

19-1774-cv

Maddox v. Bank of N.Y. Mellon Tr. Co.

1 UNITED STATES COURT OF APPEALS
2 FOR THE SECOND CIRCUIT

3
4
5 August Term, 2019

6
7 (Argued: March 26, 2020

Decided: May 10, 2021)

8
9 Docket No. 19-1774
10

11
12
13 SANDRA MADDOX, TOMETTA MADDOX HOLLEY, on behalf of themselves
14 and all others similarly situated,

15
16 *Plaintiffs-Appellees,*

17
18 v.

19
20 THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,

21
22 *Defendant-Appellant.*
23

24
25
26 Before: JACOBS, POOLER, and CARNEY, *Circuit Judges.*

27
28 Appeal from an order of the United States District Court for the Western
29 District of New York (Richard Joseph Arcara, J.) denying the motion of the Bank
30 of New York Mellon Trust Company's ("BNY Mellon" or "the Bank") for

1 judgment on the pleadings. The district court concluded that plaintiffs have
2 Article III standing to sue BNY Mellon for violating the timely recordation
3 requirements imposed by New York State's mortgage-satisfaction-recording
4 statutes and certified the question for interlocutory appeal.

5 On review, we hold, first, that state legislatures may create legally
6 protected interests whose violation supports Article III standing, subject to
7 certain federal limitations. We further decide that the New York law violations
8 alleged here constitute a concrete and particularized harm to plaintiffs in the
9 form of both reputational injury and limitations in borrowing capacity over the
10 nearly ten-month period during which their mortgage discharge was unlawfully
11 not recorded and in which the Bank allowed the public record to reflect, falsely,
12 that plaintiffs had an outstanding debt of over \$50,000. In addition, the Bank's
13 failure to record plaintiffs' mortgage discharge created a material risk of concrete
14 and particularized harm to plaintiffs by providing a basis for an unfavorable
15 credit rating and reduced borrowing capacity. These risks and interests, in
16 addition to that of clouded title, which an ordinary mortgagor would have
17 suffered (but plaintiffs did not), are similar to those protected by traditional
18 actions at law. Whether better characterized as "substantive" or "procedural"

wrongs, the Bank's violations of the state statutes are plausibly alleged to have caused actual harm and subjected plaintiffs to a real risk of material harm, the very sort of which the state statutes appear designed to protect mortgagors such as plaintiffs against. As a result, we conclude that the Maddoxes' allegations support their Article III standing, and that they may pursue their claims for the statutory penalties imposed by the New York Legislature, and other relief, in the federal district court, subject to compliance with other jurisdictional prerequisites and class certification requirements.

Order affirmed and case remanded.

Judge Jacobs dissents in a separate opinion.

JONATHAN M. ROBBIN, Blank Rome LLP, New York, NY, *for Defendant-Appellant Bank of New York Mellon Trust Company.*

SETH R. LESSER, Klafter Olsen & Lesser LLP, Rye Brook, NY, *for Plaintiffs-Appellees Maddox et al.*

ERIC LECHTZIN, Berger & Montague, P.C., Philadelphia, PA (*on the brief*), *for Plaintiffs-Appellees Maddox et al.*

1 CHARLES MARSHALL DELBAUM, National
2 Consumer Law Center, Boston, MA (*on the brief*), for
3 *Plaintiffs-Appellees Maddox et al.*
4

5 William Alvarado Rivera, Julie Nepveu, AARP
6 Foundation, Washington, DC, and Brian L. Bromberg,
7 Joshua Tarrant-Windt, Bromberg Law Office, P.C., New
8 York, NY, for AARP, AARP Foundation, and National
9 Association for Consumer Advocates, *amici curiae in*
10 *support of Plaintiffs-Appellees Maddox et al.*
11

12 POOLER and CARNEY, *Circuit Judges:*

13 The Bank of New York Mellon Trust Company (“BNY Mellon” or “the
14 Bank”) appeals from an order of the United States District Court for the Western
15 District of New York (Richard Joseph Arcara, J.) denying its motion for judgment
16 on the pleadings. The district court held that plaintiffs Sandra Maddox and
17 Tometta Maddox Holley (the “Maddoxes”) have Article III standing to seek the
18 statutory damages from the Bank for its violations of New York’s
19 mortgage-satisfaction-recording statutes. N.Y. Real P. Law (“R.P.L.”) § 275, N.Y.
20 Real P. Actions & Proc. L. (“R.P.A.P.L.”) § 1921. These statutes require mortgage
21 lenders to record satisfactions of mortgage (also known as “certificates of
22 discharge”) within thirty days of the borrower’s repayment; a failure renders the
23 lender “liable to the mortgagor” for increasing statutory damages in amounts

1 dependent on the tardiness of the ultimate filing. Here, the Bank did not record
2 the satisfaction of the Maddoxes' mortgage, in an amount of over \$50,000, until
3 almost eleven months after full payment was received — almost ten months after
4 the law requires. The statutes make the lender liable to the mortgagor for \$1,500
5 upon a filing of satisfaction that is presented for filing over ninety days after
6 discharge. R.P.L. § 275(1); R.P.A.P.L. § 1921(1). The Maddoxes sued to collect that
7 penalty and to represent a class of similarly wronged borrowers.

8 On review of the question certified for interlocutory appeal — whether the
9 Maddoxes have Article III standing to sue the Bank for the statutory damages
10 and other relief — we hold, first, that the invasion of interests protected by state
11 law can support Article III standing, an issue that our court has not yet formally
12 addressed. Although not every state law violation may give rise to an Article III
13 injury in fact, the Supreme Court's teachings lead us to conclude that a state
14 legislature, like Congress, may recognize legal interests whose violation
15 resembles wrongs traditionally cognizable at common law such as to allow their
16 vindication by wronged persons in federal court, provided other requisites of
17 federal jurisdiction are met.

1 Next, we decide that the Maddoxes' complaint supports a plausible
2 inference that the Bank's violation both (1) harmed their financial reputations
3 during the nearly ten-month period of the Bank's noncompliance with the
4 thirty-day filing deadline, and, relatedly, (2) created a material risk of
5 particularized harm to them during that period by impairing their credit and
6 limiting their borrowing capacity. These interests are protected by the state's
7 statutory timely filing requirements and its imposition of a penalty payment
8 obligation on the noncompliant bank to the wronged borrower. They reflect the
9 state legislature's judgment that the interests are worthy of protection. The
10 interests are similar to those traditionally actionable at common law, where
11 defamation actions and slander of title suits gave victims recourse. We think
12 these are most appropriately viewed as substantive wrongs to the borrower and
13 that no more than the Bank's noncompliance is needed to support the Maddoxes'
14 claim of injury in fact.

15 But even if more is required for the Maddoxes to establish standing, the
16 Bank's failure to record the mortgage discharge also posed a real risk of material
17 harm to the Maddoxes because the public record showed them for an extended
18 time, falsely, as owing more than \$50,000 that they did not owe, which can

1 reasonably be inferred to have substantially restricted the Maddoxes' borrowing
2 capacity.

3 In sum, considering these particularized actual harms and risks of harm
4 and their general recognition in the common law, the Maddoxes have Article III
5 standing to pursue their claims.

6 Accordingly, we remand for further proceedings.

7 BACKGROUND

8 I. The Complaint's allegations.

9 The Maddoxes' complaint alleges the following facts, which we accept as
10 true for purposes of this appeal. *See, e.g., Lynch v. City of New York*, 952 F.3d 67, 75
11 (2d Cir. 2020).

12 On October 6, 2000, sisters Sandra Maddox and Tometta Maddox Holley
13 entered into a mortgage loan with Aegis Mortgage Corporation ("the Loan").
14 The mortgage and assignment were recorded with the Erie County Clerk's
15 Office. The mortgage encumbered the Maddoxes' property at 149 Hampshire
16 Street, Buffalo, New York 14213 (the "Property"). The Loan was later assigned to
17 BNY Mellon. In September 2014, the Maddoxes sold the Property to two
18 individuals who are not parties to this suit.

1 On or about October 5, 2014, the Loan was paid off and the debt
2 discharged. However, BNY Mellon failed to file a satisfaction of mortgage with
3 the Erie County Clerk's Office until nearly one year later on September 22, 2015.

4 By its failure to record the discharge within thirty days of payment, BNY
5 Mellon violated New York's mortgage-satisfaction-recording statutes. These
6 require the mortgage lender, within thirty days of the full repayment of the debt,
7 to present a certificate of discharge to the county clerk for filing. *See* R.P.L.
8 § 275(1) (requiring timely presentation of certificate and imposing monetary
9 penalties for noncompliance); R.P.A.P.L. § 1921(1) (same).

10 **II. Procedural history.**

11 On December 15, 2015, approximately three months after BNY Mellon had
12 recorded the satisfaction, the Maddoxes brought a class action suit against BNY
13 Mellon for violation of New York's mortgage-satisfaction-recording statutes.

14 In late 2016, after the Supreme Court issued its decision *Spokeo Inc. v.*
15 *Robins*, 136 S. Ct 1540 (2016), BNY Mellon moved to dismiss on the pleadings for
16 lack of standing. It argued—among other things—that the Maddoxes lack Article
17 III standing to pursue the stated claim, asserting that the Maddoxes “suffered no
18 actual damages in relation to the alleged failure to record the satisfaction” and

1 therefore “failed to plead a concrete harm” under *Spokeo. Maddox v. Bank of N.Y.*
2 *Mellon Tr. Co.*, No. 15-cv-01053, 2017 WL 449962, at *2 (W.D.N.Y. Jan. 30, 2017)
3 (Report and Recommendation (“R&R”)) (citing Bank’s Memorandum). The Bank
4 did not dispute that the discharge was untimely filed.¹

5 The Maddoxes countered that the Bank’s ten-month period of
6 noncompliance with the statute impaired access to accurate financial information
7 about them and created a false impression about their credit status during this
8 period. Because the right to be free of these harms was recognized by the state
9 legislature and bears a strong relationship to harms traditionally actionable at
10 common law, the violations cause substantive harms and otherwise create
11 concrete injuries that endow the Maddoxes with standing to seek remedies in
12 federal court, they urged. The Maddoxes further argued that the Bank’s violation
13 of the mortgage-satisfaction-recording statutes for an almost eleven-month
14 period (ten months later than the statutes permit without penalty) caused them a
15 sufficiently real risk of other concrete and particularized harms—failure to obtain

¹ It did argue, however, that it was associated with the Maddoxes’ mortgage only as a trustee and therefore had no liability. The district court rejected that argument, and the issue is not part of the question certified for interlocutory appeal. *Maddox v. Bank of N.Y. Mellon Tr. Co.*, No. 15-cv-01053, 2018 WL 3544943, at *5 (W.D.N.Y. July 24, 2018).

1 financing for other properties and damage to personal credit, for example—that
 2 those risks too gave rise to an injury in fact supporting their Article III standing
 3 to sue.²

4 A magistrate judge issued a Report and Recommendation suggesting that
 5 the district court deny the motion to dismiss. *R&R*, 2017 WL 449962, at *4. The
 6 district court accepted the recommendation and denied BNY Mellon’s motion for
 7 judgment on the pleadings. *Maddox v. Bank of N.Y. Mellon Tr. Co.*, No. 15-cv-
 8 01053, 2018 WL 3544943, at *2 (W.D.N.Y. July 24, 2018). It held that the Bank’s
 9 violation was a “procedural violation,” and because the Bank’s violation of the
 10 mortgage-satisfaction-recording statutes created a “material risk of harm” to
 11 them,³ the Maddoxes’ allegations of noncompliance by the bank satisfied the

² In conjunction with their opposition to the Bank’s motion, the Maddoxes submitted an affidavit made by Tometta Maddox Holley attesting to the loss of time, legal expenses, and adverse emotional effects that she suffered as a result of the belated filing, which she learned about some time before the satisfaction was finally filed. Her attestations were not the subject of allegations in the complaint and were not the basis for the district court’s ruling. They also do not bear on our analysis of the Maddoxes’ standing.

³ In holding that “a violation of the statutes, without any further tangible harm, gives rise to an Article III injury-in-fact,” the district court discussed the Bank’s violations as presenting a “material risk of harm,” a “risk of real harm,” and a “sufficient degree of real risk” to the Maddoxes. *Id.* at *1-2. The Supreme Court in *Spokeo* treated similar formulations as synonymous, 136 S. Ct. at 1543, 1547, 1549-50, and we do the same.

1 injury-in-fact requirement for Article III standing. *Id.* The district court reasoned
2 that failure to timely record a mortgage satisfaction could cloud title to real
3 property, inhibit sale of the property, and affect the mortgagor's credit.

4 At the same time, the district court took note of the Eleventh Circuit's
5 contrary decision in *Nicklaw v. Citimortgage, Inc.*, 839 F.3d 998 (11th Cir. 2017),
6 *reh'g en banc denied*, 855 F.3d 1265 (2017), and a footnote in our decision in *Strubel*
7 *v. Comenity Bank*, 842 F.3d 181, 194 n.15 (2d Cir. 2016), that cites *Nicklaw* with
8 apparent approval. It accordingly identified the question as a close one and on
9 that basis certified the question for interlocutory appeal. We accepted the
10 certification, and we now address that question.

11 DISCUSSION

12 We review a district court's decision regarding judgment on the pleadings
13 de novo. *Lanning v. City of Glens Falls*, 908 F.3d 19, 24 (2d Cir. 2018).

14 Article III standing requires plaintiffs to show (1) an "injury in fact," (2) a
15 "causal connection" between that injury and the conduct at issue, and (3) a
16 likelihood "that the injury will be redressed by a favorable decision." *Lujan v.*
17 *Defs. of Wildlife*, 504 U.S. 555, 560-61 (1992) (internal quotation marks omitted).

1 The central question on appeal is whether the Maddoxes have met the injury-in-
2 fact requirement.

3 “To demonstrate injury in fact, a plaintiff must show the invasion of a [1]
4 legally protected interest that is [2] concrete and [3] particularized and [4] actual
5 or imminent, not conjectural or hypothetical.” *Strubel*, 842 F.3d at 188 (internal
6 quotation marks and citation omitted; bracketed numbers added). BNY Mellon
7 argues that, although the New York State Legislature may have implicitly
8 recognized that delayed recording can create harms such as clouding title and
9 adversely affecting a mortgagor’s credit, the Maddoxes have not alleged, and
10 cannot allege, that they suffered from these harms. Therefore, BNY Mellon asks
11 us to conclude that the Maddoxes have not shown that the injury alleged was
12 concrete and particularized. As a result, BNY Mellon contends, the Maddoxes’
13 injury from the discharge’s late recordation was neither “concrete” nor
14 “particularized” enough to amount to an injury in fact for purposes of Article III
15 standing. The Maddoxes reject this analysis, urging that where the Legislature
16 has recognized a legal interest or interests and a plaintiff has suffered a harm or
17 risk of real harm to those interests, Article III is satisfied. According to the
18 Maddoxes, the harms that the Legislature aimed to preclude need not have come

1 to fruition for a plaintiff to have suffered a material risk of real harm sufficient to
2 seek the statutory remedy afforded by the Legislature. We discuss these
3 arguments below.

I. State legislatures can create “legally protected interests” whose violation satisfies Article III’s injury-in-fact requirement.

At the threshold, we must address the general question whether the New York State Legislature has the power to create legal interests whose violation can satisfy Article III. No party disputes that it may and the judicial consensus so holding is strong, but we have not yet squarely addressed the question. For the reasons surveyed briefly below, we hold that a state legislature, like Congress, may recognize such a legal right. By so holding, we join the other circuits to have considered the question.⁴

The Supreme Court has consistently found Article III’s injury-in-fact requirements of concreteness and particularity can be satisfied in cases arising from the violation of federal statutes that confer legal interests on individuals.

See, e.g., Spokeo, 136 S. Ct. at 1544, 1549 (Fair Credit Reporting Act);⁵ *Fed. Election*

⁴ *See Bryant v. Compass Grp. USA, Inc.*, 958 F.3d 617, 621 (7th Cir. 2020), *as amended on denial of reh’g and reh’g en banc* (June 30, 2020); *Cottrell v. Alcon Labs.*, 874 F.3d 154, 164 (3d Cir. 2017); *Utah ex rel. Div. of Forestry, Fire & State Lands v. United States*, 528 F.3d 712, 721 (10th Cir. 2008); *Cantrell v. City of Long Beach*, 241 F.3d 674, 684 (9th Cir. 2001). We are aware of no Circuit holding to the contrary.

⁵ On remand, the Ninth Circuit in *Spokeo* concluded that Robins had adequately alleged both a concrete and a particular interest for Article III purposes, and so it found that he had standing to sue. *Robins v. Spokeo, Inc.*, 867 F.3d 1108, 1118 (9th Cir. 2017), *cert. denied*, 138 S. Ct. 931 (2018).

1 *Comm'n v. Akins*, 524 U.S. 11 (1998) (Federal Election Campaign Act); *Public*
 2 *Citizen v. Dep't of Justice*, 491 U.S. 440, 449 (1989) (Federal Advisory Committee
 3 Act); *Havens Realty Corp. v. Coleman*, 455 U.S. 363, 373 (1982) (Fair Housing Act);
 4 *Trafficante v. Metropolitan Life Insurance Co.* 409 U.S. 205 (1972) (Civil Rights Act of
 5 1968).⁶ Following this lead, the courts of appeals and district courts have done so
 6 as well, most recently applying the standards articulated by the Supreme Court
 7 in *Spokeo* for discerning a “concrete,” if sometimes intangible, injury. *Spokeo*, 136
 8 S. Ct. at 1549-50. *See, e.g., Melito v. Experian Mktg. Sols., Inc.*, 923 F.3d 85, 93 (2d
 9 Cir. 2019) (Telephone Consumer Protection Act conferring right not to receive
 10 spam texts); *Cohen v. Rosicki, Rosicki & Assocs.*, 897 F.3d 75 (2d Cir. 2018) (Fair
 11 Debt Collection Practices Act conferring right to receive information); *Strubel*, 842
 12 F.3d at 188 (Truth in Lending Act conferring right to receive information). We see
 13 no basis to conclude that state legislatures lack the power that Congress enjoys to
 14 recognize or create legally protectible interests whose invasion gives rise to
 15 Article III standing, subject to the same general limitations that the Supreme

⁶ *See generally Linda R.S. v. Richard D.*, 410 U.S. 614, 617 n.3 (1973) (“Congress may enact statutes creating legal rights, the invasion of which creates standing, even though no injury would exist without the statute.”).

1 Court has alluded to with respect to Congress's ability to do so.⁷ *See Lujan*, 504
 2 U.S. at 572-78.

3 We reach this decision due to two general considerations embedded in
 4 Article III standing jurisprudence and highlighted by the Supreme Court in
 5 *Spokeo*: first, the long history of the adjudication in federal courts of state-created
 6 rights, under the courts' diversity jurisdiction, and second, the significant
 7 absence of the separation of powers concerns that arise when federal courts are
 8 called on to adjudicate congressionally created rights. 136 S. Ct. at 1547, 1549.

9 As to the first: The Supreme Court has regularly turned to "history and
 10 tradition" as "a meaningful guide to the types of cases that Article III empowers
 11 federal courts to consider." *Sprint Commc'ns Co., L.P. v. APCC Services, Inc.*, 554
 12 U.S. 269, 274 (2008). The suggestion is therefore unsurprising that a state
 13 legislature's power to create rights whose invasion is cognizable as an Article III
 14 cases or controversy is virtually self-evident. *See, e.g., Diamond v. Charles*, 476 U.S.
 15 54, 65 n.17 (1986) (commenting that "[t]he Illinois Legislature, of course, has the

⁷ Some federal statutes, we have concluded, do not confer such rights. *See, e.g., Crupar-Weinmann v. Paris Baguette America, Inc.*, 861 F.3d 76, 81 (2d Cir. 2017) (no injury in fact from procedural violation of federal Fair and Accurate Credit Transactions Act).

1 power to create new interests, the invasion of which may confer standing.”).

2 Indeed, state-created or state-recognized legal interests—both those with
3 statutory and common law roots—provide the basis for Article III standing in
4 cases invoking a federal court’s diversity jurisdiction and supplemental
5 jurisdiction over state-law claims.⁸

6 Second, as we note above, our holding is supported by the observation
7 that a state legislature’s power to create rights whose invasion gives rise to
8 injuries-in-fact does not raise federal separation-of-powers concerns. “[S]tanding
9 is built on a single basic idea—the idea of separation of powers.” *Allen v. Wright*,
10 468 U.S. 737, 752 (1984); *see also Clapper v. Amnesty Int’l USA*, 568 U.S. 398, 408
11 (2013) (“The law of Article III standing, which is built on separation-of-powers
12 principles, serves to prevent the judicial process from being used to usurp the
13 powers of the political branches.”) Unlike in a federal court’s consideration of the
14 judicial role in enforcing statutory rights created by Congress, separation-of
15 powers-concerns among the federal branches of government are not put at issue

⁸ *Accord Cantrell*, 241 F.3d at 684; *FMC Corp. v. Boesky*, 852 F.2d 981, 993 (7th Cir. 1988); *see also Sprint Commc’ns Co.*, 554 U.S. at 283-8 (noting that state substantive law has historically controlled Article III standing determinations in cases involving the assignment of legal claims and collecting cases).

1 by a plaintiff who seeks vindication in federal court of private rights created by
 2 state statute or state common law. Here, although other dynamics beyond Article
 3 III standing doctrine might be relevant, the adjudication by federal courts of
 4 rights created by state legislative action poses no obvious threat to the executive
 5 and legislative branches of the federal government.⁹

6 Consequently, we treat the rights created by acts of Congress and those
 7 created by acts of state legislatures in parallel for purposes of determining
 8 whether a plaintiff has suffered an actionable intrusion on a legally protected
 9 interest as a “case” or “controversy.” We afford state-created rights no less
 10 weight in considering a plaintiff’s standing than we do the invasion of a federally
 11 created right, subjecting them both to similar deference and similar limitations.¹⁰

12 **II. The Maddoxes have alleged injury in fact sufficient to**
 13 **satisfy Article III.**

14
 15 **A. The New York mortgage-satisfaction-recording**
 16 **statutes create a “legally protected interest.”**

⁹ Actions seeking to have courts strike down federal or state statutes, rather than vindicate rights created by them, are generally seen as posing standing questions of a different nature. *See generally* William A. Fletcher, The Structure of Standing, 98 Yale L.J. 221, 250-51 (1988).

¹⁰ That “standing in federal court is a question of federal law, not state law” supports our holding that rights created by state and federal law are subject to the same Article III standards. *Hollingsworth v. Perry*, 570 U.S. 693, 715 (2013).

1
2 We turn now to examining the private legal interests that are created by
3 the state laws at issue in the Maddoxes' suit.

4 The New York mortgage-satisfaction-recording statutes require that the
5 mortgagee "present a certificate of discharge for recording" to the applicable
6 county clerk within thirty days of the mortgage loan's discharge. *See* R.P.L. § 275
7 ("Certificate of discharge of mortgage required"); R.P.A.P.L. § 1921 ("Discharge
8 of mortgage"). They further provide that failure to timely present the certificate
9 for recording "shall result in the mortgagee being liable to the mortgagor" for
10 penalties in amounts (\$500, \$1,000, and \$1,500), that increase as the mortgagee's
11 tardiness increases from more than 30, 60, and 90 days past the discharge date.
12 R.P.L. § 275(1). In this way, the New York State Legislature statutorily conferred
13 certain legal rights on mortgagors: the right to the mortgagee's timely recording
14 of a discharge and the liability of the mortgagee to the mortgagor for monetary
15 penalties in cases of delayed recording.

16 The judgment of the Legislature confirms as much. *See Spokeo*, 136 S. Ct. at
17 1549. As revealed by the mortgage-satisfaction-recording statutes' legislative
18 history, the New York Legislature viewed lenders' failure to timely record

1 mortgage satisfactions as a “serious” problem. Joint App’x 104 (“The measure is
2 a response to the serious issues that can arise when a certificate of discharge is
3 not filed for a mortgage that has been paid off.”); *see also id.* 111, 120. Although
4 the record is sparse, it is not difficult to imagine that the Legislature would be
5 interested in forestalling widespread practice in the state of untimely recording
6 by providing incentives against untimely recording. Its interest might have had
7 manifold sources—for example, ensuring the reliability of the state land
8 recording system—but the record supports the view that state representatives
9 enacting this legislation were concerned with traditionally actionable harms to
10 mortgagors that arise from late recordings of discharge.¹¹ For instance, the
11 legislative history emphasizes that problems with discharge of paid mortgages

¹¹ The dissent objects that it is “pure assumption, and faulty,” to find that the New York Legislature enacted the mortgage-satisfaction-recording statutes to protect mortgagors and reasons from this criticism that mortgagors’ claim to a protectible legal interest fails. Dissent at 3. With respect, we disagree. Although we do not dispute that one purpose of §§ 275 and 1921 may have been to “induce lending institutions to keep records up to date,” *id.*, and that the statutes’ prescribed penalties may incentivize compliance by lenders, these observations do not negate the existence of a protectible legal interest for mortgagors created by the statute. After all, it is a mortgagor who has the most to lose from a Bank’s failure to file a discharge, a fact supported by R.P.A.P.L. § 1921, which provides borrowers with an avenue for judicial relief that can lead to directives requiring negligent lenders to file discharges.

were “often discovered” and “frequent” prior to legislative action, and that monetary penalties were established as part of R.P.L. § 275(1) and R.P.A.P.L. § 1921(1) as an “attempt[] to address this problem.” Joint App’x 99, 104-05, 111, 123-24, 127; *see also id.* 104, 120 (New York Bill Jacket) (considering a borrower’s recording of mortgage discharge to be “just as important” as a lender’s recording of mortgage). We thus conclude that the New York Legislature intended to create legally protected interests that, if violated, would permit individuals to seek judicial redress.

B. Violation of New York’s mortgage-satisfaction-recording statutes produces a “concrete” injury regardless of whether those statutes create “substantive” or “procedural” rights.

To support standing, an injury must be “real, and not abstract” —it must be “concrete.” *Spokeo*, 136 S. Ct. at 1548 (internal quotation marks and citation omitted). “A ‘concrete’ injury must be ‘*de facto*’; that is, it must actually exist” and not be “speculative.” *Id.* (citation omitted). “Concrete” harms are not limited to “tangible injuries,” however; they may be intangible, such as reputational harms, *id.* at 1549. Further, such intangible harms need not be particularly burdensome, as we recognized just recently. *See Melito*, 923 F.3d at 92-94.

1 Navigating the vocabulary of standing-related injuries can be treacherous,
2 as illustrated by the language quoted just above. To determine whether
3 statutorily created rights protecting against intangible harms satisfy the
4 “concreteness” requirement, *Spokeo* suggests that courts consider whether the
5 rights at issue are substantive or procedural in nature. 136 S. Ct. at 1549.
6 Informed by *Spokeo*’s model, we examine the historical roots of the harms
7 protected against by the mortgage-satisfaction-recording statutes to assess
8 whether the rights are better characterized as one or the other, recognizing still
9 that legislative rights are not reliably subject to the dichotomy. *See Strubel*, 842
10 F.3d at 189 (looking to the interest protected by the legislatively created right,
11 rather than how that right is characterized); *Cohen*, 897 F.3d at 80-81 (same).
12 Evaluating the rights to timely recording that are conferred by these state
13 statutes, however, we conclude that the rights and the injuries arising from their
14 alleged violation are better characterized as substantive than procedural, and
15 that their violation satisfies the “concrete injury” requirement.

16 **1. The mortgage-satisfaction-recording statutes**
17 **create a substantive right, the violation of which**
18 **produces a concrete, intangible harm.**
19

1 Under the injury-in-fact inquiry, a statutory right is said to be
2 “substantive” if it protects against an “alleged intangible harm [that] has a close
3 relationship to a harm that has traditionally been regarded as providing a basis
4 for a lawsuit in English or American courts.” *Spokeo*, 136 S. Ct. at 1549. If a statute
5 protects against a harm bearing a “close relationship” to a harm traditionally
6 recognized at common law, the harm alleged due to a violation of that statute
7 constitutes a concrete injury in fact sufficient to establish Article III without any
8 additional showing. *Id.*

9 As described above, in R.P.L. § 275 and R.P.A.P.L. § 1921, the State
10 Legislature obligated lenders to timely file mortgage satisfactions and gave
11 borrowers rights to claim a penalty payment in designated amounts for the
12 mortgagee’s failure to comply. As the Maddoxes persuasively argue, the
13 intangible rights that the mortgage-satisfaction-recording statutes seek to protect
14 and the concurrent injury from the Bank’s violation of the statutes—*i.e.*, the delay
15 in recording a mortgage satisfaction—“has a close relationship to [multiple]
16 harm[s] that ha[ve] traditionally been regarded as providing a basis for lawsuit
17 in English or American courts.” *Spokeo*, 136 S. Ct. at 1549.

1 First, a lender's delay in recording the satisfaction of a mortgage typically
2 creates a cloud on title of real estate. New York common law has long recognized
3 actions to clear a clouded title as "'an ancient and proper remedy.'" *Bellino v.*
4 *JPMorgan Chase Bank, N.A.*, 209 F. Supp. 3d 601, 609 (S.D.N.Y. 2016) (quoting
5 *Greenberg v. Schwartz*, 73 N.Y.S. 2d 458, 459 (N.Y. Sup. Ct. 1947)). As such, *Spokeo*
6 instructs that New York's satisfaction-of-mortgage statutes create a substantive
7 legal right, the violation of which creates an injury in fact.

8 In addition, the right to timely recordation of discharge has close ties to
9 traditional reputation-based harms actionable at common law. A mortgage
10 recorded with the county clerk conveys to the world that the borrower owes a
11 debt secured by a property. Correspondingly, a lender's delay in recording a
12 mortgage satisfaction creates the false appearance that the borrower has not paid
13 his debt. This harms the borrower's reputation by, among other things, making
14 him look less creditworthy than he is. This type of reputational harm—*i.e.*, one
15 that flows from the publication of false information—is well established as
16 actionable at common law. *See Weldy v. Piedmont Airlines, Inc.*, 985 F.2d 57, 61-62
17 (2d Cir. 1993) (discussing elements to establish *prima facie* claim of slander); *see*
18 *also Spokeo*, 136 S. Ct. at 1549 (noting libel and slander per se as being actionable).

1 History therefore weighs in favor of treating violations of the satisfaction-of-
2 mortgage statutes as concrete Article III injuries.

3 The penalty payment required of the mortgagee *to the mortgagor* is a
4 meaningful substantive feature of the state law. *See* R.P.L. § 275(1) (“Failure by a
5 mortgagee to present a certificate of discharge for recording shall result in the
6 mortgagee being liable to the mortgagor”); R.P.A.P.L. § 1921(1) (same). The
7 mortgagee’s failure to timely file a certificate of discharge does not create an
8 obligation owed to the public fisc. We understand this component to signal the
9 Legislature’s intention to compensate the mortgagor for the harms it presumes
10 may be suffered by a delay in recording the discharge of the mortgage debt: as
11 identified by the district court, the cloud on title and the adverse effects on the
12 borrower’s credit reputation as well as on its ability to obtain financing. If the
13 reliability of state records alone were at issue, one might expect the Legislature to
14 have made the penalty payable directly to the state. Instead, the Legislature
15 chose to make the penalty payable to the mortgagor. It also chose to provide a
16 modest incentive to the lender to file discharges in a timely way.

17 In light of these considerations, we view the satisfaction-of-mortgage
18 statutes as substantive provisions that protect concrete interests of a type

1 traditionally recognized and protected at common law—not mere “procedural”
 2 rights which, if violated, must be accompanied by further allegations of harm
 3 before a concrete injury is established.

4 For this reason, the Maddoxes need allege no harm greater than that their
 5 discharge was untimely recorded—the invasion of their statutory right under
 6 New York law—to establish a concrete, intangible injury of the sort that gives
 7 them Article III standing to sue for the statutory penalty in federal court, if other
 8 aspects of their asserted action, brought in part under the Class Action Fairness
 9 Act, Pub. L. No. 109-2, 119 Stat. 4 (2005), withstand scrutiny.¹²

10 **2. The Maddoxes alleged a concrete injury in fact**
 11 **even if the satisfaction statutes create only a**
 12 **procedural right.**
 13

14 Even were we to characterize the satisfaction-of-mortgage statutes as
 15 “procedural” (as the district court did) rather than substantive, we would still

¹² For the ordinary borrower, untimely recording of a discharge can also be expected to create and sustain an actionable cloud on title to the property securing the discharged mortgage debt. Long delayed filings can result in the borrower having to pay a duplicative filing fee for the discharge: once at closing and once when the discharge is actually filed. The Maddoxes did not suffer such harms, however, and did not risk such harms, because conveyance of the Property was completed several weeks before the mortgage satisfaction occurred.

1 hold that the Maddoxes have established a concrete injury for Article III
2 purposes. Although under *Spokeo*'s teachings "a bare procedural violation,
3 divorced from any concrete harm" does not satisfy the injury-in-fact requirement
4 of Article III, "the violation of a procedural right granted by statute can be
5 sufficient in some circumstances to constitute injury in fact," such as when the
6 violation presents a "material risk of [concrete] harm." 136 S. Ct. at 1549-50.
7 Tellingly here, the Supreme Court has instructed that "a plaintiff in such a
8 case" — that is, where a material risk of concrete harm is presented — "need not
9 allege any *additional* harm beyond the one [the legislature] has identified." *Id.*
10 at 1549; *see also Strubel*, 842 F.3d at 189. The threatened harm here satisfies Article
11 III, even if the threat did not eventuate.

12 During the Bank's ten-month delay in recording the discharge of more
13 than \$50,000 in debt, BNY Mellon's violation presented a real risk of material
14 harm to the Maddoxes of the type that the legislation would be expected to
15 protect against. In particular, the inference is reasonable that the delay adversely
16 affected the Maddoxes' credit during that time, making it difficult to obtain
17 financing had they needed it in an emergency, and even if they did not attempt

1 to borrow, leaving a false public record of indebtedness.¹³ Because a mortgagee's
 2 violation of the mortgage-satisfaction-recording statutes by itself gives rise to a
 3 risk of real harm, a mortgagor need not allege any further harm to meet the
 4 concrete-injury requirement. Regardless, the Maddoxes in fact suffered impaired
 5 credit during those ten months in which their discharge unlawfully went

¹³ The dissent challenges our conclusion on the basis that “[t]he Maddoxes never suffered a cloud on title prohibiting them from selling their property, or adverse effects on their credit, or an inability to finance another property, or even a risk of these harms.” Dissent at 12. We agree that the Maddoxes were never exposed to the risk of being unable to sell their property, as they sold the relevant property before satisfying their mortgage. However, the Maddoxes were nonetheless exposed to the risks of having their credit adversely affected or being unable to obtain financing for other property, should the need to have arisen. Other courts have recognized that “plaintiffs could have realized that harm if they had, for example, . . . tried to finance another property and been subjected to a credit check.” *Bellino v. J.P. Morgan Chase Bank, N.A.*, 209 F. Supp. 3d 601, 607 (S.D.N.Y. 2016); *Jaffe v. Bank of America, N.A.*, 197 F. Supp. 3d 523, 528 (S.D.N.Y. 2016). *See also Weldon v. MTAG Svcs., LLC*, No. 3:16-cv-783 (JCH), 2017 WL 776648, at *6 (D. Conn. Feb. 28, 2017); *Bowman v. Wells Fargo Bank, N.A.*, Case No. 14-cv-648, Dkt. 125 (S.D.N.Y. Jan. 25, 2017); *Villanueva v. Wells Fargo Bank, N.A.*, 13-CV-5429 (CS) (LMS) (S.D.N.Y. Jan. 25, 2017); *see also Nicklaw v. Citimortgage, Inc.*, 855 F.3d 1265, 1273 (11th Cir. 2017) (Martin, J., dissenting from denial of rehearing en banc) (“[A] mortgage holder who does not record the satisfaction of a mortgage can seriously impact a person’s credit, . . .”); AARP/NCLC Amicus Br. at 23 (noting that “untimely recording of mortgage satisfactions foreseeably result[s] in significant problems, such as lowered credit scores or credit denials”). A standing rule requiring that, to collect the statutory damages imposed for late filing, a victim of long delayed discharge apply for and be denied a loan, seems to us to create an unwarranted barrier to the penalty payment mechanism that the Legislature adopted. Indeed, such a barrier would make the courts an impediment to, rather than facilitator of, the functioning of a reasonable legislative scheme.

unrecorded, the public record falsely showing they bore over \$50,000 of debt. If more is needed, and as discussed in the margin, they risked not being able to borrow during that time in the event of an emergency or for a new home. The Maddoxes' financial reputation (even apart from their ability to borrow) was also impaired during the ten-month delay because public records erroneously showed the discharged debt as unpaid. And, although they themselves did not suffer this harm, the ordinary mortgagor would have suffered a cloud on the title to his property from the Bank's failure, thereby causing a material risk of impeding any transaction concerning the subject property.¹⁴

C. The Bank's factual objections and counterarguments are not persuasive.

¹⁴ It can reasonably be inferred that, during the period of delayed recordation, the Maddoxes' credit was adversely affected, and to a significant extent. At the very least, a false and materially less favorable financial profile about the Maddoxes was in the public record during that time, thanks to the Bank. As discussed above, that false record necessarily exposed them to the real and material risks of having their credit score adversely affected and of being unable to obtain financing for the purchase of another property or to borrow in an emergency. We fail to understand how these are not real and material risks that result from the unlawful invasion of a private right and are sufficient to confer Article III standing. *See Spokeo*, 136 S. Ct 1548-49; *see also id.* at 1553 (Thomas, J., concurring) ("A plaintiff seeking to vindicate a statutorily created private right need not allege actual harm beyond the invasion of that private right." (citations omitted)).

1 **1. Factual objections.** BNY Mellon does not challenge the district court's
2 conclusion that violation of the New York mortgage-satisfaction-recording
3 statutes exposes a mortgagor to harms such as clouding title, which can
4 encumber the property or hinder the mortgagor's ability to sell it, or by
5 adversely affecting the mortgagor's credit, which can make it difficult for the
6 mortgagor to obtain financing. Rather, BNY Mellon contends that the Maddoxes
7 neither suffered actual harm nor faced a material risk of harm because the
8 procedural violations at issue were remedied months before the Maddoxes
9 brought suit and the Maddoxes sold their property while the mortgage still
10 encumbered it. As such, BNY Mellon argues that the Maddoxes have alleged
11 nothing more than a bare procedural violation, which is insufficient on its own.
12 Its arguments fail to persuade us.

13 First, as to the facts alleged. Even though the Maddoxes were able to sell
14 the Property without the Bank having recorded the discharge, the Property
15 remained burdened by the undischarged lien and the Maddoxes remained
16 potentially exposed to liability to their buyers for that encumbrance during the
17 lien's near eleven-month wrongful pendency. In addition, the Maddoxes bore the
18 liability for the loan on their credit report during those eleven months. Their

1 ability to borrow could reasonably be expected to have been limited by that
2 perceived liability.

3 Further, apart from the practical effects of such a limitation, as discussed
4 above, their reputation for creditworthiness was affected adversely by the Bank's
5 failure to record the discharge until ten months after the statutory deadline. As
6 we have posited and as the State Legislature seemed to acknowledge by its
7 actions, these are not mere procedural harms; they are substantive, and
8 actionable, regardless of whether the Maddoxes in fact lost a house purchase or
9 loan as a result. *See Donoghue v. Bulldog Inv'rs Gen. P'ship*, 696 F.3d 170, 177-78
10 (2d Cir. 2012) (violation of statutorily created "interest in maintaining a
11 reputation of integrity, an image of probity" sufficient to establish Article III
12 injury (internal quotation marks and citation omitted)). The Legislature's
13 decision to give them a right to collect \$1,500 from their noncompliant lender
14 serves as an effective proxy for the risk and evinces a concrete harm. In keeping
15 with this observation, the statute does not excuse the noncompliant lender from
16 paying the borrower the statutory penalty if the borrower does not lose a loan or
17 a sale as a result of the delay. The penalty is due if the filing is tardy.

1 **2. The import of *Strubel*.** BNY Mellon points to our decision in *Strubel v.*
2 *Comenity Bank* as providing support for its position to the contrary. But our
3 decision in that case supports our analysis that the Maddoxes have suffered an
4 injury in fact. In *Strubel*, we addressed whether the plaintiff had standing to sue a
5 bank for alleged violations of the Truth in Lending Act (“TILA”). 842 F.3d 181
6 (2d Cir. 2016). The plaintiff borrower sought damages from the defendant
7 Comenity Bank based on allegations that, in connection with a loan made to her,
8 the bank failed to make certain disclosures to her, in violation of TILA. *See id.* at
9 189. Her injury in all cases was the failure to receive information. We held this
10 failure caused a concrete injury to support standing in some instances but not in
11 others. *Id.* at 190.

12 For instance, *Strubel* did not have standing to challenge the bank’s failure
13 “to disclose a consumer’s obligation to provide a creditor with timely notice to
14 stop automatic payment of a disputed charge” because it was undisputed that
15 the bank did not offer an automatic payment plan at the relevant time. *Strubel*,
16 842 F.3d at 191. As such, *Strubel* could not establish “any risk of harm at all”
17 from the failure to make this disclosure. *Id.* at 192.

1 We also held that Strubel did not have standing to sue the bank “for failing
2 clearly to advise her of its obligation . . . to acknowledge a reported billing error
3 within 30 days of the consumer’s communication” reporting the error and “to tell
4 the consumer, at the same time, if the error ha[d] already been corrected.” *Id.* at
5 192-93. Strubel conceded that she never reported any billing error and thus did
6 not allege that the bank failed to respond to her within thirty days of a reported
7 billing error as the statute required.

8 Strubel claimed injury still in the bank’s failure to notify her of its
9 obligation to respond within thirty days of any consumer’s report of an error. *Id.*
10 at 194. But this, we concluded, was a “bare procedural violation” that did not
11 create a “material risk of harm” to her since it had no bearing at all on her
12 situation. *Id.* at 193. “[T]he creditor-response obligations that are the subject of
13 the required notice arise only if a consumer reports a billing error,” we
14 explained, and, as Strubel conceded, she had not done so. *Id.* The bank had thus
15 violated no obligation to her.

16 In contrast, we decided that Strubel *did* have standing to challenge the
17 bank’s alleged failure to provide her with information about (1) “certain
18 identified consumer rights” related to yet-unpaid credit card purchases, and (2)

1 the manner in which Strubel was required to contact the bank in instances where
2 she was dissatisfied with a credit card purchase. *Id.* at 190. As we noted, the
3 alleged failure to provide these notices caused Strubel a concrete, if intangible
4 injury, because those failures bore upon “‘avoid[ing] the uninformed use of
5 credit,’ a core object of the TILA.” *Id.* (quoting 15 U.S.C. § 1601(a)); *see id.*
6 (“A consumer who is not given notice of his obligations is likely not to satisfy
7 them and, thereby, unwittingly to lose the very credit rights that the law affords
8 him.”). We did not require, however, that the risk to Strubel’s credit be
9 actualized for her to have standing to enforce the statute against the bank.

10 Also significant in *Strubel*, we evaluated the risk created by statutory
11 violations in part by looking at the plaintiff as a proxy for the general consumer:
12 in assessing injury in fact, we also concluded that an “alleged defect in 30-day
13 notice of correction[] [did] not, by itself, present any material risk of harm” to
14 consumers generally. *Id.* at 193 (internal quotation marks and citation omitted). It
15 was not “apparent that the challenged disclosure would have such an effect on
16 consumers generally,” we said, in rejecting the claim that the disclosure was of
17 broader import. *Id.* In other words, in assessing standing, we could not
18 “reasonably assume” that the challenged failure to disclose would create a

1 sufficient degree of risk of harm to Strubel or indeed to any consumer customer
 2 of the bank. *Id.* “While a consumer would undoubtedly appreciate prompt
 3 notification of such favorable action,” we observed, “it is not apparent how a
 4 creditor’s failure to tell the consumer that he will be so advised, by itself, risks
 5 real harm to any concrete consumer interest protected by the TILA.” *Id.*¹⁵

6 BNY Mellon urges us to conclude based on *Strubel* that the Maddoxes
 7 suffered no injury in fact on the ground that any risk of harm to the Maddoxes
 8 did not then and cannot now materialize.¹⁶ BNY Mellon reads *Strubel* as holding
 9 that a plaintiff lacks standing to seek statutory penalties and other relief for her
 10 creditor’s failure to provide her certain statutory notices “unless the violation

¹⁵ We observed in *Strubel* that our bifurcated analysis comported with that of other Circuits, including that of the Eleventh Circuit in *Nicklaw*. See *Strubel*, 842 F.3d at 194 n.15. We do not understand *Strubel*’s footnoted citation of *Nicklaw* to transform the Eleventh Circuit’s decision into binding precedent for our Court, and we decline to adopt *Nicklaw*’s reasoning because it is in tension with our own Circuit’s jurisprudence on standing.

¹⁶ As discussed in the text, under our precedents, a plaintiff may adequately allege a “concrete” injury without establishing that a risk of harm to herself actually materialized. Nor need she show that the harm risked could still materialize at the time her lawsuit is filed. Rather, we look more broadly at whether the injury complained of presents a real risk of harm, without undertaking an especially demanding analysis into whether the risk of harm did, or could, materialize for the plaintiff before us. To do otherwise when Article III makes no such demand risks unnecessary judicial interference with a legislature’s intention to remedy wrongs that it identifies.

1 results in ‘actual harm’ to the consumer, like an adverse alteration in the
2 consumer’s credit behavior.” Appellant’s Br. at 14 (quoting *Strubel*, 842 F.3d at
3 190). We read *Strubel* otherwise.

4 The text of our decision in *Strubel* reveals that the plaintiff’s generalized
5 assertions of standing with regard to receiving information from the bank about
6 a 30-day notice requirement did not fail because of an absence of allegations of
7 actual harm to Strubel. Rather, it was the “absence of *any plausible claim of adverse*
8 *effects on [either] consumer behavior [or her behavior]*” that did in these claims. *Id.* at
9 193 (emphasis added); *see also id.* (noting a lack of “risk[] [of] real harm to *any*
10 *concrete consumer interest* protected by [the statute]” (emphasis added)). The point
11 there was that no consumer—not Strubel herself, nor anyone else—was put at
12 risk by the bank’s failure to disclose its contingent obligation, because the
13 contingency had no bearing on either Strubel or consumers generally.

14 In other words, Strubel lacked standing with respect to this violation
15 because the alleged violation presented no conceivable risk of real harm to *any*
16 consumer, including Strubel herself. We accordingly identify no conflict between
17 *Strubel* and the rule that we articulate here: when analyzing a plaintiff’s standing
18 to sue for a statutory violation, we look to whether the real harms that the statute

1 protected against were suffered and whether a risk of real harm was created by
2 the defendant's violation, irrespective of whether the risk for the particular
3 plaintiff bringing suit eventually evaporated.

4 **3. Our decision in *Cohen*.** Our decision in *Cohen v. Rosicki, Rosicki &*
5 *Associates, P.C.*, 897 F.3d 75 (2d Cir. 2018), in which our Court addressed the
6 standing of a plaintiff who alleged procedural violations of the Fair Debt
7 Collection Practices Act ("FDCPA"), is especially instructive for these purposes.¹⁷

8 In that case, the plaintiff, Cohen, received a foreclosure complaint resulting
9 from an unpaid debt. *Id.* However, the complaint incorrectly identified the
10 creditor to whom the debt was owed as Green Tree. *Id.* at 79. When Cohen
11 submitted a "qualified written request" for more information on the debt, he
12 learned that Fannie Mae, not Green Tree, owned the debt. *Id.* At this point,
13 Cohen had been apprised of the proper creditor, and any harm ensuing from the
14 mistake had been eliminated. Approximately three months after the correction
15 was made, however, Cohen sued the law firm under the FDCPA, seeking

¹⁷ See F. Andrew Hessick, *Standing: Injury in Fact, and Private Rights*, 93 Cornell L. Rev. 275 (2008) (arguing that "requiring a showing a factual injury in private rights cases is ahistorical and . . . undermines the separation of powers by preventing the courts from guarding rights and by limiting Congress's power to create rights.").

1 damages based on the firm's incorrect original identification of the creditor. *Id.*
2 at 79-80.

3 Although Cohen knew the identity of the correct creditor at the time of
4 suit, our Circuit held that Cohen had standing to pursue the law firm's
5 noncompliance with the FDCPA in the incorrect original notice. We reasoned
6 that the "misrepresentation might have deprived Cohen of information relevant
7 to the debt prompting the foreclosure proceeding, posing a risk of real harm
8 insofar as it could hinder the exercise of his right to defend or otherwise litigate
9 that action." *Id.* at 81-82 (internal quotation marks omitted).

10 Notably, in our analysis we did not assess whether Cohen had actually
11 been, or could still be, hindered in his response to the foreclosure action. Indeed,
12 when addressing the merits of his claim, we explicitly held that "there is no
13 indication that the identification of Green Tree . . . undermined Cohen's ability to
14 respond to the debt collection." *Id.* at 86. Thus, our decision in *Cohen* indicates
15 that, when addressing whether a plaintiff has Article III standing to sue on a
16 statutory violation that seems procedural in nature, we will look only to whether
17 the procedural violation created a "risk of real harm" to the plaintiff. That the

1 risk of real harm did not materialize for the plaintiff and had dissipated before
2 suit was filed does not bear on our analysis.

3 Both *Cohen* and *Strubel* involve a consumer's informational rights,
4 protected by a federal statute. These types of statutes, being highly detailed, and
5 aiming to protect consumers by informing them, pose special challenges insofar
6 as standing is concerned, and our decisions reflect these challenges. The New
7 York satisfaction-of-mortgage statutes do something else altogether: they require
8 that consumer borrowers be protected from delinquent lenders that fail to keep
9 the public record up to date, recognizing that individual harm is directly caused
10 by such failures. This is why we see the harm alleged by the Maddoxes here and
11 addressed by the statute as of a different quality—substantive, not procedural—
12 than those that are the focus of *Cohen* and *Strubel*, informative as those decisions
13 are about the application of *Spokeo*'s standards. *Spokeo*'s dismissal of an action
14 based on the credit agency's mistaken report of a consumer's zip code
15 (a procedural error of sorts) bears little resemblance to a bank's allowing the
16 authoritative public record to continue to reflect an ordinary consumer's \$50,000
17 debt that has been repaid in full.

18 **III. The “particularization” and “actual or imminent” requirements.**

1 In addition to a concrete injury, to support their Article III standing the
 2 Maddoxes must also allege that they have suffered a harm that is *particular* to
 3 themselves, and not just that the Bank has harmed the public interest. “For an
 4 injury to be ‘particularized,’ it ‘must affect the plaintiff in a personal and
 5 individual way.’” *Spokeo*, 136 S. Ct. at 1548 (citation omitted); *id.* (“[A]n injury in
 6 fact must be both concrete *and* particularized.” (emphasis in original)).

7 The Maddoxes have satisfied this requirement. As the district court ruled,
 8 “The failure to record a satisfaction . . . creates the appearance that a person’s
 9 mortgage loan—one of the biggest debt[s] many people ever take on in their
 10 lives—has not yet been paid in full.” 2018 WL 3544943, at *2 (internal citation and
 11 quotation marks omitted). The shadow that BNY Mellon’s failure to record cast
 12 on the Maddoxes’ credit record created a real risk of financial harm that affected
 13 the Maddoxes “in a personal and individual way.” *Spokeo*, 136 S. Ct. at 1548.¹⁸
 14 This is sufficient to establish a “particularized” injury. *Id.*

15 As to the “*actual or imminent*” requirement for an injury in fact, it is
 16 apparent (as we have discussed) that certain harms and the risk of other harms

¹⁸ The fact that the same type of injury may have caused personal harm to many others does not render the Maddoxes’ injury any less particularized. *See id.* at 1548 n.7.

1 were created when the satisfaction was not timely recorded.¹⁹ Consequently, no
 2 additional “actual or imminent” injury need be asserted by the Maddoxes. *See id.*
 3 at 1552 (Thomas, J., concurring). As the Supreme Court in *Spokeo* recognized
 4 when it stressed that “a plaintiff . . . need not allege any *additional* harm beyond
 5 the one Congress has identified.” 136 S. Ct. at 1549 (emphasis in original)
 6 (citations omitted); *see also id.* (citing Restatement (First) of Torts §§ 569, 570
 7 (1938)). And as for the risk of harm, again, the risk need only be real and
 8 material: as discussed, it need not materialize.

9 Furthermore, it is our view that the “actual or imminent” requirement has
 10 most purchase in the standing analysis not in cases in which a legislature has
 11 created rights that a plaintiff wishes to vindicate, but in which prosecution under
 12 a statute is the harm from which a plaintiff seeks relief. *E.g., Susan B. Anthony List*
 13 *v. Driehaus*, 573 U.S. 149, 159 (2014); *Steffel v. Thompson*, 415 U.S. 452, 459 (1974).
 14 We think the factor merits no further discussion here, especially in light of our

¹⁹ The Bank appears to conflate the “particularized” and “actual or imminent” requirements. Neither the Supreme Court’s nor our Court’s precedents support treating these inquiries as synonymous.

1 conclusion that the Maddoxes suffered an actual harm to their substantive rights
 2 caused by the Bank's untimely recording.

3 Because the Maddoxes have satisfactorily alleged that they suffered an
 4 injury to a legally protected interest that is both concrete and particularized to
 5 them and actual, not speculative, they have established an injury in fact sufficient
 6 to support Article III standing.

7 **IV. Our dissenting colleague's additional objections.**

8 **A. The relatively low dollar amount of the statutory penalties.** The
 9 dissent argues that the sums imposed as penalties for noncompliance are
 10 "arbitrary by design, and unmoored from any harm or risk to the mortgagor,"
 11 and that this quality undercuts the view that the statute's violation causes injury
 12 in fact to a mortgagor. Dissent at 4. We disagree. First, the penalty seems to have
 13 been related to the filing fees that the bill's sponsor thought might be mistakenly
 14 twice imposed on a borrower if the lender did not timely file—they do not reflect
 15 an effort to quantify harm to borrowing ability, it is true, but they are not
 16 arbitrary. *See* Joint App'x 105-06, 121.²⁰ More importantly however: in our view,

²⁰ In New York, filing fees for mortgage discharges may vary on a county-by-county basis. *See* N.Y. C.P.L.R. § 8021(a).

1 that the penalty amount is not keyed to the amount borrowed, the payoff
2 amount, or some other borrower-specific calculation reflects only a legislative
3 choice—to which we should defer—about nature and administration of the
4 statutory scheme designed to give some recompense to the wronged borrower.

5 That the penalties increase in amount as the delay is protracted is consistent with
6 the notion that the longer the delay in recordation, the longer a mortgagor is
7 exposed to the risks arising from the failure to record. The observation does not
8 refute the view that the Legislature sought in part to protect mortgagors when it
9 required timely recording or that mortgagors suffer harm or risk of harm by
10 delay. To deny standing to a consumer borrower whose discharge has not been
11 timely filed and yet who cannot point to a loan lost as a result is to impose yet
12 more harm on the borrower who seeks the statutory penalty—or to deny
13 recovery of the penalty altogether.

14 **B. The absence of a provision for recovery by a class.** The dissent also
15 seeks to cast doubt on the existence of a protectible legal interest by observing
16 that the statute does not provide for or allow class-wide recovery of the penalties
17 in state courts. Again, we are unmoved by the observation. The dissent is
18 certainly correct that R.P.L. § 275 is subject to the general provisions of New York

1 Civil Practice Law and Rules § 901(b), in which the State Legislature precludes
2 the use of class action devices to recover “penalties” imposed by state law.²¹ But
3 R.P.L. § 275 and R.P.A.P.L. § 1921 do not themselves expressly preclude the use
4 of the class action device. This is not to say that state law permits it, but merely to
5 point out that the Legislature did not differentiate these penalties from others in
6 its choices about recovery mechanisms.

7 Two additional observations support our view. First, the State Legislature
8 did not attempt in any targeted way to prevent harmed individuals pursuing
9 class relief in federal court. Rather, it gave no specific indication at all that it
10 intended to circumscribe the relief available to a class of individuals who are
11 harmed by a lender’s practice of ignoring the obligation of timely filing. We
12 doubt that it could have effectively done so, in any event. *See Shady Grove*
13 *Orthopedic Associates, P.A. v. Allstate Insurance Co.*, 559 U.S. 393 (2010).

14 Second, that rights may not be vindicated as a class action by virtue of a
15 general statute barring class actions has no legitimate bearing, we think, on the

²¹ N.Y. C.P.L.R. § 901(b) provides, “Unless a statute creating or imposing a penalty, or a minimum measure of recovery specifically authorizes the recovery thereof in a class action, an action to recover a penalty, or minimum measure of recovery created or imposed by statute may not be maintained as a class action.”

1 evaluation of whether plaintiffs suffer an injury in fact when the statute affording
2 them that right is violated. The Supreme Court has consistently emphasized the
3 irrelevance of the form of action to the constitutional question: “That a suit may
4 be a class action . . . adds nothing to the question of standing.” *Spokeo*, 136 S. Ct.
5 at 1547 n.6 (internal quotation marks omitted); *Lewis v. Casey*, 518 U.S. 343,
6 358 n.6 (1996) (“The standing determination is quite separate from certification of
7 the class.”). Questions about potential aggregation of claims generally should
8 have no bearing on the Article III standing inquiry: a state legislature may
9 recognize a right whose invasion constitutes an injury in fact but may choose for
10 administrative or other reasons to circumscribe the procedural mechanisms
11 through which that right may be vindicated. Why that judgment should govern
12 the actionability of an incursion on legal rights escapes us.

13 The need to separate the two inquiries—the assessment of injury in fact
14 and any procedural limitations placed on vindicating of the challenged right—is
15 illustrated, as the dissent recognizes, Dissent at 6-7, by the Supreme Court’s
16 ruling that a plaintiff suing on state-recognized rights may be entitled to pursue
17 class actions in federal courts, even in the absence of a state provision for
18 class-wide recovery. *Shady Grove*, 559 U.S. at 410, 415-16. Rather, the correct focus

1 of the legal-interest inquiry lies on whether the state or federal legislature, by
2 statute, created a protectible legal interest. To allow generic state restrictions on
3 class actions to inform federal analysis of a plaintiff's standing would to be
4 enable an end-run around the Supreme Court's ruling in *Shady Grove*.

5 In any event, district courts have broad discretion in making class
6 certification decisions and are better equipped to mitigate any related concerns
7 arising in suits brought in federal court to vindicate state statutory rights. *See*
8 *generally* Tobias Barrington Wolff, *Discretion in Class Certification*, 162 U. Pa.
9 L. Rev. 1897 (2014). We see no need to import such an inquiry into questions of
10 Article III standing.

11 CONCLUSION

12 For the foregoing reasons, we affirm the district court's order denying
13 BNY Mellon's motion for judgment on the pleadings and remand the case for
14 further proceedings.