

Board of Mgrs. of the Walton Condominium v Gray

2025 NY Slip Op 32073(U)

June 9, 2025

Supreme Court, New York County

Docket Number: Index No. 161715/2023

Judge: Francis A. Kahn III

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This opinion is uncorrected and not selected for official publication.

**SUPREME COURT OF THE STATE OF NEW YORK
NEW YORK COUNTY**

PRESENT: HON. FRANCIS A. KAHN, III PART 32

Justice

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 THE BOARD OF MANAGERS OF THE WALTON CONDOMINIUM,
 Plaintiff,
 - v -
 ALLYSON GRAY, WELLS FARGO BANK, N.A., JOHN DOES
 Defendant.

INDEX NO. 161715/2023
 MOTION DATE _____
 MOTION SEQ. NO. 001

DECISION + ORDER ON MOTION

The following e-filed documents, listed by NYSCEF document number (Motion 001) 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25

were read on this motion to/for APPOINT - FIDUCIARY.

Upon the foregoing documents, the motion is determined as follows:

This is an action to foreclose on a lien for unpaid common charges on a residential condominium unit located at 264 Water Street, Unit 6A, New York, New York. Defendant Allyson Gray (“Gray”), the unit owner, filed an answer. Pursuant to Section 6.4[c] of the condominium’s by-laws, in any action to foreclose on a lien for unpaid common charges, “the Unit Owner shall be required to pay a reasonable rental for the use and occupancy of his Unit and the plaintiff in such foreclosure action shall be entitled to the appointment, without notice, of a receiver to collect the same”.

Now, Plaintiff moves pursuant to RPL §339-aa for the appointment of a temporary receiver of the premises and to set a reasonable rent for the receiver to collect. Defendant Gray opposes the motion. Under Real Property Law RPL §339-aa, the appointment of a receiver and the collection of rent in the event of a default on common charges is proper where authorized under the by-laws (*see Heywood Condominium v Wozencraft*, 148 AD3d 38 [1st Dept 2017]; *see also Board of Mgrs. of the 1835 E. 14th St. Condominium v Singer*, 186 AD3d 1477 [2d Dept 2020]). Nevertheless, the Court retains, as an exercise of its equitable power, the discretion to deny the appointment of a receiver (*see ADHY Advisors LLC v 530 W. 152nd St. LLC*, 82 AD3d 619 [1st Dept 2011]).

In the present case, it is undisputed that the condominium’s by-laws provided Plaintiff may apply for the appointment of a receiver regardless of the adequacy of the property as security. Defendant Gray has defaulted in payment of common charges. Plaintiff has also alleged that Gray’s default in payment of common charges has caused the condominium to incur a shortfall in income that has been unfairly borne by the residential unit owners (*see Capital One, N.A. v Barfill*, 177 AD3d 415 [1st Dept 2019]).

Defendant Gray’s opposition was filed two-weeks late and, therefore, is rejected. Even were it considered, Gray has not demonstrated that denial of the appointment of a receiver is an appropriate

exercise of the Court's discretion (*see Heywood Condominium v Wozencraft, supra*). As such, Plaintiff established its entitlement to the appointment of a receiver of the mortgaged premises. Plaintiff also demonstrated that a reasonable rent for the premises at issue is \$6,500.00 per month.

Accordingly, it is

ORDERED that the branch of the motion for the appointment of a Temporary Receiver for the rents and profits is granted; and it is further

ORDERED that **Elaine Shay, Esq., 800 3rd Avenue, Ste. 2800, New York, New York 10022 (212) 520-2690** is hereby appointed with the usual powers and directions of a Temporary Receiver for the benefit of Plaintiff of all the rents and profits now due and unpaid or become due during the pendency of this action property known by the address as 264 Water Street, Unit 6A, New York, New York; and it is further

ORDERED that the Temporary Receiver is authorized to take charge and, if necessary, enter into possession of the property; and it is further

ORDERED that Defendant Allyson Gray or any other occupant of the premises shall pay to the Temporary Receiver the sum of \$6,500.00 per month commencing July 1, 2025, and on the first of every month thereafter, and it is further

ORDERED that before entering her/his duties, the Temporary Receiver shall be sworn to fairly and faithfully discharge the duties committed to him and shall execute to the People of the State of New York and file with the Clerk of the Court an undertaking in the sum of **\$15,000.00** conditioned for the faithful discharge of the duties of Temporary Receiver; and it is further

ORDERED that the Temporary Receiver is hereby directed to demand, collect and receive from the occupants, tenants and licensees in possession of said premises, or other persons liable therefor, inclusive of the mortgagor, all the rents and license fees thereof now due or unpaid or hereafter that become fixed or due and the Temporary Receiver is authorized to institute and carry on all legal proceedings necessary for the protection of said premises or to recover possession of the whole, or any part thereof, and apply to this Court to fix reasonable rental value and license fee value and to compel the tenants and occupants to attorn to the Temporary Receiver; and it is further

ORDERED that the Temporary Receiver may institute and prosecute suits for the collection of rent, license fees and other charges now due or hereafter to become due and fixed, and summary proceedings for the removal of any tenants or licensees or other persons therefrom; and it is further

ORDERED that pursuant to the General Obligation Law section 7-105, anybody holding any deposits or advances of rental as security under any lease or license agreement affecting space in the premises affected by this action shall turn same over to said Temporary Receiver within five (5) days after said Temporary Receiver shall be qualified; and thereupon the said Temporary Receiver shall hold such security subject to such disposition thereof as shall be provided in an Order of the Court to be made and entered in this action; and it is further

ORDERED that anybody in possession of same shall turn over to said Temporary Receiver all rent lists, orders, unexpired and expired leases, agreements, correspondence, notices

and registration statements relating to rental spaces or facilities in the premises; and it is further

ORDERED that notwithstanding anything to the contrary contained in this order, the Temporary Receiver shall not, without the further, prior order of this Court, upon prior notice to the plaintiff, make improvements or substantial repairs to the property at a cost in excess of \$1,000.00, *except* that in an emergency, if funds need to be expended in excess of \$1,000.00 or would otherwise require Court intervention, no Court approval will be necessary if counsel for plaintiff agrees in writing that the receiver may make such disbursement; and it is further

ORDERED that the Temporary Receiver shall deposit all monies received by her/him into any FDIC-insured bank where she has an account for this purpose and such account shall show the name of this action and the Temporary Receiver shall furnish plaintiff's attorneys with monthly statements of the receipts and expenditures of the Receivership together with a photocopy of the monthly statements received from said depository and no withdrawals shall be made therefrom except as directed by the Court or on a draft or check signed by the Temporary Receiver; and it is further

ORDERED that the Temporary Receiver is authorized from time to time to rent and lease any part of the premises for terms not exceeding one (1) year or such longer terms as may be required by applicable laws or regulations; to keep the premises insured against loss by damage or fire; to pay the taxes, assessments, water rates, sewer rates, vault rents, salaries of employees, supplies and other charges; to comply with all lawful requirements of any municipal department or other authority of the municipality in which the mortgaged premises are situated and to procure such fire, liability and other insurance as may be reasonably necessary; and it is further

ORDERED, that the tenants, licensees or other persons in possession of said premises attorn to the Temporary Receiver and pay over to the Temporary Receiver all rents, license fees, and other charges of such premises now due and unpaid or that may hereafter become due; and that the defendants be enjoined and restrained from collecting the rents, license fees and other charges of said premises from interfering in any manner with the property or its possession; and from transferring, removing or in any way disturbing and of the occupants or employees; and that all tenants, occupants, employees and licensees of the premises and other persons liable for the rents be and hereby are enjoined and restrained from paying any rent or license fees or other charges for such premises to the defendants, their agents, servants or attorneys; and it is further

ORDERED that the Temporary Receiver is prohibited from incurring obligations in excess of the monies in her hands without further Order of this Court or written consent of Plaintiff's attorney and Plaintiff may advance money, which can be recouped in this litigation; and it is further

ORDERED that the Owner turn over to the Temporary Receiver all rents collected from and after the date of this Order; and it is further

ORDERED that all persons now and hereafter in possession of said premises, or any part thereof, and not holding such possession under valid and existing leases or tendencies, do forthwith surrender such possession to the Temporary Receiver, subject to emergency laws, if any, and it is further

ORDERED that the Temporary Receiver after paying the expenses of the management


and care of the said premises as above provided retain the balance of the monies which may come into his hands until the sale of the said premises under the judgment to be entered in this action and/or until further Order of this Court, and it is further

ORDERED that the Temporary Receiver, or any party hereto, may at any time, on proper notice to all parties who have appeared in this action, apply to the Court for further and other instructions or powers necessary to enable the Temporary Receiver to properly fulfill her duties or for interim fee payments; and it is further

ORDERED that the appointed named herein shall comply with Section 35a of the Judiciary Law, Sections 6401-6404 of the CPLR, Section 1325 of RPAPL and Rule 36 of the Chief Judge; and it is further

ORDERED that notwithstanding any other provision of this order, the Temporary Receiver shall not appoint an attorney, managing agent, appraiser, auctioneer or accountant without prior order of this Court, and that the receiver shall apply to the court and file a separate application for appointment of a managing agent, attorney or other managing services pursuant to 36.1 of the Uniform Court Rules.

ORDERED that this matter is set down for a conference on **July 17, 2025 @ 12:00 pm** via Microsoft Teams. Part Clerk Tamika Wright (tswright@nycourts.gov) will forward the appearing parties an invitation to the conference via email.

<u>6/9/2025</u> DATE					 FRANCIS A. KAHN, III, A.J.S.C.			
CHECK ONE:	<input type="checkbox"/>	CASE DISPOSED	<input type="checkbox"/>	DENIED	<input checked="" type="checkbox"/>	NON-FINAL DISPOSITION	<input type="checkbox"/>	OTHER
APPLICATION:	<input checked="" type="checkbox"/>	GRANTED	<input type="checkbox"/>		<input type="checkbox"/>	GRANTED IN PART	<input type="checkbox"/>	
CHECK IF APPROPRIATE:	<input type="checkbox"/>	SETTLE ORDER	<input type="checkbox"/>		<input type="checkbox"/>	SUBMIT ORDER	<input type="checkbox"/>	
	<input type="checkbox"/>	INCLUDES TRANSFER/REASSIGN	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	FIDUCIARY APPOINTMENT	<input type="checkbox"/>	REFERENCE