NEW YORK COURT OF APPEALS

Aras v. B-U Realty Corp.

2026 NY Slip Op 00637 · No. No. 10 · Decided February 11, 2026

SUMMARY

The New York Court of Appeals held that the Appellate Division applied an improper standard when evaluating whether tenants could invoke the fraud exception to the four-year lookback period under Rent Stabilization Law § 26-516(a). The Court remitted the case for application of the standard requiring sufficient indicia of fraud or a colorable claim of a fraudulent scheme, answered the certified question in the negative, and reversed the order insofar as appealed from.

CASE DETAILS

COURT	New York Court of Appeals
WRITING FOR THE COURT	Chief Judge Wilson; Judge Rivera; Judge Garcia; Judge Singas; Judge Cannataro; Judge Troutman; Judge Halligan
JURISDICTION	New York Court of Appeals
DECIDED	February 11, 2026
DOCKET	No. 10
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal involving a certified question from the Appellate Division, First Department, concerning application of the fraud exception to the four-year lookback period under the Rent Stabilization Law.
PRECEDENTIAL VALUE	precedential
PARTIES	Leisa Aras, et al., Catherine Schwartz, et al. v. B-U Realty Corp., et al.

TOPICS

landlord tenant · rent control · statutory interpretation · appellate procedure

PRACTICE AREAS

landlord-tenant law · New York rent stabilization law · appellate procedure

QUESTIONS PRESENTED

1. Whether a plaintiff seeking to invoke the fraud exception to the four-year lookback period under Rent Stabilization Law § 26-516(a) must establish every element of common-law fraud.
2. Whether the case should be remitted for application of the standard announced in Burrows v. 75-25 153rd St., LLC.

HOLDINGS

1. A plaintiff need not demonstrate each element of common-law fraud to invoke the fraud exception; the plaintiff must instead present sufficient indicia of fraud or a colorable claim of a fraudulent scheme.

KEY QUOTATIONS

> *"for the fraud exception [to the four-year lookback period in Rent Stabilization Law § 26-516 (a)] to apply, a plaintiff need not demonstrate each element of common-law fraud"*

> *"put forth 'sufficient indicia of fraud' or a 'colorable claim' of a fraudulent scheme"*

FACTUAL BACKGROUND

Plaintiffs, identified in the opinion as tenants, sought to invoke the fraud exception to the four-year lookback period applicable to rent-regulated claims under Rent Stabilization Law § 26-516(a). The Appellate Division had applied a requirement that tenants demonstrate all elements of a common-law fraud claim. The Court of Appeals considered the effect of its intervening decision in Burrows v. 75-25 153rd St., LLC on that analysis.

PROCEDURAL HISTORY

The order appealed from was issued before the Court of Appeals decided Burrows v. 75-25 153rd St., LLC. The Court of Appeals reversed the order insofar as appealed from, remitted the case to the Appellate Division, First Department, for further proceedings, and answered the certified question in the negative.

DISPOSITION

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reversed_and_remanded
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REMAND INSTRUCTIONS

The Appellate Division, First Department, must apply the Burrows standard in determining whether plaintiffs made a showing sufficient to invoke the fraud exception.

CASES CITED

- Burrows v. 75-25 153rd St., LLC, 44 NY3d 74 (2025)

OPINION

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PER CURIAM.
Aras v B-U Realty Corp. (2026 NY Slip Op 00637) Aras v B-U Realty Corp. 2026 NY Slip Op

00637 Decided on February 11, 2026 Court of Appeals Published by New York State Law Reporting Bureau pursuant to Judiciary Law § 431. This opinion is uncorrected and subject to revision before publication in the Official Reports. Decided on February 11, 2026 No. 10 [*1]Leisa Aras, et al., Appellants, Catherine Schwartz, et al., Plaintiffs, v B-U Realty Corp. et al., Respondents. Damon P. Howard, for appellants. Michael Littman, for respondents. New York Apartment Association et al., Housing Rights Initiative, Inc. et al., amici curiae. MEMORANDUM: The order, insofar as appealed from, should be reversed, with costs, the case remitted to the Appellate Division for further proceedings in accordance with this memorandum, and the certified question answered in the negative. The order appealed from was issued before this Court's decision in Burrows v 75-25 153rd St., LLC (44 NY3d 74 [2025]), which made clear that, "for the fraud exception [to the four-year lookback period in Rent Stabilization Law § 26-516 (a)] to apply, a plaintiff need not demonstrate each element of common-law fraud" and instead must "put forth 'sufficient indicia of fraud' or a 'colorable claim' of a fraudulent scheme" (id. at 83; see also id. at 82 [noting that some courts, including the Appellate Division in the instant case, have improperly "impose(d) a requirement that tenants demonstrate all elements of a common-law fraud cause of action to avail themselves of the fraud exception to the lookback rule"]). Accordingly, on remittal that standard should be applied in determining whether plaintiffs have made a showing sufficient to invoke the fraud exception. Order insofar as appealed from, reversed, with costs, case remitted to the Appellate Division, First Department, for further proceedings in accordance with the memorandum herein, and certified question answered in the negative. Chief Judge Wilson and Judges Rivera, Garcia, Singas, Cannataro, Troutman and Halligan concur. Decided February 11, 2026