UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA, NORFOLK DIVISION

The Estate of Marion Edmonds, et al. v. First Horizon Bank, et al.

Edmonds v. First Horizon Bank · No. 2:26-cv-203 · Decided June 1, 2026

SUMMARY

The United States District Court for the Eastern District of Virginia denied the plaintiff's motion to remand, concluding that the parties were completely diverse after disregarding the citizenship of the substitute trustee as fraudulently joined or nominal. The court also held that the amount in controversy exceeded $75,000 based on the requested damages and injunctive relief concerning the subject property. The court granted First Horizon Bank's Rule 12(b)(6) motion because the complaint did not identify a contractual provision requiring the bank to approve or review a loss-mitigation application, and dismissed the case.

CASE DETAILS

COURT	United States District Court for the Eastern District of Virginia, Norfolk Division
WRITING FOR THE COURT	Jamar K. Walker
JURISDICTION	United States District Court for the Eastern District of Virginia, Norfolk Division
DECIDED	June 1, 2026
DOCKET	2:26-cv-203
DISPOSITION	dismissed
PROCEDURAL POSTURE	Plaintiff filed a Virginia state-court action alleging breach of contract and lack of authority to foreclose and seeking damages and injunctive relief. First Horizon removed based on diversity jurisdiction, moved to dismiss under Federal Rule of Civil Procedure 12(b)(6), and plaintiff moved to remand.
STANDARD OF REVIEW	The court accepted the complaint's factual allegations as true for purposes of the Rule 12(b)(6) motion and determined whether the complaint stated a facially plausible claim. On remand, the removing party bore the burden of establishing subject-matter jurisdiction, and all doubts concerning removal were resolved in favor of remand.
PRECEDENTIAL VALUE	unpublished

PARTIES	The Estate of Marion Edmonds, Patrick Edmonds, administrator of the Estate of Marion Edmonds v. First Horizon Bank, Substitute Trustee

TOPICS

subject matter jurisdiction · motions to dismiss · civil procedure · breach of contract · foreclosure

PRACTICE AREAS

civil procedure · mortgage foreclosure · breach of contract · real estate · remedies

QUESTIONS PRESENTED

1. Whether removal was proper under diversity jurisdiction despite the Virginia citizenship of the substitute trustee.
2. Whether the substitute trustee was fraudulently joined or merely a nominal party such that its citizenship could be disregarded.
3. Whether the amount in controversy exceeded $75,000 when the complaint sought damages and injunctive relief affecting real property.
4. Whether the complaint plausibly alleged that First Horizon breached a contractual duty to review, approve, or provide loss-mitigation options.
5. Whether the complaint stated a viable claim against the substitute trustee for lack of authority to foreclose or wrongful foreclosure.

HOLDINGS

1. Removal was proper because the properly joined parties were completely diverse and the amount in controversy exceeded $75,000.
2. The substitute trustee was fraudulently joined or was a nominal party, and its Virginia citizenship did not defeat diversity jurisdiction.
3. The complaint failed to state a plausible breach-of-contract claim because it did not identify any contractual provision requiring First Horizon to review, approve, or provide a loan modification or other loss-mitigation option.
4. The complaint did not state a viable claim against the substitute trustee based on lack of authority to foreclose or wrongful foreclosure.

KEY QUOTATIONS

> *"To show fraudulent joinder, the removing party must demonstrate either outright fraud in the plaintiff's pleading of jurisdictional facts, or that there is no possibility that the plaintiff would be able to establish a cause of action against the in-state defendant in state court."*

> *"To survive a motion to dismiss" under Fed. R. Civ. P. 12(b)(6), "a complaint must contain sufficient factual matter, accepted as true, to 'state a claim to relief that is plausible on its face.'"*

> *"Without a contractual obligation for a servicer to offer a homeowner a loan modification [one type of loss mitigation], . . . an individual cannot file suit against a lender for failure to enter into, to review, or to process a loan modification agreement—neither via breach of contract nor via breach of duty of good faith and fair dealing."*

FACTUAL BACKGROUND

In January 2004, Marion Edmonds entered into a mortgage loan agreement with First Horizon, evidenced by a promissory note and secured by a deed of trust on property in Norfolk, Virginia. After Marion's death, her son and heir, Patrick Edmonds, became the alleged successor in interest and administrator of the estate. First Horizon denied his loss-mitigation application because the loan was not assumable and initiated foreclosure proceedings; the substitute trustee scheduled a sale, but the sale was enjoined temporarily by the state court and subsequently cancelled. The complaint alleged that First Horizon breached the mortgage contract and that the substitute trustee lacked authority to foreclose.

PROCEDURAL HISTORY

Patrick Edmonds, as heir and administrator of Marion Edmonds's estate, filed suit in the Circuit Court for the City of Norfolk on January 26, 2026. The state court temporarily enjoined the foreclosure sale, which was later cancelled. First Horizon removed the action to the Eastern District of Virginia. The federal court denied remand, granted First Horizon's motion to dismiss, dismissed the complaint, and directed the Clerk to close the case.

DISPOSITION

dismissed

CASES CITED

- Ray v. Ready, 822 S.E.2d 181, 185 (Va. 2018)
- Mulcahey v. Columbia Organic Chemicals Co., Inc., 29 F.3d 148, 151 (4th Cir. 1994)
- Home Buyers Warranty Corp. v. Hanna, 750 F.3d 427, 433 (4th Cir. 2014)
- Mayes v. Rapoport, 198 F.3d 457, 461 (4th Cir. 1999)
- Hartley v. CSX Transportation, Inc., 187 F.3d 422, 424 (4th Cir. 1999)
- Skidmore v. Schinke, 171 F.4th 319, 324 (4th Cir. 2026)
- Hartford Fire Insurance Co. v. Harleysville Mutual Insurance Co., 736 F.3d 255, 257, 260 (4th Cir. 2013)
- Wingate v. Ocwen Loan Servicing, LLC, No. 2:18-cv-167, 2018 WL 3341186, at *4-*5 (E.D. Va. July 6, 2018)
- Powell v. Adams, 18 S.E. 2d 261, 262-63 (Va. 1942)
- Rohrer v. Strickland, 82 S.E. 711, 712 (Va. 1914)
- Tayal v. The Bank of New York Mellon F/K/A The Bank of New York, as Trustee, No. 1:19-cv-509, 2019 WL 11252971, at *4-*5 (E.D. Va. Dec. 2, 2019)
- Dail v. Bank of America, No. 2:18-cv-640, 2019 WL 921452, at *4 (E.D. Va. Feb. 21, 2019)
- Hien Pham v. Bank of New York, 856 F. Supp. 2d 804, 810-11 (E.D. Va. 2012)

- JTH Tax, Inc. v. Frashier, 624 F.3d 635, 639 (4th Cir. 2010)
- Hunt v. Washington State Apple Advertising Commission, 432 U.S. 333, 347 (1977)
- Dixon v. Edwards, 290 F.3d 699, 710-11 (4th Cir. 2002)
- Creech v. EverBank, 467 F. Supp. 3d 425, 431 (E.D. Va. 2020)
- Rehbein v. CitiMortgage, Inc., 937 F. Supp. 2d 753, 758-59 (E.D. Va. 2013)
- Sherman v. Litton Loan Servicing, L.P., 796 F. Supp. 2d 753, 766 (E.D. Va. 2011)
- Harrell v. Caliber Home Loans, Inc., 995 F. Supp. 2d 548, 550-51 (E.D. Va. 2014)
- Jones v. American Postal Workers Union, 192 F.3d 417, 422 (4th Cir. 1999)
- Burrell v. Bayer Corp., 918 F.3d 372, 379-80 (4th Cir. 2019)
- Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)
- Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 555, 556, 570 (2007)
- Papasan v. Allain, 478 U.S. 265, 286 (1986)
- Compel v. Citi Mortgage, Inc., No. 1:04-cv-1377, 2005 WL 4904816, at *2 (E.D. Va. Feb. 23, 2005)
- ACA Financial Guaranty Corp. v. City of Buena Vista, Virginia, 917 F.3d 206, 215 (4th Cir. 2019)
- Goines v. Valley Community Services Board, 822 F.3d 159, 166 (4th Cir. 2016)
- Davis v. Specialized Loan Servicing LLC, No. 3:17-cv-787, 2018 WL 3352647, at *7 (E.D. Va. July 9, 2018)
- Willner v. Dimon, 849 F.3d 93, 113 (4th Cir. 2017)

INSTRUCTIONS FOR AN AI ASSISTANT