In the Iowa Supreme Court

No. 24–1984

Submitted September 10, 2026—Filed November 6, 2026

Newrez LLC, d/b/a Shellpoint Mortgage Servicing,

Appellee,

vs.

Lynae D. McMillen Dickey Tesdall,

Appellant,

and

Donald S. Aegerter; Spouse of Donald S. Aegerter; and **Spouse of Lynae D. McMillen Dickey Tesdall,**

Defendants.

On review from the Iowa Court of Appeals.

Appeal from the Iowa District Court for Cerro Gordo County, Rustin Davenport, judge.

A resident homeowner who signed a mortgage as "borrower" seeks further review of a decision of the court of appeals affirming a judgment that she was not entitled to a notice of right to cure. **Court of appeals decision vacated, district court judgment reversed, and case remanded for further proceedings.**

Mansfield, J., delivered the opinion of the court, in which all participating justices joined. Waterman, J., took no part in the consideration or decision of the case.

David M. Loetz of Iowa Legal Aid, Ottumwa, and Michael G. Byrne (until withdrawal) of Winston & Byrne, P.C., Mason City, for appellant.

Matthew E. Laughlin, David M. Erickson, Katelynn T. McCollough, and Steffi S. Lee Dwyer (until withdrawal) of Dentons Davis Brown PC, Des Moines, for appellee.

Mansfield, Justice.

I. Introduction.

Who is a borrower on a mortgage? This case presents the question whether a part-owner and resident of a house who signs the mortgage as a "borrower"—but doesn't sign the underlying note—is entitled to the protections of a homestead law. The homestead law requires the creditor to give notice of a right to cure to "a borrower on a . . . mortgage" before attempting to foreclose on the house. Iowa Code § 654.2D(2) (2023).

We conclude that a person with this status is indeed a borrower on the mortgage. Therefore, we reverse the judgment of the district court, vacate the decision of the court of appeals, and remand for further proceedings consistent with this opinion.

II. Facts and Procedural Background.

A. The 2019 House Purchase, the Note, and the Mortgage. In 2019, Donald Aegerter and Lynae D. McMillen Dickey Tesdall acquired a house in Mason City as joint tenants with right of survivorship. Wells Fargo Bank, N.A., provided $260,775 in secured financing for the purchase. Wells Fargo prepared the financing documentation.

Aegerter signed the promissory note, on which he was the only listed borrower. Tesdall did not sign the promissory note. However, both Aegerter and Tesdall signed the mortgage as "Borrower." In addition, under "Definitions," the mortgage stated that the "Borrower" was both Aegerter and Tesdall—specifically, "Donald S. Aegerter, a single person; Lynae D. McMillen Dickey Tesdall, a single person; as Joint Tenants."

Furthermore, paragraph 1 of the mortgage provided that "Borrower"—i.e., both Aegerter and Tesdall—"shall pay when due the principal of, and interest on, the

debt evidenced by the Note." Thus, the mortgage obligated both Aegerter and Tesdall to make timely payments.

At the same time, paragraph 13 of the mortgage made clear that Tesdall did not have personal liability. It stated that "any Borrower who co-signs this [mortgage] but does not execute the Note"—such as Tesdall—was co-signing "only to mortgage, grant and convey the co-signer's interest in the Property under the terms of [the mortgage]" and would not be "personally obligated to pay the sums secured by [the mortgage]."

Another provision of the mortgage, entitled "Notices," indicated, "Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires otherwise." In addition, the mortgage provided that "[a]ll rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law."

And the last paragraph of the mortgage stated as follows just above the signatures of Aegerter and Tesdall:

> **25. HOMESTEAD EXEMPTION WAIVER**. I UNDERSTAND THAT HOMESTEAD PROPERTY IS IN MANY CASES PROTECTED FROM THE CLAIMS OF CREDITORS AND EXEMPT FROM JUDICIAL SALE; AND THAT BY SIGNING THIS MORTGAGE, I VOLUNTARILY GIVE UP MY RIGHT TO THIS PROTECTION FOR THIS MORTGAGED PROPERTY WITH RESPECT TO CLAIMS BASED UPON THIS MORTGAGE.

B. Aegerter Moves Out, Tesdall Remains in the House, and the Loan Goes into Default. Aegerter and Tesdall resided in the house together until November 2021, when Aegerter moved to Waterloo. Tesdall did not move out; she continued to live in the house in Mason City.

In May 2022, Aegerter notified the United States Postal Service (USPS) of his new mailing address in Waterloo. There is nothing in the record to indicate

that Aegerter told Wells Fargo he had moved. Wells Fargo subscribes to a USPS service, though, and used that service to update Aegerter's address.

In June, the loan went into default. In August, Wells Fargo sent notices of right to cure to Aegerter *only* at both the Mason City address and the Waterloo address.[1] *See* Iowa Code § 654.2D(1)–(3) (requiring a creditor to give a notice of right to cure before bringing a foreclosure action on a homestead and giving the borrower the right to cure the default within thirty days). Wells Fargo did not send any notice to Tesdall.

Between July and December, Tesdall tried repeatedly to speak with Wells Fargo on the phone about amounts due. Wells Fargo's representatives refused to give her any information, saying they were not authorized to do so. According to the notice of right to cure sent to Aegerter in August, the overdue amount at that time was $6,110.54. Tesdall contends that she could have obtained sufficient funds to cure the default had she—like Aegerter—received a notice.

C. This Foreclosure Action. In February 2023, Wells Fargo filed a foreclosure petition against both Aegerter and Tesdall in the Cerro Gordo County District Court.[2] The petition alleged that both of them had failed to pay sums due under the note, that Wells Fargo had declared the entire balance of the note due and payable, and that the amount due, including principal, interest, and

[1]The mortgage provides, "The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender." Again, there is nothing to suggest that Aegerter notified Wells Fargo of a new address. The mortgage further provides that "[t]here may be only one designated notice address under this Security Instrument at any one time."

[2]In August 2024, while the foreclosure proceeding was pending below, Wells Fargo assigned the mortgage to Newrez LLC, d/b/a Shellpoint Mortgage Servicing. Newrez was then substituted as the plaintiff in this action. For the sake of simplicity, we refer to the mortgagee as Wells Fargo throughout this opinion.

fees, was in excess of $247,000. The petition sought an in rem judgment for foreclosure of the house.

An exhibit to the petition indicated that no payments had been made on the mortgage since May 2022. The petition further alleged that Wells Fargo had given "a Notice of Right to Cure" and that more than thirty days had elapsed since the notice had been given. Finally, the petition waived Wells Fargo's right to a deficiency and made clear that Wells Fargo was electing to proceed only against the property.

Tesdall answered and, among other things, denied that she had received a notice of right to cure. She also pointed out that the house was the subject of a separate partition action between her and Aegerter and that Wells Fargo was a party to that case, participating through its counsel. Tesdall asked that the foreclosure action be dismissed.

After some procedural back-and-forth, the district court granted Wells Fargo's motion for summary judgment and denied Tesdall's motion for summary judgment. The district court concluded that Tesdall was not a "borrower" entitled to notice under Iowa Code section 654.2D because she was not personally obligated on the note. Alternatively, it relied on the mortgage provision that "[n]otice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires otherwise." Finally, while acknowledging that this issue had not been addressed by anyone, the court observed that "Tesdall has provided no claim that by not receiving the right of notice to cure, she was substantially prejudiced by such failure."[3] A foreclosure decree was entered.

[3]The district court apparently overlooked the paragraph of Tesdall's affidavit wherein she stated that if she had received the notice of right to cure, she would have been able to timely obtain and pay the cure amount.

Tesdall appealed. We transferred the case to the court of appeals. The court of appeals affirmed the judgment on the sole ground that Tesdall—having signed only the mortgage and not the note—was not a borrower within the meaning of Iowa Code section 654.2D. We granted Tesdall's application for further review.

III. Standard of Review.

We review summary judgment rulings for correction of errors at law. *See Shafer v. Santana*, 36 N.W.3d 731, 736 (Iowa 2026).

IV. Legal Analysis.

A. The Relevant Law. Iowa Code chapter 654 governs foreclosures in Iowa. This case concerns Iowa Code section 654.2D, which requires a creditor who is foreclosing on a mortgage on a homestead to give a notice of right to cure as follows:

> 2. A creditor who believes in good faith that a borrower on a deed of trust or mortgage on a homestead is in default shall give the borrower a notice of right to cure as provided in section 654.2B. A creditor gives the notice when the creditor delivers the notice to the consumer or mails the notice to the borrower's residence as defined in section 537.1201, subsection 4.[4]
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> 3. The borrower has a right to cure the default within thirty days from the date the creditor gives the notice.
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> 4. *a.* The creditor shall not accelerate the maturity of the unpaid balance of the obligation, demand or otherwise take possession of the land, otherwise than by accepting a voluntary surrender of it, or otherwise attempt to enforce the obligation until thirty days after a proper notice of right to cure is given.
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> *b.* Until the expiration of thirty days after notice is given, the borrower may cure the default by tendering either the amount of all unpaid installments due at the time of tender, without acceleration,

[4]Iowa Code section 537.1201(4) provides that "the residence of a buyer, lessee, or debtor is the address given by that person as the person's residence in a writing signed by the person in connection with a transaction until the person notifies the person extending credit of a different address as the person's residence, and it is then the different address."

> or the amount stated in the notice of right to cure, whichever is less, or by tendering any other performance necessary to cure a default which is described in the notice of right to cure.
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> 5. The act of curing a default restores to the borrower the borrower's rights under the obligation and the deed of trust or mortgage.

Iowa Code § 654.2D(2)–(5).

In short, "a borrower on a . . . mortgage on a homestead" is entitled to a written notice and a thirty-day opportunity to cure the default before the creditor may proceed with foreclosure. *Id.* §§ 654.2B, .2D(1)–(3).

There is no dispute that the house was a homestead. Tesdall lived there. On the property tax statement, Aegerter and Tesdall were identified as the co-owners of the house, and a homestead credit was deducted. The fighting issue in this case, rather, is whether Tesdall was a "borrower on a . . . mortgage" within the meaning of section 654.2D(2). If so, she was entitled to a notice and opportunity to cure that she did not receive.

B. Whether Tesdall Was Entitled to a Notice of Right to Cure. The district court and the court of appeals reasoned that Tesdall was not a borrower as contemplated by Iowa Code section 654.2D(2). It was dispositive, in their view, that Tesdall had not signed the note and was not personally liable to repay it. As the court of appeals put it, "[S]he is not a borrower by the plain and ordinary meaning of that term."[5]

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[5]The court of appeals also relied on its unpublished decision in *Christiana Bank & Trust Co. v. Haddon*, No. 08–0406, 2009 WL 1219321, at *2–3 (Iowa Ct. App. May 6, 2009). But apart from being nonprecedential, that decision is not on point. There, Liske purchased a house from the Haddons. *Id.* at *1. The purchase was financed by a third-party mortgagee. *Id.* Subsequently, Liske transferred ownership of the house to Julia Haddon in satisfaction of his debts to her. *Id.* When the mortgagee foreclosed on the mortgage, it sent Liske a notice of right to cure, but there is no indication it sent a notice to the Haddons. *Id.* Julia Haddon argued that she was entitled to a notice of right to cure. *Id.* The court of appeals ruled otherwise because Julia Haddon was not a party to the mortgage. *Id.* at *3. As the court of appeals explained,

We respectfully disagree. To begin, we must read the statute as a whole. *See Cnty. Bank v. Shalla*, 20 N.W.3d 812, 818 (Iowa 2025). Section 654.2D(2) doesn't refer to "borrower" in the abstract. It refers to a borrower *on a mortgage*. Iowa Code § 654.2D(2). This dovetails with the fact that section 654.2D(2) is a real property law protecting homesteads. *Id.* § 654.2D(2), (8). It provides a special limit on foreclosure of homesteads, not a shield against personal liability. *Id.* We know that Tesdall is a borrower on the mortgage because the mortgage—prepared by Wells Fargo—said that she was.

Wells Fargo characterizes its designation of Tesdall as a "borrower" in the mortgage as a mere "drafting tool." But that's not correct. Tesdall was a 50% owner and resident of the house. According to paragraph 1 of the mortgage, Tesdall—as much as Aegerter—was obligated to make the payments when due under the note to keep the mortgage from going into default.

Furthermore, Aegerter could not convey Tesdall's 50% homestead interest. To overcome Tesdall's homestead and foreclose on the entire property, Wells Fargo needed to be able to say that it was satisfying *a debt that she had contracted for*. That's because Iowa Code section 561.21(2) is limited in scope and allows the creditor to seize and sell the homestead only when it is doing so "to satisfy debts . . . contract[ed] by persons having the power to convey." Given that Tesdall had contracted a debt, she was a borrower.[6]

> Julia does not claim to be a "borrower" on Liske's mortgage. Under the clear terms of the statute, Julia was not entitled to statutory notice of right to cure. The trial court correctly determined the Haddons were not parties to the mortgage, and as such, were not borrowers entitled under Iowa law to the notice of a right to cure.

Id. Here, of course, Tesdall *is a party to the mortgage*. If anything, this prior court of appeals decision supports her position, not Wells Fargo's.

[6]Wells Fargo admitted below:

> The Bank would not have granted the original loan in this case without the authorized signature of Defendant Tesdall as co-owner of the property, as one

Additionally, it is not correct to say that Tesdall could not be a borrower because she wasn't personally liable to pay money to Wells Fargo. She had a 50% ownership of the house that she had pledged to Wells Fargo to obtain the loan. In effect, Tesdall had a nonrecourse loan from Wells Fargo.

A rule of construction also favors Tesdall's position. Iowa Code section 654.2D is a special protection for the homestead. *See id.* § 654.2D(2), (8). It requires the lender to serve a specific notice to a borrower on a mortgage on a homestead before proceeding with foreclosure. *Id.* §§ 654.2B., .2D(1)–(2).

In this case the property served as Tesdall's homestead. And we have said, " '[T]o secure the benevolent purposes of the homestead laws,' we construe these laws broadly and liberally 'in favor of the beneficiaries of the legislation.' " *In re Est. of Tolson*, 690 N.W.2d 680, 682 (Iowa 2005) (alteration in original) (quoting *Millsap v. Faulkes*, 20 N.W.2d 40, 42 (Iowa 1945)); *see also Martin v. Martin*, 720 N.W.2d 732, 738 (Iowa 2006) (reiterating the special legal procedures to protect homestead rights in Iowa).

Finally, some out-of-state authorities—specifically a series of New York appellate decisions—support Tesdall's position. An illustrative case is *Bank of New York Mellon v. Forman*, 110 N.Y.S.3d 136, 137 (App. Div. 2019). There, Solomon Forman borrowed $333,700, with the note secured by a mortgage on a house owned by his spouse. *Id.* His spouse signed the mortgage but not the note. *Id.* at 137–38. The court held that the spouse—having been identified as a borrower in the mortgage—was entitled to notice before the bank initiated foreclosure proceedings. *Id.* at 138. The court explained,

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accordingly giving 50% of the property's equity as collateral to the original note and mortgage and subject to the complete foreclosure of the real estate mortgage itself.

> We agree with the defendant that under the circumstances of this case, she was a "borrower" for purposes of RPAPL 1304. While RPAPL 1304 provides that the notice shall be sent to the "borrower," that term is not defined in the statute. It is undisputed that only the defendant's deceased husband, Solomon Forman, is identified as a "borrower" in the note which is secured by the mortgage. That is not determinative in this case. In the mortgage instrument, the defendant is referred to as a borrower. On the first page of the mortgage instrument, under the heading entitled "Words Used Often in this Document," the defendant is identified, along with her husband, as " 'Borrower.' " The defendant is also designated as "Borrower" under her signature on the signature page of the mortgage instrument. While the plaintiff contends that this standard mortgage form mischaracterizes the defendant as a borrower, any ambiguities in the language of the document must be construed against the plaintiff, as the plaintiff is the party who supplied the document.

Id. (citations omitted). *Forman* is not a solo performance. Several other recent New York appellate decisions have likewise held that a homeowner who did not sign the note but was identified as a "borrower" in the mortgage was entitled to the statutory preforeclosure notice. *See Deutsche Bank Nat'l Tr. Co. v. Cincu*, 214 N.Y.S.3d 107, 110 (App. Div. 2024); *Green Tree Servicing, LLC v. Helmsorig*, 212 N.Y.S.3d 668, 670–71 (App. Div. 2024); *HSBC Bank USA v. Bott*, 212 N.Y.S.3d 349, 351–52 (App. Div. 2024); *Wells Fargo Bank v. Carney*, 195 N.Y.S.3d 53, 55 (App. Div. 2023); *HSBC Bank USA v. Kalenborn*, 188 N.Y.S.3d 566, 568 (App. Div. 2023); *Deutsche Bank Nat'l Tr. Co. v. Weininger*, 171 N.Y.S.3d 130, 132 (App. Div. 2022).

As a fallback argument, Wells Fargo points out that the mortgage provides, "Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires otherwise." Yet this provision does not help Wells Fargo because the law does require otherwise. According to Iowa Code section 654.2D(2), when "a borrower" on a mortgage is in default, "the borrower"—i.e., that borrower—must be given notice. Iowa Code

§ 654.2D(2). In other words, the law requires notice to each borrower in default, including Tesdall. *See id.* § 4.1(17) ("[T]he singular includes the plural . . . ."); *Little v. Davis*, 974 N.W.2d 70, 75–76 (Iowa 2022) (holding that where a statute required the consent of "the settlor," the consent of all settlors was required). That's not a technical point here because Aegerter was no longer living in the house; only Tesdall was. *Cf. Hicks v. Franklin Cnty. Auditor*, 514 N.W.2d 431, 436–37 (Iowa 1994) (finding substantial compliance when a statute required notice to "the owner of each tract of land" and the auditor mailed notices to the primary listed owners, the co-owners were listed on the envelopes and in the published notice, and no plaintiff asserted that they were not informed or deprived of an opportunity to object because of a lack of individual notice (quoting Iowa Code § 468.14 (Supp. 1989))).

If Wells Fargo's argument were correct, then Wells Fargo could forgo notice even if Tesdall had signed the note, and Wells Fargo would have a ready mechanism for circumventing her statutory homestead protection. Under New York law, even when a mortgage contains the notice-to-one-is-notice-to-all provision, the lender is required to mail notice to each borrower in a separate envelope. *See Wells Fargo Bank v. Yapkowitz*, No. 033182/2013, 2018 WL 2326174, at *1, *9–10 (N.Y. Sup. Ct. May 21, 2018), *aff'd*, 155 N.Y.S.3d 163, 170–71 (App. Div. 2021).

Wells Fargo's arguments overlook the big picture. Tesdall had 50% ownership of the house as her homestead. Aegerter did not control that interest. That interest could be foreclosed on only for a debt Tesdall had contracted for

and only if she was sent notice of a right to cure. *See* Iowa Code §§ 561.16, .21(2); *id.* § 654.2D(1)–(2).[7]

For all these reasons, we conclude that Tesdall was a borrower on the mortgage entitled to a notice of right to cure. We reverse the district court and vacate the court of appeals on this point.

One last note: Iowa Code section 654.2B governs the form and content of the notice of right to cure required by section 654.2D. The final sentence of section 654.2B provides, "The failure of the notice of right to cure to comply with one or more provisions of this section is not a defense or claim in any action pursuant to this chapter and does not invalidate any procedure pursuant to chapter 655A, unless the person asserting the defense, claim, or invalidity proves that the person was substantially prejudiced by such failure." *See Compeer Fin. Servs., FLCA v. Braaksma*, 966 N.W.2d 297, 303 (Iowa Ct. App. 2021) (applying this sentence as a ground for affirming judgment in favor of a lender). Wells Fargo does not argue lack of prejudice as an alternative ground for affirmance. Even if the last sentence of section 654.2B would apply to a failure to *give* notice, as opposed to a defect in the notice itself, we believe that the best course of action is for the potential applicability of section 654.2B to be addressed on remand. The record indicates that Tesdall submitted an affidavit below alleging that if she had been given timely notice, she would have been able to gather sufficient funds to pay the cure amount.

[7]We are not dealing with a case where the lender sent a single notice of right to cure addressed to both borrowers. Nor are we dealing with a case where the borrower challenging the foreclosure received actual or constructive notice of the right to cure. We leave resolution of those cases for another day.

V. Conclusion.

For the foregoing reasons, we reverse the judgment of the district court, vacate the decision of the court of appeals, and remand for further proceedings consistent with this opinion.

Court of appeals decision vacated, district court judgment reversed, and case remanded for further proceedings.

All justices join this opinion except Waterman, J., who takes no part.