

Recent First Department Ruling Expands Lender Options Under One-Action Rule

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When mortgage defaults occur, lenders have traditionally faced a stark choice under New York's One-Action Rule, but a recent First Department decision may be changing the game. In a December 2025 New York Law Journal article, Partner Stephen Ascher and Special Counsel Abraham Salander examine how *U.S. Bank v. Mave Hotel Investors* creates a strategic exception that could reshape lender remedies.

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The landscape has evolved from traditional interpretations, the authors explain. Lenders may now pursue simultaneous foreclosure and money damages lawsuits when borrower misconduct is deemed "separate from" the mortgage debt obligation, such as cash management breaches, covenant violations, or misrepresentations. The bottom line? In distressed markets where property values and guarantor solvency deteriorate rapidly, both lenders and borrowers need to rethink their strategies and loan documentation.

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