

Corebridge Inst. Invs. (U.S.), LLC v Jay St. Off. LLC

2025 NY Slip Op 34279(U)

November 7, 2025

Supreme Court, Kings County

Docket Number: Index No. 527906/2025

Judge: Reginald A. Boddie

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At an IAS Commercial Part 12 of the Supreme Court of the State of New York, held in and for the County of Kings, at the Courthouse, located at 360 Adams Street, Borough of Brooklyn, City and State of New York on the 7th day of November 2025.

P R E S E N T:
Honorable Reginald A. Boddie
Justice, Supreme Court

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COREBRIDGE INSTITUTIONAL INVESTMENTS (U.S.), LLC, f/k/a AIG ASSET MANAGEMENT (U.S.) LLC, as administrative agent for AMERICAN GENERAL LIFE INSURANCE COMPANY, NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA, THE UNITED STATES LIFE INSURANCE COMPANY IN THE CITY OF NEW YORK, and the VARIABLE ANNUITY LIFE INSURANCE COMPANY,

Index No. 527906/2025

Plaintiff,

Cal. No. 28 MS 1

-against-

JAY STREET OFFICE LLC, et al.,

Decision and Order

Defendants,

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The following e-filed papers read herein:

NYSCEF Doc Nos.

MS 1

2-17, 25-38, 42

Plaintiff's motion for the appointment of a temporary receiver and counsel is decided as follows:

Background

This commercial foreclosure action arises from the alleged default of defendant Jay Street Office LLC ("Borrower") under \$138 million in certain senior, building, and project loan

agreements secured by mortgages on 29 Jay Street, Brooklyn, NY 11201 (the “Property”) after failing to repay the debt at maturity on November 1, 2024. Plaintiff moves under RPAPL § 1325, RPL § 254(10), and CPLR 6401(b) to appoint a receiver to preserve, lease, and manage the vacant property and to approve their retention of receiver’s counsel. Plaintiff argues it has both contractual and statutory rights to such appointment, that the borrower waived notice and objection, and that a receiver is necessary to protect and lease the property pending foreclosure.

In opposition, defendants argue that the Court retains equitable discretion despite RPL § 254(10), that plaintiff submitted no sworn facts showing necessity or risk of waste, and that the building is newly constructed but entirely vacant and cannot legally be occupied until imminent FDNY inspections scheduled to proceed on October 28 and 30, 2025. Defendants argue that a receivership would delay such inspections, jeopardize active marketing, while piling on unnecessary fees for the receiver, counsel, property manager, and brokers, with no rents to fund the fees. Defendants assert that plaintiff itself failed to release about \$1.1 million in draw funds for contractor payments, undercutting its request; that RPL § 254(10) only authorizes receivers “of rents and profits,” not to market, lease, or sell a vacant building; and that plaintiff has not even clearly identified or tied “the Property” to the mortgages in its motion papers. Defendants request the Court to either deny the motion or hold it in abeyance until the FDNY inspections are completed.

In reply, plaintiff argues that Borrower expressly waived any right to contest a lender-proposed receiver and that the mortgages grant an “absolute right” to appointment upon default. Plaintiff asserts that under RPL § 254(10) and RPAPL § 1325(1), not CPLR 6401, plaintiff need only show a mortgage provision and a default, both of which are undisputed here, so no “necessity” showing is required. Plaintiff contends that the motion and loan documents adequately identify

the Property and establish it as collateral; the proposed receiver and counsel's qualifications are unchallenged; a receivership will preserve and endeavor to lease/manage the vacant asset rather than harm it; and Borrower's bid to delay a month for FDNY inspections should be rejected because a receiver will not impede inspections or settlement efforts.

Discussion

It is well settled in the Second Department that “[w]hen the mortgage entitles the mortgagee to the judicial appointment of a temporary receiver, Real Property Law § 254(10) and RPAPL 1325(1) are the controlling statutes, which displace CPLR 6401” (*HSBC Bank USA, N.A. v Rubin*, 210 AD3d 73, 81 [2d Dept 2022] [citations omitted]). “RPAPL 1325(1) provides that [w]here the action is for the foreclosure of a mortgage providing that a receiver may be appointed without notice, notice of a motion for such appointment shall not be required” (*id.* [citation and internal quotation marks omitted]). Similarly, “[u]nder Real Property Law § 254(10), where ... the parties to a mortgage agree that a receiver may be appointed in the event of default, the appointment of a receiver without notice and without regard to the adequacy of security is proper” (*366 Fourth St. Corp. v Foxfire Enterprises, Inc.*, 149 AD2d 692 [2d Dept 1989] [citations omitted]).

Here, applying the less stringent Real Property Law § 254(10) and RPAPL 1325(1) threshold rather than the more stringent CPLR 6401 threshold, plaintiff sufficiently established its entitlement to the appointment of a receiver. The record demonstrates that the governing mortgage instruments expressly provide that, upon default, plaintiff “shall be entitled, as a matter of absolute right ... to the appointment of a receiver for the Property upon ex-parte application to any court of competent jurisdiction” (*See* NYSCEF Doc No. 12, § 5.8; NYSCEF Doc. No. 20, § 5.8; NYSCEF Doc. No. 28, § 5.8). Borrower further “waives (i) any right to any hearing or notice of hearing

prior to the appointment of a receiver and (ii) any right to contest the appointment of any receiver proposed by Administrative Agent” (*id.*). It is undisputed that the loans matured on November 1, 2024, and that the debt remains unpaid. This maturity default alone satisfies the statutory and contractual predicate for the appointment of a receiver, regardless of whether the Property presently generates income or whether the Borrower believes it can better preserve the asset.


Defendants’ argument that “[t]he fact that the Property is entirely vacant is sufficient on its own to warrant denying the Receiver [sic] Motion” is without merit. Defendants, in support of such argument, rely only on a trial-level decision from New York County, a Third Department decision, and a federal district court decision, none of which are binding on this Court. The receiver’s role is precisely to safeguard the Property, coordinate ongoing compliance and operations, and preserve its value during the pendency of foreclosure. The Property’s vacancy, its pending FDNY inspections, or current market conditions do not undermine plaintiff’s statutory and contractual entitlement to a receiver. Those matters are administrative and operational issues for the receiver to manage, not legal grounds to deny appointment.

Conclusion

Based on the foregoing, plaintiff’s motion is granted to the extent set forth in the Order Appointing Temporary Receiver and Counsel, which is signed and entered contemporaneously herewith.

Any argument not explicitly addressed herein was considered and deemed to be without merit or unnecessary to address given the court’s determination.

ENTER:



Honorable Reginald A. Boddie
Justice, Supreme Court