
New York Court of Appeals Clarifies Accrual of Statute of Limitations for Mortgage Repurchase Agreements

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On June 11, 2015, the New York Court of Appeals held that for breach of contract claims arising from customary mortgage loan repurchase agreements, the State's six-year statute of limitations accrues when the agreement is executed.

I. Factual Background

As sponsor to the securitization at issue in the case, defendant DB Structured Products, Inc. ("DBSP") purchased over 8,000 mortgage loans from third-party originators. DBSP then sold the pool of loans to plaintiff ACE Securities Corp. To facilitate the transaction the parties executed a mortgage loan repurchase agreement ("MLPA") on March 28, 2006 (the "closing date"). ACE then transferred the pool to a mortgage loan trust (the "trust"), and appointed HSBC bank as trustee under a Pooling and Servicing Agreement ("PSA").

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