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The Beth Din of America takes confidentiality very seriously. Before publishing any case, we modify key details to protect the identities of all parties involved. Names, dates, locations, and other identifying information are changed or omitted, and certain unique facts may be altered. For example, the industry in which the dispute took place is often modified.

י"ז סיון תשפ"ו

June 2, 2026

Psak Din - Riverside Commons, Inc. v. Cohen

The Beth Din of America, having been chosen by the parties as arbitrators pursuant to an arbitration agreement (the "Arbitration Agreement," attached hereto as Exhibit A), among Riverside Commons, Inc. ("Plaintiff") and David Cohen ("Defendant"), dated as of January 18, 2025, to submit for a binding decision with respect to co-op maintenance payments, hereby decides as follows:

Facts and Claims

Plaintiff is the cooperative housing corporation for a residential building in Manhattan (the "Building"). In a cooperative structure, individuals do not own their apartments outright but rather hold shares in the cooperative corporation and are lessees under proprietary leases. Defendant has resided in one of the apartments in the Building for approximately the past four years. Plaintiff claims that Defendant owes \$48,400 in maintenance payments currently outstanding.

Defendant originally entered into possession of the apartment pursuant to a sublease with Daniel Stern, who is not the record owner. The apartment is owned by Rachel Stern, Daniel Stern's estranged mother. The original sublease between Daniel Stern and Defendant was for a one-year term. Thereafter, the lease was renewed for another year, with a slight increase in rent. After the renewal term ended, Defendant's tenancy became either year-to-year or holdover in nature, as no new lease agreement was executed.

Approximately two years ago, Defendant began to question whether Daniel Stern was in fact the legal owner of the apartment. Upon further investigation, he discovered that the apartment was registered not in David Stern's name, but rather in the name of Rachel Stern. Furthermore, it

turns out that Daniel Stern and his mother Rachel Stern are now fighting each other in court in contentious litigation over a family trust unrelated to the apartment.

Concerned about the legitimacy of his sublease and the proper recipient of his rent payments, Defendant ceased making rental payments to Daniel Stern. He was specifically worried that Rachel Stern, as record owner, might pursue him for unpaid rent while Daniel Stern simultaneously continued to demand payment, thereby exposing him to double liability.

Under the cooperative's proprietary lease and governing documents, the obligation to pay monthly maintenance rests upon the shareholder of record. According to Plaintiff, Rachel Stern has been unreachable. She moved to Israel several years ago, and has recently stopped responding to Plaintiff's requests for maintenance payments. Nobody has been making monthly maintenance payments on the apartment for some time, resulting in the currently outstanding \$48,400 balance. Defendant acknowledges that the outstanding maintenance balance is less than the currently outstanding rent balance.

Plaintiff argues that Defendant owes the outstanding maintenance to Plaintiff since he occupies the unit. Beginning in or about March 2025, Plaintiff sent written notices to Defendant advising that maintenance on the unit was in arrears and requesting that Defendant remit payment directly to Plaintiff. Defendant's agreed-upon monthly rent to Daniel Stern was \$4,500 per month, while the monthly maintenance due to Plaintiff on the unit is \$2,200 per month. Despite these notices, the maintenance charges have remained unpaid, resulting in the arrears referenced above.

Defendant does not dispute that rent is owed for his continued occupancy of the apartment, nor does he dispute that maintenance charges are due on the unit. His position is that he is uncertain whom to pay, and he fears that any payment he makes might not be credited properly thus leading to potential double payment or unresolved liability.

According to Plaintiff, there is no risk that Defendant would not be credited by the rightful owner of the unit for maintenance charges paid. Plaintiff points to Section 32(b) of the building's proprietary lease, which provides that

“if the Lessee shall at any time sublet the apartment and shall default in the payment of any rent or additional rent, the Lessor may, at its option, so long as such default shall continue, demand and receive from the subtenant the rent due or becoming due from such subtenant to the Lessee, and apply the amount to pay sums due and to become due from the Lessee to the Lessor. Any payment by a subtenant to the Lessor shall constitute a discharge of the obligation of such subtenant to the Lessee, to the extent of the amount so paid.”

Plaintiff argues that, as a third party beneficiary of the provision granting him “a discharge of the obligation of such subtenant to the Lessee, to the extent of the amount so paid,” Defendant is entitled to a credit from the owner of the unit for maintenance payments made directly to Plaintiff.

Decision

Where one rents property from a person later discovered not to be the true owner, rent must nevertheless be paid to the rightful owner if the property is of the type that is generally held for rental and is customarily leased for compensation.¹ Therefore, Defendant owes rent for his use and occupancy of the apartment. Even if Defendant originally contracted with Daniel Stern, and even if Daniel Stern was not the record shareholder, Defendant’s continued occupancy gives rise to a rental obligation owed to Rachel Stern.

As a matter of halacha, where Party A owes money to Party B, and Party B in turn owes money to Party C, a principle known as *shibuda d’Rabbi Nasan* allows Party C to collect his debt directly from Party A, who may then claim a corresponding credit against his debt to Party B.² Applied to the present case, Defendant (Party A) owes rent to Rachel Stern (Party B), who in turn owes maintenance to Plaintiff (Party C). Under *shibuda d’Rabbi Nasan*, Defendant would therefore be obligated to pay the maintenance directly to Plaintiff.³

Defendant’s concern that he may pay Plaintiff and nevertheless still be held liable to the unit owner for the same rent does find theoretical support in halacha. *Rama* rules that where Party A’s creditor (Party B) is a gentile, who is not subject to the jurisdiction of *beis din* and could

¹ Shulchan Aruch, Choshen Mishpat 363:11:

"י"א שזה שאמרנו בחצר העשויה לשכר חייב להעלות לו שכר אפי' שכרו מראובן ונתן לו השכר ונמצאת שאינו שלו אלא של שמעון צריך ליתן לשמעון שכרו."

Notably, *Rama* limits this principle to some extent, explaining that if the true owner is not present the property is categorically treated as not ordinarily designated for rental:

"ודוקא ששמעון או שלוחיו בכאן והיו משתדלין להשכירו אבל אם אינו בעיר ואין מי שמשתדל להשכירו הוי כחצר דלא קיימא לאגרא ואע"פ ששכרו מראובן א"צ ליתן לשמעון כלום."

Rama's limitation, however, is inapplicable to this case. *Rama* presumes the property as not ordinarily offered for lease where there is nobody actively marketing it (ואין מי שמשתדל להשכירו). Here, the son of the record owner not only actively negotiated the sublease, with apparent or purported authority to rent the unit, but Defendant actually accepted the rental terms and made rent payments for some time. See also *Pischei Choshen, Hilchos Geneiva*, Chap. 7 footnote 40, for other limitations on *Rama*'s rule suggesting that the determination as to whether it is a property ordinarily offered for lease is dependent on the facts and circumstances of the particular case rather than following categorical rules.

² Shulchan Aruch, Choshen Mishpat 86:1.

³ *Shach* (s"k 5) notes many authorities who hold that *shibuda d’Rabbi Nasan* creates an obligation on Party A in favor of Party C in all instances, even when Party B has the means to pay the obligation. In contrast, *Shulchan Aruch* (86:2) limits *shibuda d’Rabbi Nasan* to situations where Party B is insolvent. Even according to *Shulchan Aruch*, however, *shibuda d’Rabbi Nasan* would apply where collection from Party A is materially less onerous than collecting from Party B. See *Sm"ā* 86:4. That is clearly the case here, where Defendant is present and Rachel Stern is unreachable.

therefore disregard the credit to which Party A is entitled under *shibuda d'Rabbi Nasan* and independently collect from Party A, Party A may raise that risk as a defense and refuse to pay Party C.⁴ *Sefer Shaar Mishpat* extends this exception beyond the case of a gentile creditor to situations in which Party B has the practical ability to compel payment from Party A without recognizing the credit owed (an *ish ilem*).⁵ Were such a risk genuinely present, Defendant's reluctance to pay might warrant consideration.

That concern, however, is not present here. Applicable secular law and the terms of the proprietary lease eliminate any realistic possibility that the unit owner could collect rent from Defendant without crediting him for maintenance paid to Plaintiff. To the extent Defendant legally benefits from the terms of the proprietary lease, it provides that "any payment by a subtenant to the Lessor shall constitute a discharge of the obligation of such subtenant to the Lessee, to the extent of the amount so paid." Moreover, Section 352-l of New York's General Business Law, governing cooperative corporations, provides as follows:

"If the maintenance, assessments or late fees due for any unit have not been paid in full within sixty days after the expiration of any grace period of the earliest due date, the board of directors shall provide written notice to the rental tenant and the non-occupying owner providing that, commencing immediately and until such time as all payments for maintenance, assessments or late fees are made current, all rental payments due subsequent to the issuance of such notice are to be made payable to the cooperative corporation at the address listed on the notice."

The statute further provides that "payment by a rental tenant to the cooperative corporation made in connection with this section shall relieve that rental tenant from the obligation to pay such rent to the non-occupying owner and shall be an absolute defense in any non-payment proceeding commenced by such non-occupying owner against such tenant for such rent."

Applying the statute to this case, once notice of the maintenance obligation was issued in March 2025, all rent thereafter becoming due was required by statute to be paid directly to Plaintiff to cover maintenance arrears and ongoing maintenance payments. Rent from March 2025 to date totals \$67,500 (\$4,500 x 15 months), an amount that exceeds the current outstanding balance of \$48,400. Accordingly, Defendant owes \$48,400 to Plaintiff. In addition, ongoing rent should be paid by Defendant to Plaintiff to pay down the maintenance arrears balance. Because the statute expressly provides that such payments discharge Defendant's rental obligation and constitute an absolute defense to any non-payment proceeding by the owner, the circumstances giving rise to

⁴ *Rama, Choshen Mishpat* 61:9.

⁵ *Sefer Shaar Mishpat*, ad. loc.

Rama's exception, and its extension by *Shaar Mishpat*, are not present here. Defendant therefore faces no realistic risk of double liability.

Based on the foregoing, Defendant is ordered to pay \$48,400 to Plaintiff within thirty days of the issuance of this psak, and Defendant is further ordered to pay his ongoing rent to Plaintiff to pay down the maintenance arrears balance.

All other claims are hereby denied. Any request for modification of this award by the arbitration panel shall be in accordance with the rules and procedures of the Beth Din of America, the provisions set forth herein, and the arbitration agreement of the parties. The obligations set forth herein shall be enforceable in any court of competent jurisdiction, in accordance with the rules and procedures of the Beth Din of America and the arbitration agreement. Any provision of this agreement may be modified with the written consent of both parties. Except as otherwise indicated, all of the provisions of this decision shall take effect immediately.

IN WITNESS WHEREOF, we hereby sign and affirm this order as of the date written above.

Rabbi AA, Esq.

Rabbi BB

Rabbi CC, Esq.