

PNC Mortgage, A Div. of PNC Bank v Posillico
2018 NY Slip Op 31623(U)
July 11, 2018
Supreme Court, Suffolk County
Docket Number: 5308/2010
Judge: Howard H. Heckman
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SUPREME COURT - STATE OF NEW YORK
IAS PART 18 - SUFFOLK COUNTY

PRESENT:
HON. HOWARD H. HECKMAN JR., J.S.C.

INDEX NO.: 5308/2010
MOTION DATE: 6/19/2018
MOTION SEQ. NO.: #002 MG
#003 MD

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PNC MORTGAGE, A DIVISION OF PNC BANK

Plaintiff,

-against-

PLAINTIFF'S ATTORNEY:
MCCABE WEISBERG & CONWAY, LLC
145 HUGUENOT STREET, SUITE 210
NEW ROCHELLE, NY 10801

ROWENA POSILLICO, et al.
Defendants.

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DEFENDANT'S ATTORNEY:
RONALD D. WEISS, ESQ.
734 WALT WHITMAN RD. STE. 203
MELVILLE, NY 11747

Upon the following papers numbered 1 to 32 read on this motion _____; Notice of Motion/ Order to Show Cause and supporting papers 1-11 (#002) _____; Notice of Cross Motion and supporting papers 12-28 (#003) _____; Answering Affidavits and supporting papers 29-30 _____; Replying Affidavits and supporting papers 31-32 _____; Other _____; (and after hearing counsel in support and opposed to the motion) it is,

ORDERED that this motion by plaintiff PNC Mortgage seeking an order: 1) granting summary judgment striking the answer of defendant Rowena Posillico; 2) substituting Tom Posillico as a named party defendant in place and stead of a defendant designated as "John Doe #1" and discontinuing the action against defendants designated as "John Doe"; 3) deeming all appearing and non-appearing defendants in default; 4) amending the caption; and 5) appointing a referee to compute the sums due and owing to the plaintiff in this mortgage foreclosure action is granted; and it is further

ORDERED that the cross motion by defendant Rowena Posillico for an order pursuant to CPLR 3124, 3126, 3211(a)(3) & 3212 & NY Banking Law 6-L seeking an order dismissing plaintiff's complaint or, in the alternative, denying plaintiff's motion is denied.

ORDERED that plaintiff is directed to serve a copy of this order amending the caption upon the Calendar Clerk of the Court; and it is further

ORDERED that plaintiff is directed to serve a copy of this order with notice of entry upon all parties who have appeared and not waived further notice pursuant to CPLR 2103(b)(1)(2) or (3) within thirty days of the date of this order and to promptly file the affidavits of service with the Clerk of the Court.

Plaintiff's action seeks to foreclose a mortgage in the original sum of \$1,500,000.00 executed by defendant Rowena Posillico on July 31, 2007 in favor of National City Bank. On the same date defendant Posillico executed a promissory note promising to re-pay the entire amount of the indebtedness to the mortgage lender. Plaintiff PNC Bank is the successor by merger of the original lender. Plaintiff claims that defendant defaulted under the terms of the mortgage and note by failing to make timely monthly mortgage payments beginning October 1, 2009 and continuing to date.

Plaintiff commenced this action by filing a summons, complaint and notice of pendency in the Suffolk County Clerk's Office on February 5, 2010. Defendant served an answer dated March 19, 2010 asserting six (6) affirmative defenses. By short form Order dated July 21, 2017 defendant's motion seeking an order dismissing plaintiff's complaint for failure to prosecute or, in the alternative, granting permission for defendant to amend her answer more than six years after serving her original answer, was denied.

Plaintiff's motion seeks an order granting summary judgment striking defendant's answer and for the appointment of a referee. Defendant's cross motion seeks an order dismissing plaintiff's complaint for lack of standing, for failure to comply with a prior order of this court, and for predatory lending practices or, in the alternative, denying plaintiff's motion..

The proponent of a summary judgment motion must make a prima facie showing of entitlement to judgment as a matter of law, tendering sufficient evidence to eliminate any material question of fact from the case. The grant of summary judgment is appropriate only when it is clear that no material and triable issues of fact have been presented (*Sillman v. Twentieth Century-Fox Film Corp.*, 3 NY2d 395 (1957)). The moving party bears the initial burden of proving entitlement to summary judgment (*Winegrad v. NYU Medical Center*, 64 NY2d 851 (1985)). Once such proof has been proffered, the burden shifts to the opposing party who, to defeat the motion, must offer evidence in admissible form, and must set forth facts sufficient to require a trial of any issue of fact (CPLR 3212(b); *Zuckerman v. City of New York*, 49 NY2d 557 (1980)). Summary judgment shall only be granted when there are no issues of material fact and the evidence requires the court to direct a judgment in favor of the movant as a matter of law (*Friends of Animals v. Associated Fur Manufacturers*, 46 NY2d 1065 (1979)).

Entitlement to summary judgment in favor of the foreclosing plaintiff is established, prima facie by the plaintiff's production of the mortgage and the unpaid note, and evidence of default in payment (see *Wells Fargo Bank N.A. v. Eroboho*, 127 AD3d 1176, 9 NYS3d 312 (2nd Dept., 2015); *Wells Fargo Bank, N.A. v. Ali*, 122 AD3d 726, 995 NYS2d 735 (2nd Dept., 2014)). Where the plaintiff's standing is placed in issue by the defendant's answer, the plaintiff must also establish its standing as part of its prima facie showing (*Aurora Loan Services v. Taylor*, 25 NY3d 355, 12 NYS3d 612 (2015); *Loancare v. Firshing*, 130 AD3d 787, 14 NYS3d 410 (2nd Dept., 2015); *HSBC Bank USA, N.A. v. Baptiste*, 128 AD3d 77, 10 NYS3d 255 (2nd Dept., 2015)). In a foreclosure action, a plaintiff has standing if it is either the holder of, or the assignee of, the underlying note at the time that the action is commenced (*Aurora Loan Services v. Taylor, supra.*; *Emigrant Bank v. Larizza*, 129 AD3d 94, 13 NYS3d 129 (2nd Dept., 2015)). Either a written assignment of the note or the physical transfer of the note to the plaintiff prior to commencement of the action is sufficient to transfer the obligation and to provide standing (*Wells Fargo Bank, N.A. v. Parker*, 125 AD3d 848, 5 NYS3d 130 (2nd Dept., 2015); *U.S. Bank v. Guy*, 125 AD3d 845, 5 NYS3d 116 (2nd Dept., 2015)). A plaintiff's attachment of a duly indorsed note to its complaint or to the certificate of merit required pursuant to CPLR 3012(b), coupled with an affidavit in which it alleges that it had possession of the note prior to the commencement of the action, has been held to constitute due proof of the plaintiff's standing to prosecute its claims for foreclosure and sale (*JPMorgan Chase Bank, N.A. v. Weinberger*, 142 AD3d 643, 37 NYS3d 286 (2nd Dept., 2016); *FNMA v. Yakaputz II, Inc.*, 141 AD3d 506, 35 NYS3d 236 (2nd Dept., 2016); *Deutsche Bank National Trust Co. v. Leigh*, 137 AD3d 841, 28 NYS3d 86 (2nd Dept., 2016); *Nationstar Mortgage LLC v. Catizone*, 127 AD3d 1151, 9 NYS3d 315 (2nd Dept., 2015)).

At issue is whether the evidence submitted by the plaintiff is sufficient to establish its right to foreclose. The defendant does not contest her failure to make timely payments due under the terms of the promissory note and mortgage agreement since October 1, 2009. Rather, the issues raised by the defendant concerns whether the proof submitted by the mortgage lender provides sufficient admissible evidence to prove its entitlement to summary judgment based upon defendant's continuing default and whether plaintiff's failure to timely serve this motion in compliance with this Court's July 21, 2017 Order requires that the complaint be dismissed. Defendant also repeats claims asserted in her prior motion to dismiss claiming that plaintiff lacks standing and that plaintiff has engaged in predatory lending practices .

CPLR 4518 provides:

Business records.

(a) Generally. Any writing or record, whether in the form of an entry in a book or otherwise, made as a memorandum or record of any act, transaction, occurrence or event, shall be admissible in evidence in proof of that act, transaction, occurrence or event, if the judge finds that it was made in the regular course of any business and that it was the regular course of such business to make it, at the time of the act, transaction, occurrence or event, or within a reasonable time thereafter.

The Court of Appeals in *People v. Guidice*, 83 NY2d 630, 635, 612 NYS2d 350 (1994) explained that “the essence of the business records exception to the hearsay rule is that records systematically made for the conduct of business... are inherently highly trustworthy because they are routine reflections of day-to-day operations and because the entrant's obligation is to have them truthful and accurate for purposes of the conduct of the enterprise.” (quoting *People v. Kennedy*, 68 NY2d 569, 579, 510 NYS2d 853 (1986)). It is a unique hearsay exception since it represents hearsay deliberately created and differs from all other hearsay exceptions which assume that declarations which come within them were not made deliberately with litigation in mind. Since a business record keeping system may be designed to meet the hearsay exception, it is important to provide predictability in this area and discretion should not normally be exercised to exclude such evidence on grounds not foreseeable at the time the record was made (*see Trotti v. Estate of Buchanan*, 272 AD2d 660, 706 NYS2d 534 (3rd Dept., 2000)).

The three foundational requirements of CPLR 4518(a) are: 1) the record must be made in the regular course of business- reflecting a routine, regularly conducted business activity, needed and relied upon in the performance of business functions; 2) it must be the regular course of business to make the records— (i.e. the record is made in accordance with established procedures for the routine, systematic making of the record); and 3) the record must have been made at the time of the act, transaction, occurrence or event, or within a reasonable time thereafter, assuring that the recollection is fairly accurate and the entries routinely made (*see People v. Kennedy, supra @ pp. 579-580*). The “mere filing of papers received from other entities, even if such papers are retained in the regular course of business, is insufficient to qualify the documents as business records.” (*People v. Cratsley*, 86 NY2d 81, 90, 629 NYS2d 992 (1995)). The records will be admissible “if the recipient can establish personal knowledge of the maker's business practices and procedures, or that the records provided by the maker were incorporated into the recipient's own records or routinely relied upon by the recipient in its business.” (*State of New York v. 158th Street & Riverside Drive Housing*

Company, Inc., 100AD3d 1293, 1296, 956 NYS2d 196 (2012); *leave denied*, 20 NY3d 858 (2013); *see also Viviane Etienne Medical Care, P.C. v. Country-Wide Insurance Company*, 25 NY3d 498, 14 NYS3d 283 (2015); *Deutsche Bank National Trust Co. v. Monica*, 131 AD3d 737, 15 NYS3d (3rd Dept., 2015); *People v. DiSalvo*, 284 AD2d 547, 727 NYS2d 146 (2nd Dept., 2001); *Matter of Carothers v. GEICO*, 79 AD3d 864, 914 NYS2d 199 (2nd Dept., 2010)).

The statute (CPLR 4518) clearly does not require a person to have personal knowledge of each and every entry contained in a business record (*see Citibank N.A. v. Abrams*, 144 AD3d 1212, 40 NYS3d 653 (3rd Dept., 2016); *HSBC Bank USA, N.A. v. Sage*, 112 AD3d 1126, 977 NYS2d 446 (3rd Dept., 2013); *Landmark Capital Inv. Inc. v. LI-Shan Wang, supra.*). As the Appellate Division, Second Department stated in *Citigroup v. Kopelowitz*, 147 AD3d 1014, 48 NYS3d 223 (2nd Dept., 2017): “There is no requirement that a plaintiff in a foreclosure action rely on a particular set of business records to establish a prima facie case, so long as the plaintiff satisfies the admissibility requirements of CPLR 4518(a) and the records themselves actually evince the facts for which they are relied upon.” Decisions interpreting CPLR 4518 are consistent to the extent that the three foundational requirements: 1) that the record be made in the regular course of business; 2) that it is in the regular course of business to make the record; and 3) that the record must be made at or near the time the transaction occurred. – if demonstrated, make the records admissible since such records are considered trustworthy and reliable. Moreover, the language contained in the statute specifically authorizes the court discretion to determine admissibility by stating “*if the judge finds*” that the three foundational requirements are satisfied the evidence shall be admissible.

The affidavit submitted from the plaintiff PNC Mortgage’s authorized signer provides the evidentiary foundation for establishing the mortgage lender’s right to foreclose. The affidavit sets forth the employee’s review of the business records maintained by PNC Mortgage; the fact that the books and records are made in the regular course of PNC’s business; that it was PNC’s regular course of business to maintain such records; that the records were made at or near the time the underlying transactions took place; and that the records were created by an individual with personal knowledge of the underlying transactions. Based upon the submission of the affidavit, the plaintiff has provided an admissible evidentiary foundation which satisfies the business records exception to the hearsay rule with respect to the issues raised in this summary judgment application.

With respect to the issues of standing and predatory lending, this Court’s prior Order dated July 21, 2017 determined that defendant’s proposed amended answer which defendant sought to serve more than six years after serving her original answer was not only prejudicial, given its lateness, but was also devoid of merit and palpably insufficient. Among the specific issues addressed as lacking in merit was defendant’s attempt to assert that plaintiff lacked standing to maintain this action and plaintiff’s predatory lending. The Order provided that plaintiff had made the necessary showing of standing and that defendant had failed to provide sufficient proof of predatory lending. Such findings constitute the “law of the case” in this foreclosure action precluding re-consideration of this defense again raised by this defendant (*see Madison Acquisition Group, LLC, v. 7614 Fourth Real Estate Development, LLC*, 134 AD3d 683, 20 NYS3d 418 (2nd Dept., 2015); *Certain Underwriters at Lloyd’s of London v. North Shore Signature Homes, Inc.*, 125 AD3d 799, 1 NYS3d 841 (2nd Dept., 2015)). Similarly, defendant’s attempt to raise the issue of predatory lending again in her cross motion need not be considered since that issue was previously considered and determined to be without merit. Moreover, the apparent remedy defendant seeks for this claim (i.e. dismissal of plaintiff’s complaint) after having received the sum of \$1.5 million from

the mortgage lender, would seem rather inequitable.

With respect to the issue of the defendant's default in making payments, in order to establish prima facie entitlement to judgment as a matter of law in a foreclosure action, the plaintiff must submit copies of the mortgage, the unpaid note and admissible evidence to show default (*see Property Asset Management, Inc. v. Souffrant*, 2018 NY Slip Op 04582 (2nd Dept., 6/20/18); *PennyMac Holdings, Inc. V. Tomanelli*, 139 AD3d 688, 32 NYS3d 181 (2nd Dept., 2016); *North American Savings Bank v. Esposito-Como*, 141 AD3d 706, 35 NYS3d 491 (2nd Dept., 2016); *Washington Mutual Bank v. Schenk*, 112 AD3d 615, 975 NYS2d 902 (2nd Dept., 2013)). Plaintiff has provided admissible evidence in the form of a copy of the note and mortgage together with the affidavit from PNC's authorized signer attesting to the defendant's undisputed default in making timely mortgage payments sufficient to sustain its burden to prove defendant has defaulted under the terms of the parties agreement by failing to make timely payments since October 1, 2009 (CPLR 4518; *see Wells Fargo Bank, N.A. v. Thomas, supra.*; *Citigroup v. Kopelowitz, supra.*). Accordingly, and in the absence of any proof to raise an issue of fact concerning the defendant's continuing default, plaintiff's application for summary judgment based upon defendant's breach of the mortgage agreements and promissory note must be granted.

With respect to defendant's remaining contentions claiming a continuing right to discovery, plaintiff's failure to abide this Court's prior order, and plaintiff's violation of federal regulations, none of these claims has merit. Absent some demonstration that reasonable attempts to discover facts would give rise to triable issues of fact or that further discovery might lead to relevant evidence, no legal grounds exist to defeat plaintiff's motion (*Lee v. T.F. DeMilo Corp.*, 29 AD3d 867, 815 NYS2d 700 (2nd Dept., 2006); *Sasson v. Setina Mfg. Co.*, 26 AD3d 487, 810 NYS2d 500 (2nd Dept., 2006)). Moreover, there is no proof submitted to show that plaintiff's failure to serve its summary judgment motion within the time period set forth in this court's prior order was either wilful or prejudicial to defendant's right to assert her defense. As to the various federal regulations cited by defendant, such regulations provide no defense to a New York foreclosure action based upon long-standing principles of property law which govern in rem actions (*see Mallory Associates, Inc. v. Barving Realty Co., Inc.*, 300 NY 297, 90 NE2d 468 (1949)). A claimed violation of such regulations may provide a federal monetary remedy in favor of the borrower against a bank subject to federal regulations upon proof of its violation, but have no preclusive effect upon this court or its application of New York law as to the matters in issue in this foreclosure action.

Finally, the defendant has failed to raise any admissible evidence to support any of her remaining affirmative defenses in opposition to plaintiff's motion. Accordingly, those defenses must be deemed abandoned and are hereby dismissed (*see Kronick v. L.P. Therault Co., Inc.*, 70 AD3d 648, 892 NYS2d 85 (2nd Dept., 2010); *Citibank, N.A. v. Van Brunt Properties, LLC*, 95 AD3d 1158, 945 NYS2d 330 (2nd Dept., 2012); *Flagstar Bank v. Bellafigore*, 94 AD3d 0144, 943 NYS2d 551 (2nd Dept., 2012); *Wells Fargo Bank Minnesota, N.A. v. Perez*, 41 AD3d 590, 837 NYS2d 877 (2nd Dept., 2007)).

Accordingly, defendant's cross motion is denied and plaintiff's motion seeking summary judgment is granted. The proposed order of reference has been signed simultaneously with execution of this order.

Dated: July 11, 2018

HON. HOWARD H. HECKMAN, JR.

J.S.C.