SUPREME COURT OF ALABAMA

Miguel A. Laborde and Himelda Johanna Cruz-Candelo v. Citizens Bank, N.A.

Laborde · No. SC-2025-0014 · Decided December 19, 2025

SUMMARY

The Supreme Court of Alabama reviews the dismissal of claims arising from the foreclosure of a VA-guaranteed mortgage loan. The court holds that the borrowers adequately pleaded breach of contract based on an alleged contractual right to reinstate the mortgage and wrongful foreclosure based on an alleged improper purpose, while affirming dismissal of an independent good-faith-and-fair-dealing claim. The excerpt begins the court’s discussion of the borrowers’ unjust-enrichment claim and indicates that the judgment was affirmed in part, reversed in part, and remanded.

CASE DETAILS

COURT	Supreme Court of Alabama
WRITING FOR THE COURT	Cook, Justice; Stewart, C.J.; Shaw, J.; McCool, J.; Parker, J.; Bryan, J.; Wise, J.; Sellers, J.; Mendheim, J.
JURISDICTION	Supreme Court of Alabama
DECIDED	December 19, 2025
DOCKET	SC-2025-0014
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from an October 3, 2024, Madison Circuit Court judgment dismissing the plaintiffs' claims against Citizens Bank under Rule 12(b)(6), after an earlier dismissal and amendment as of right.
STANDARD OF REVIEW	De novo review of a Rule 12(b)(6) dismissal. The allegations are viewed most strongly in the pleader's favor, and dismissal is proper only when the plaintiff can prove no set of facts that would entitle the plaintiff to relief.
PRECEDENTIAL VALUE	Published opinion; precedential value subject to formal revision before publication.
PARTIES	Miguel A. Laborde, Himelda Johanna Cruz-Candelo v. Citizens Bank, N.A.

TOPICS

wrongful foreclosure · mortgages · breach of contract · unjust enrichment · motions to dismiss

PRACTICE AREAS

mortgage foreclosure · contract law · real property · civil procedure · equitable remedies

QUESTIONS PRESENTED

1. Whether Alabama law recognizes an independent cause of action for breach of the implied covenant of good faith and fair dealing.
2. Whether a mortgagor's prior default, under the first-breach doctrine, bars a breach-of-contract claim alleging that the mortgagee breached an express contractual right to reinstate the mortgage before foreclosure.
3. Whether allegations that the mortgagee lacked authority to foreclose and exercised the power of sale for a purpose other than securing the debt are sufficient to state a wrongful-foreclosure claim at the pleading stage.
4. Whether allegations that the Bank received and retained a foreclosure surplus are sufficient to state an unjust-enrichment claim when the existence of an express contract is disputed and the claims are pleaded in the alternative.

HOLDINGS

1. Alabama law recognizes an implied covenant of good faith and fair dealing in contracts, but the duty is directive rather than remedial and does not support an independent cause of action standing alone.
2. A mortgagor's failure to make timely loan payments does not, as a matter of law, bar a breach-of-contract action alleging that the mortgagee breached an express contractual right to cure or reinstate the mortgage before foreclosure.
3. A mortgagor states a wrongful-foreclosure claim by alleging that the mortgagee lacked authority to foreclose and that the power of sale was exercised for a purpose other than securing the debt; at the pleading stage, the improper purpose may be alleged generally.
4. At the pleading stage, borrowers may pursue unjust enrichment in the alternative to a contract claim when the existence of an express contract between the parties is disputed and the allegations permit an inference that the Bank received and retained more than it was entitled to under the mortgage.

KEY QUOTATIONS

> *"To hold that a mortgagor forfeits the right to cure by virtue of the very default that triggers it would render the clause meaningless."* (17-18)

> *"A mortgagee who disregards an express right to cure breaches an independent, bargained-for obligation."* (18)

> *“Under Rule 9(b), Ala. R. Civ. P., a "condition of [the] mind" such as purpose "may be averred generally" at the pleading stage.”* (22)

FACTUAL BACKGROUND

In 2015, Laborde obtained a $416,150 VA-guaranteed home loan, and Laborde and Cruz-Candelo granted a mortgage securing the loan. After Laborde experienced financial difficulties, the borrowers defaulted, and Citizens Bank accelerated the note and scheduled a foreclosure sale. The borrowers alleged that, more than five days before the sale, they were ready, willing, and able to pay the amount required to reinstate the mortgage, but that the Bank and its foreclosure counsel refused or failed to provide a means for payment. The property was nevertheless sold for $480,000, and the borrowers alleged that the Bank retained a surplus beyond the amount owed.

PROCEDURAL HISTORY

Third-party purchasers brought an ejectment action against Laborde and Cruz-Candelo, who asserted defenses and counterclaims and joined Citizens Bank as a third-party defendant. The trial court dismissed the plaintiffs' claims against the Bank, and later denied motions to alter, amend, or vacate the judgment. During the appeal, the plaintiffs settled with and repurchased the property from the third-party purchasers, leaving only the claims against the Bank at issue. The Supreme Court of Alabama affirmed dismissal of the independent good-faith claim, reversed dismissal of the breach-of-contract, wrongful-foreclosure, and unjust-enrichment claims, and remanded.

DISPOSITION

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reversed_and_remanded
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REMAND INSTRUCTIONS

Remand for further proceedings consistent with the opinion, including reinstatement and continued litigation of the breach-of-contract, wrongful-foreclosure, and unjust-enrichment claims against Citizens Bank. The dismissal of the independent good-faith-and-fair-dealing claim remains affirmed.

CASES CITED

- Nance v. Matthews, 622 So. 2d 297, 299 (Ala. 1993)
- Ex parte Professional Bus. Owners Ass'n Workers' Comp. Fund, 867 So. 2d 1099, 1101 (Ala. 2003)
- Lloyd Noland Found., Inc. v. City of Fairfield Healthcare Auth., 837 So. 2d 253, 267 (Ala. 2002)
- Sellers v. Head, 261 Ala. 212, 217, 73 So. 2d 747, 751
- Tanner v. Church's Fried Chicken, Inc., 582 So. 2d 449, 452 (Ala. 1991)
- Government St. Lumber Co. v. AmSouth Bank, 553 So. 2d 68 (Ala. 1989)
- Lake Martin/Alabama Power Licensee Ass'n v. Alabama Power Co., 601 So. 2d 942, 945 (Ala. 1992)
- Shaffer v. Regions Fin. Corp., 29 So. 3d 872, 880 (Ala. 2009)
- Reynolds Metals Co. v. Hill, 825 So. 2d 100, 105 (Ala. 2002)

- Beauchamp v. Coastal Boat Storage, LLC, 4 So. 3d 443, 450 (Ala. 2008)
- Winkleblack v. Murphy, 811 So. 2d 521, 529 (Ala. 2001)
- Big Thicket Broad. Co. of Alabama v. Santos, 594 So. 2d 1241, 1244 (Ala. Civ. App. 1991)
- Dixson v. C. & G. Excavating, Inc., 364 So. 2d 1160 (Ala. 1978)
- Embry v. Carrington Mortg. Servs., LLC, No. 1:22-CV-7-CLM, June 13, 2023 (N.D. Ala. 2023)
- Tidmore v. Citizens Bank & Trust, 250 So. 3d 577, 590 (Ala. Civ. App. 2017)
- Davis v. City of Montevallo, 380 So. 3d 382, 389 (Ala. 2023)
- City of Pinson v. Utilities Bd. of Oneonta, 986 So. 2d 367, 371 (Ala. 2007)
- Ex parte Exxon Mobil Corp., 926 So. 2d 303, 309 (Ala. 2005)
- Bates v. JPMorgan Chase Bank, NA, 768 F.3d 1126, 1130 n.3 (11th Cir. 2014)
- Jackson v. Wells Fargo Bank, N.A., 90 So. 3d 168, 171 (Ala. 2012)
- Reeves Cedarhurst Dev. Corp. v. First Am. Fed. Sav. & Loan Ass'n, 607 So. 2d 180, 182 (Ala. 1992)
- Paint Rock Props. v. Shewmake, 393 So. 2d 982, 983-84 (Ala. 1981)
- Harris v. Deutsche Bank National Trust Co., 141 So. 3d 482, 491 (Ala. 2013)
- Coleman v. BAC Servicing, 104 So. 3d 195, 205 (Ala. Civ. App. 2012)
- Avis Rent A Car Sys., Inc. v. Heilman, 876 So. 2d 1111, 1123 (Ala. 2003)
- Matador Holdings, Inc. v. HoPo Realty Invs., L.L.C., 77 So. 3d 139, 145 (Ala. 2011) (plurality opinion)
- Portofino Seaport Vill., LLC v. Welch, 4 So. 3d 1095, 1098 (Ala. 2008)
- Kennedy v. Polar-BEK & Baker Wildwood P'ship, 682 So. 2d 443, 447 (Ala. 1996)