

SUPREME COURT OF THE STATE OF NEW YORK, APPELLATE DIVISION,
FIRST DEPARTMENT

1946Tremont1B, LLC v. Nawal Realty, Inc.

2026 NY Slip Op 01115 · No. Index No. 26697/20; Appeal No. 5946; Case No. 2024-07629 · Decided February 26, 2026

SUMMARY

The Appellate Division, First Department modified an order concerning ownership of Bronx property affected by a mortgage foreclosure. The court denied summary judgment declaring Nawal Realty the record owner because Nawal had not established that the plaintiff knew of the pending foreclosure action when it acquired the property, but upheld leave to amend the answer to assert a reforeclosure counterclaim. The court otherwise affirmed the order.

CASE DETAILS

COURT	Supreme Court of the State of New York, Appellate Division, First Department
WRITING FOR THE COURT	Kennedy, J.P.; Scarpulla, J.; Kapnick, J.; González, J.; Rodriguez, J.
JURISDICTION	New York Supreme Court, Appellate Division, First Department
DECIDED	February 26, 2026
DOCKET	Index No. 26697/20; Appeal No. 5946; Case No. 2024-07629
DISPOSITION	other
PROCEDURAL POSTURE	Appeal from an order granting Nawal Realty summary judgment on its counterclaim for a declaration that it was the record owner of the premises and granting leave to amend its answer to assert a reforeclosure counterclaim, while denying plaintiff's motion for summary judgment.
STANDARD OF REVIEW	The court reviewed the summary judgment determinations as a matter of law and reviewed the grant of leave to amend for abuse of discretion, applying whether the proposed claim was palpably devoid of merit and whether the amendment would cause prejudice.
PRECEDENTIAL VALUE	published
PARTIES	1946Tremont1B, LLC v. Nawal Realty, Inc., Real Homes Management Holdings, Inc.

TOPICS

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PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether plaintiff was entitled to summary judgment by showing that it lacked knowledge of Ocwen's pending mortgage foreclosure action when it purchased the premises.
2. Whether Nawal Realty should be granted leave to amend its answer to assert a reforeclosure cause of action.
3. Whether Nawal Realty was entitled to summary judgment declaring that it was the record owner of the premises.

HOLDINGS

1. Plaintiff was not entitled to summary judgment because it failed to sustain its burden of showing that it lacked knowledge of Ocwen's mortgage foreclosure action when it purchased the premises.
2. Nawal Realty was properly granted leave to amend its answer to assert a reforeclosure cause of action because the proposed claim was not palpably devoid of merit and plaintiff failed to demonstrate prejudice.
3. Nawal Realty was not entitled to summary judgment declaring that it was the record owner because it failed to establish that plaintiff had knowledge of the pending mortgage foreclosure action when plaintiff purchased the property.

KEY QUOTATIONS

*“At a minimum, the deed to plaintiff, together with the mortgage, would have given plaintiff constructive notice of the mortgage, but not the foreclosure action” (*1)*

FACTUAL BACKGROUND

On November 25, 2015, 1946Tremont1B purchased Bronx property from West Fork Capital Equities, Inc., which had acquired it through a condominium lien foreclosure proceeding. The property was subject to a mortgage held by Ocwen Loan Servicing, LLC, and the purchase occurred after Ocwen's notice of pendency in a mortgage foreclosure action had lapsed but before a successive notice was filed. Ocwen and its successor did not join plaintiff in the mortgage foreclosure action; after a foreclosure judgment and sale, the referee deeded the property to Real Homes, which later deeded it to Nawal Realty.

PROCEDURAL HISTORY

Supreme Court, Bronx County, denied plaintiff's motion for summary judgment and granted Nawal Realty's cross-motion for summary judgment on its record-ownership counterclaim and for leave to amend its answer to

assert a reforeclosure cause of action. The Appellate Division modified the order by denying summary judgment on the record-ownership counterclaim and otherwise affirmed.

DISPOSITION

other

REMAND INSTRUCTIONS

The order was modified to deny Nawal Realty's cross-motion for summary judgment on its counterclaim seeking a declaration that it was the record owner of the premises. The order was otherwise affirmed.

CASES CITED

- Morequity, Inc. v. Centennial Insurance Co., 201 AD3d 929 (2d Dept. 2022)
- Wells Fargo Bank, NA v. Rodriguez, 203 AD3d 869 (2d Dept. 2022)
- Mashinsky v. Drescher, 188 AD3d 465 (1st Dept. 2020)
- Barbour v. Hospital for Special Surgery, 169 AD2d 385 (1st Dept. 1991)
- Leslie v. Hymes, 60 AD2d 564 (1st Dept. 1977)
- Taveras v. 1149 Webster Realty Corp., 134 AD3d 495 (1st Dept. 2015), *affd*, 28 NY3d 958 (2016)
- Matter of International Ribbon Mills [Arjan Ribbons], 36 NY2d 121 (1975)
- 80P2L LLC v. U.S. Bank Trust, N.A., 194 AD3d 593 (1st Dept. 2021), *lv denied*, 38 NY3d 904 (2022)
- 436 Franklin Realty, LLC v. U.S. Bank N.A., 188 AD3d 960 (2d Dept. 2020)