

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
NEW YORK

Blue Castle (Cayman) Ltd. v. Carol Scherer, Susan Sanchez, Steven
Hine, Aaron Hine, as Heirs, Distributees and Next of Kin to the
Estate of Mable G. Hine

Blue Castle · No. 3:24-cv-220 (ECC/ML) · Decided March 17, 2026

SUMMARY

The United States District Court for the Northern District of New York denied Blue Castle (Cayman) Ltd.’s renewed motion for default judgment in a reverse-mortgage foreclosure action against heirs and next of kin of the deceased borrowers. The court identified unresolved issues concerning service on one defendant, required foreclosure allegations, and the statute of limitations and acceleration of the mortgage debt, and ordered that the action would be dismissed without prejudice unless the complaint was amended within 30 days.

CASE DETAILS

COURT	United States District Court for the Northern District of New York
WRITING FOR THE COURT	Elizabeth C. Coombe
JURISDICTION	United States District Court for the Northern District of New York
DECIDED	March 17, 2026
DOCKET	3:24-cv-220 (ECC/ML)
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff brought a diversity mortgage-foreclosure action under Article 13 of the New York Real Property Actions and Proceedings Law. After defendants failed to appear, the Clerk entered default under Federal Rule of Civil Procedure 55(a). The court denied plaintiff's initial motion for default judgment with leave to renew, and plaintiff then filed a renewed motion.
STANDARD OF REVIEW	A motion for default judgment under Rule 55(b)(2) is committed to the district court's discretion. Before entering judgment, the court must ensure that jurisdictional requirements and procedural requirements are satisfied and that the well-pleaded allegations establish liability as a matter of law.

TOPICS

default judgment

foreclosure

statute of limitations

service of process

pleadings

PRACTICE AREAS

civil procedure

real estate

mortgage foreclosure

default judgment

statute of limitations

QUESTIONS PRESENTED

1. Whether plaintiff established entitlement to default judgment under Federal Rule of Civil Procedure 55 after defendants failed to appear.
2. Whether plaintiff's service on defendant Susan Sanchez and service of the notice required by RPAPL § 1303 were adequately established.
3. Whether the complaint satisfied RPAPL § 1302(1)(b)'s requirement of an affirmative allegation concerning compliance with New York Banking Law § 595-a.
4. Whether plaintiff adequately established compliance with RPAPL § 1331 and New York C.P.L.R. § 6511(a) concerning filing of the complaint and notice of pendency.
5. Whether plaintiff sufficiently established that its foreclosure claim and requested damages were timely under New York's six-year statute of limitations.

HOLDINGS

1. A defendant's default admits well-pleaded factual allegations but does not establish liability as a matter of law; the district court must independently determine whether the allegations provide a legal basis for liability and relief before entering default judgment.
2. Plaintiff was not entitled to default judgment because the record did not adequately establish that Sanchez was served at her usual place of abode, and the complaint lacked the affirmative allegation required by RPAPL § 1302(1)(b).
3. Plaintiff did not sufficiently establish that the foreclosure action was timely or that the requested damages were recoverable because it did not resolve whether the mortgage debt became due in full upon Mable Hine's death or was accelerated later by filing the action.

KEY QUOTATIONS

“Before a court enters a default judgment, it must “ensure that (1) jurisdictional requirements are satisfied, (2) the plaintiff took all the required procedural steps in moving for [a] default judgment, and (3) the plaintiff’s allegations, when accepted as true, establish liability as a matter of law.””

“Still, the court must ensure the allegations provide a basis for liability and relief, and the court has discretion to require further proof of necessary facts.”

FACTUAL BACKGROUND

Blue Castle alleged that it held the mortgage and note securing a reverse mortgage on residential property in Binghamton, New York. The original borrowers, Albert Duane Hine and Mable G. Hine, executed the mortgage and note in 2002; both later died, with Mable Hine dying on April 21, 2017. Blue Castle alleged that Mable's death triggered the mortgage's payment-in-full provision, and it sent default and pre-foreclosure notices in September 2023. The defendants, identified as heirs and distributees of Mable Hine's estate, did not respond.

PROCEDURAL HISTORY

Blue Castle filed the foreclosure action on February 14, 2024. The defendants did not answer or otherwise appear, and the Clerk entered their defaults. The court denied plaintiff's first motion for default judgment on February 26, 2025, allowing renewal. The court denied the renewed motion and ordered that the action would be dismissed without prejudice unless plaintiff amended the complaint within 30 days.

DISPOSITION

other

REMAND INSTRUCTIONS

Plaintiff may amend the complaint within 30 days to cure the identified deficiencies. If plaintiff does not amend within that period, the action is to be dismissed without prejudice.

CASES CITED

- *Priestly v. Headminer, Inc.*, 647 F.3d 497, 504-05 (2d Cir. 2011)
- *Enron Oil Corp. v. Diakuhara*, 10 F.3d 90, 96 (2d Cir. 1993)
- *Windward Bora, LLC v. Brown*, No. 21-cv-03147, 2022 WL 875100, at *2 (E.D.N.Y. Mar. 24, 2022)
- *Greyhound Exhibitgroup, Inc. v. E.L.U.L. Realty Corp.*, 973 F.2d 155, 158 (2d Cir. 1992)
- *Rolex Watch, U.S.A., Inc. v. Pharel*, No. 09-cv-4810, 2011 WL 1131401, at *2 (E.D.N.Y. Mar. 11, 2011)
- *Wilmington Sav. Fund Soc'y, FSB as Trustee of Aspen Holdings Tr. v. Fernandez*, 712 F. Supp. 3d 324, 330, 333 (E.D.N.Y. 2024)
- *Finkel v. Romanowicz*, 577 F.3d 79, 84 (2d Cir. 2009)
- *Greathouse v. JHS Sec. Inc.*, 784 F.3d 105, 116 (2d Cir. 2015)
- *City of New York v. Mickalis Pawn Shop, LLC*, 645 F.3d 114, 137 (2d Cir. 2011)
- *Au Bon Pain Corp. v. Artect, Inc.*, 653 F.2d 61, 65 (2d Cir. 1981)
- *OneWest Bank, N.A. v. Conklin*, 310 F.R.D. 40, 44 (N.D.N.Y. 2015)
- *Wilmington Sav. Fund Soc'y, FSB as Tr. of Aspen Holdings Tr. v. Bernash*, No. 1:23-cv-485 (AMN/DJS), 2024 WL 1285431, at *5 (N.D.N.Y. Mar. 26, 2024)
- *53rd St., LLC v. U.S. Bank Nat'l Ass'n*, 8 F.4th 74, 78 (2d Cir. 2021)
- *Reverse Mortg. Sols., Inc. v. Fattizzo*, 172 A.D.3d 768, 770 (2d Dep't 2019)
- *Wells Fargo Bank, N.A. v. Cohen*, 80 A.D.3d 753, 754 (2d Dep't 2011)

- NDF, LLC v. Cunningham, No. 24-cv-00002, 2025 WL 3295069, at *8 (E.D.N.Y. Nov. 26, 2025)

Retrieved from lawtools.ai · <https://lawtools.ai/cases/state/united-states-district-court-for-the-northern-district-of-new-york-united-states-district-court-for/2026/blue-castle-cayman-ltd-v-carol-scherer-susan-sanchez-steven-ccwpywhr>