed of trust with
11 Countrywide Home Loans on November 24, 2006, encumbering 100% of the property.
12 Plaintiffs' argument Mrs. Reece regained a 50% interest in the property based on a 2008
13 fraudulent transfer judgment obtained by Creditors Adjustment Bureau (“CAB”) against
14 Plaintiffs voiding the interspousal deed transfer is not in accord with *Patterson* (See also,
15 *Abbey v. Zimmerman* (1936) 12 Cal.App.2d 311.)
16

17 A judgment in favor of a creditor [CAB], in a fraudulent conveyance action
18 such as the one at bench, sets aside the conveyance insofar as it affects
19 the creditor [CAB], but does not set it aside as to the grantor [Mrs. Reece];
20 as between the creditor [CAB] and the grantee [Mr. Reece] the conveyance
21 is ineffective; but as between the grantor [Mrs. Reece] and the grantee [Mr.
22 Reece] the conveyance remains in full effect.
23 *Patterson v. Missler* (1965) 238 Cal.App.2d 759, 770.

24 The 2008 fraudulent transfer judgment was only enforceable between CAB and Plaintiffs.
25 Meanwhile, the 2006 interspousal transfer deed “remain[ed] in full effect” as to the rest of
26 the world. This is logical in equity as Plaintiffs, or more specifically Mrs. Reece, should
27 not benefit from a fraudulent transfer judgment against her/them.

28 Separately, and despite *Patterson*, Nationstar also executed a binding settlement
agreement with Creditor's Adjustment Bureau subordinating the 2008 “judgment setting
aside fraudulent conveyance entered on October 10, 2008 and recorded against the
Property on December 19, 2008” as to the 2006 deed of trust. In other words, the 2006

1 deed of trust has priority over the 2008 fraudulent conveyance judgment and HSBC as
2 Trustee's representative testified at trial. Plaintiffs presented no evidence in rebuttal.

3
4 Did the injunction remain operative and unmodified?

5 As discussed above, while the 2008 Court Judgment declared the interspousal
6 transfer deed void and restored title to Mrs. Reece, it did so only in relation to CAB and
7 Mrs. Reece. Despite Plaintiffs argument that no defendant introduced any order
8 releasing, amending or dissolving the injunction before the trustee's sale, the binding
9 settlement agreement put to rest any priority issues relating to the deed of trust, and title
10 in Mrs. Reece was only in effect between Plaintiffs and CAB per *Patterson*.
11 Consequently, it did not matter that the Judgment was recorded because the recordation
12 was only valid to CAB as a creditor under California law. To find otherwise would be to
13 recognize that Plaintiffs can benefit from a fraudulent transfer judgment against them.
14 They should not, as *Patterson* indicates.

15
16 Was the debt barred by the Statute of Limitations?

17 Plaintiffs argue that because HSBC accelerated the debt on the Countrywide Loan
18 in 2009 when recording a Notice of Default that HSBC then had four years to foreclose
19 on the Countrywide DOT, which HSBC allegedly failed to do. Plaintiffs cite to California
20 Civil Code section 2911 and California Code of Civil Procedure section 337 as well as
21 *Garver v. Brace*, 47 Cal. App. 4th 995, 1000 (1996). Plaintiffs' Closing Brief at 14:1-3.
22 Also, in opening statement at trial, Plaintiffs' counsel argued *Ung v. Koehler*, 135
23 Cal.App.4th 186 (2005) was the controlling case on this matter.

24 *Garver* involved damages associated with a prepayment fee clause and whether
25 the statute of limitations accrued when the plaintiff signed the contract or when the plaintiff
26 first suffered damages. *Garver* addressed the statute of limitations for an unsecured loan
27 where the maturity date was accelerated. The Court in *Garver* did hold that when a lender
28 accelerates the maturity date and calls the loan due, that lender has four years to bring

1 an action for a money judgment on the debt. *Garver* did not address the impact of
2 acceleration on a secured loan on the statute of limitations or the ability to conduct a
3 nonjudicial foreclosure sale more than four years after the debt was accelerated.

4 Code of Civil Procedure section 882.020 governs the statute of limitations for
5 nonjudicial foreclosure. *Ung v. Kehler* (2005) 135 Cal.App.4th 186, 197. In *Ung*, Civil
6 Code section 2911 was found to have no impact on the statute of limitations for nonjudicial
7 foreclosure sales as set forth in Civil Code section 882.020. Section 882.020(a) states
8 “(a) Unless the lien of a mortgage, deed of trust, or other instrument ... expired
9 pursuant to Section 2911, the lien expires at ... the later of the following times: (1) If
10 *the final maturity date* or the last date fixed for payment of the debt or performance of the
11 obligation is ascertainable *from the recorded evidence of indebtedness*, 10 years after
12 *that date*. (Emphasis added). Civil Code section 2911, in turn, states “A lien is
13 extinguished by the lapse of time within which, under the provisions of the Code of Civil
14 Procedure, ... An action can be brought upon the principal obligation....”

15
16 Plaintiffs reference to section 2911 in section 882.020 to argue that, under *Garver*,
17 an action on the principal obligation expired four years after the acceleration date (relying
18 on Code of Civil Procedure section 337), and thus HSBC’s deed of trust/lien was
19 extinguished at the same time is misplaced.

20 The Plaintiff in *Ung* argued, and the trial court agreed, that that “section 882.030,
21 in concert with section 2911, acts to extinguish the remedy of nonjudicial foreclosure upon
22 expiration of the statute of limitations on the underlying debt.” *Id.* At 191. The Court of
23 Appeal reversed finding “plaintiff’s argument untenable for two distinct reasons.” First,
24 the *Ung* court explained that section 2911 has no bearing on a nonjudicial foreclosure
25 sale. While section 2911 indisputably extinguishes the right of *judicial* foreclosure, the
26 power to conduct a *nonjudicial* foreclosure is not within the meaning of “lien” as used in
27 § 2911. *Ung v. Koehler*, 135 Cal.App.4th 186 (2005); *Trenk v. Soheili*, 58 Cal.App.5th
28 1033 (2020). The *Ung* court further explained that “going back at least to *Flack* in 1938,

1 and implicitly to *Grant v. Burr* in 1880, California law has treated ‘the lien’ created by a
2 deed of trust, as that term is used in section 2911, as including only the security interest
3 enforceable through *judicial* foreclosure, while *excluding* the power of sale.” *Id.* at 195
4 (emphasis added). The court then delineated between the rights to *judicial* foreclosure
5 and the rights to *nonjudicial* foreclosure and concluded that section 2911 does not
6 invalidate the entire instrument creating the security interest. *Id.* at 196.

7 The *Ung* court went on to state that plaintiff’s interpretation fails “for the second
8 and independent reason that its practical effect would be to replace the time limit of 10 or
9 60 years for the enforcement of a power of sale expressly established by section 882.020,
10 subdivision (a), with a time limit of four years, thereby reducing that section to virtual
11 surplusage.” *Id.* at 197. It is well-established that the right of judicial foreclosure is
12 ordinarily extinguished four years after the final maturity date of the underlying obligation
13 in accordance with Code of Civil Procedure section 337. If this same rule were applied
14 to nonjudicial foreclosures, plaintiff’s interpretation would cause powers of sale to become
15 unenforceable four years after the debt matured making the time limits of 10 and 60 years
16 specified in Civil Code section 882.020 irrelevant in nearly all cases. The *Ung* court
17 concluded the Legislature was “unlikely to have intended to grant holders of a power of
18 sale an enforcement period of either 10 or 60 years in one section, only to snatch it back
19 with the next.” *Id.* at 198. Accordingly, the argument that Code of Civil Procedure section
20 337 has any effect on the ability to conduct a nonjudicial foreclosure sale (as Plaintiffs
21 contend) was expressly rejected.

22 Applying these principles here, the Countrywide deed of trust set a final maturity
23 date of December 24, 2046, meaning the statute of limitations would not run until
24 December 24, 2056. (Ex. 9-003.) Therefore, HSBC’s nonjudicial foreclosure sale in 2020
25 was not time barred. Accordingly, the subsequent sale to Patron in November 2020 was
26 also valid.
27
28

1 issue, for which HSBC is the trustee. The Court disagrees. The MERS representative
2 testified that it was reported by Countrywide that the Countrywide Loan was sold to HSBC
3 as trustee. (RT 281:3-19.) Further, HSBC's representative testified to the same and
4 referenced to Pooling and Servicing Agreement, which included the Countrywide Loan
5 within its schedules. No one else is claiming to own the Countrywide Loan other than
6 HSBC, and Plaintiffs produced no evidence that someone else owns the Countrywide
7 Loan other than HSBC. Based upon this sale to HSBC, MERS was then instructed to
8 assign the Countrywide DOT to HSBC as the owner of the Countrywide Loan, making the
9 ownership of the loan and deed of trust a matter of public record. Based on this evidence,
10 the assignments were valid and HSBC owned the Countrywide Loan and the Countrywide
11 deed of trust at the time of foreclosure. Accordingly, HSBC passed good title to Patron in
12 November 2020.

13
14
15 Is Tender required from Mrs. Reece (who owed no debt and did not sign a deed
16 of trust)? Is Tender required from Mr. Reece if Defendants lacked enforcement
17 authority and the debt was unenforceable?

18 Plaintiffs assert that tender is required only from a party personally obligated on
19 the secured debt or whose interest is subject to a valid lien. *Lona v. Citibank, N.A.*, 202
20 Cal. App. 4th 89, 112–13 (2011).

21 The evidence established that Mrs. Reece was not a borrower, did not sign the
22 promissory note, and did not execute the deed of trust. Equity does not require a non-
23 obligor to pay another's debt as a condition to challenging an unauthorized foreclosure.
24 *Munger v. Moore*, 11 Cal. App. 3d 1, 7 (1970) (tender rule does not apply where plaintiff
25 is not the debtor). The Court finds that Mrs. Reece had no personal liability on the
26 secured debt and therefore had no requirement to tender.

27 As to Mr. Reece, Plaintiffs argue that Defendants failed to prove a valid transfer
28 of the debt to the party directing foreclosure and that a borrower need not tender to an

1 entity not entitled to payment. Further, Plaintiffs argue that the underlying obligation is
2 unenforceable because the foreclosure occurred after expiration of any enforcement
3 period applicable to Mr. Reece's debt interest and in conflict with the CAB decree.

4 As discussed above, the transfer of the debt was valid, the statute of limitations
5 had not run, and the 2008 CAB judgment was only valid between Mrs. Reece and CAB.
6 The certified recorded documents identified HSBC as Trustee as the loan owner (Trial
7 Exs. 14-17, 23-24, 87). "An allegation of tender of the indebtedness is necessary when
8 the person seeking to set aside the foreclosure sale asserts the sale is voidable due to
9 irregularities in the sale notice or procedure." *West v. JPMorgan Chase Bank, N.A.*
10 (2013) 214 Cal.App.4th 780, 801. Thus, tender is required. Here, Mr. Reece admitted
11 at trial that he did not tender.

12
13 Does the Law of the Case apply?

14 The Court declines to address whether the Court of Appeals 2023 ruling
15 determining HSBC as Trustee was the loan owner when it affirmed the trial court's grant
16 of Clear Recon's demurrer in *Reece v. Clear Recon Corp.* (Nov. 15, 2023) 2023 WL
17 7637614, applies because this Court has determined by the evidence at trial that HSBC
18 as Trustee was the loan owner. Since the Court's independent findings are the same
19 as the 2023 ruling with respect to loan ownership, this Court need not analyze or
20 address all parties' arguments in their closing briefs on this issue.

21
22 Did Defendants engage in Unlawful Competition under the UCL?

23 Plaintiffs claim that Defendants engaged in unlawful practices by foreclosing
24 without proof of a valid transfer of the debt in violation of a subsisting injunction (CAB
25 judgment) and against Mrs. Reece who was not encumbered by the deed of trust, and
26 by maintaining public records and assignments that falsely represented authority in
27 defiance of a judicial decree and established by foreclosure law.
28

1 position on whether there would be an equitable lien over the entire
2 property?

3 A. I mean, just based on the documentation and the testimony that
4 we've heard, there certainly is a myriad of information. I would say there's
5 a strong position for an equitable lien to include. We know that the
6 Washington Mutual loan that was paid off from the Countrywide 2006 loan
7 was taken out by both Mr. and Mrs. Reece, and that payoff was 315,000.

8 Then it appears on the settlement statement that there were a
9 multitude of other debts that were paid off that were likely joint debts.
10 There's certainly joint debts in the state of California because it's a
11 community property state.

12 And then there was \$171,000 in cash-out that was paid to Mr. Reece.
13 And it may have been more than that because there was a set-aside on the
14 settlement statement of \$70,000 to address a different judgment.

15 And I don't know if all of that was used or not, but as Mr. Reece
16 testified, he and Mrs. Reece are one, and that money was meant for them.
17 So that would certainly factor into that.

18 Beyond that, Mr. and Mrs. Reece have -- had the ability to enjoy the
19 property since October of 2008 through, well, present day, but as far as
20 we're concerned through the foreclosure in February of 2020, without
21 having to pay a mortgage, pay rent, pay taxes, pay insurance. So that's,
22 what, in excess of 15 years now that they've been able to enjoy that asset
23 without making any payments on it.

24 Also, Mrs. Reece claimed the subject property debt in her bankruptcy
25 filing.

26 So there are a multitude of documents and testimony that would lead
27 to an equitable lien decision.

28 Q. So is it Nationstar and HSBC's position to this court that it had the
right to foreclosure in 2020?

A. Absolutely.

(Transcript of Trial – Day 4, dated Jan. 9, 2026, at 371:7-372:13.)

Plaintiffs did not present any evidence to rebut the benefits they received from the
loan entitling Defendants to an equitable lien. Therefore, even if the foreclosure was
invalid, HSBC as Trustee would have been entitled to an equitable lien.

CONCLUSION


For all the reasons stated herein, the court finds in favor of the Defendants and
against Plaintiff. Plaintiff is awarded no relief on their Second Amended Complaint
against Defendants. Defendants are adjudged to be the prevailing parties for purposes
of this litigation on those causes of action at bench trial.

///

///

1 The Court sets the matter for Trial Readiness/Status on the jury trial issues on
2 May 21, 2026; 9:00 AM; Department R12.

3
4 Dated: April 20, 2026

5
6 
7 _____
8 Kory Mathewson, Judge of the
9 Superior Court

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