

## You Can't Always Get What You Want – The UPHA's Lesson on Good Faith

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In *Laurelton Estates, LLC v. Prince*, the Appellate Division (the “Court”) affirmed the dismissal of a partition action governed by New York’s Uniform Partition of Heirs Property Act (“UPHPA”). Laurelton Estates, LLC, owned a 75% interest in a long-held family home through two acquisitions totaling roughly \$136,000.

In August, 2020, Laurelton Estates sued to partition and sell the property in New York Supreme Court. The plaintiff filed for summary judgment and an order for reference awarding use and occupancy against the original defendant and current respondent, Diane Prince—all before any mandatory settlement conferences were held. The court granted the order and the referee determined that the defendant was liable for her use and occupancy of the property and collection of rents equal to \$2,000 per month, to be calculated from August 2020 to the date of the sale. Once the Supreme Court later ordered conferences, the parties engaged in several months of negotiations. Prince consistently expressed that her goal was to preserve the family property and made increasing offers to buy the plaintiff’s interest, ultimately reaching \$300,000. The plaintiff, by contrast, made two offers: one to buy defendant’s 25% interest for \$125,000, and one to sell its own interest for \$500,000. Throughout, plaintiff anchored its position to the appraised value of the property, its 75% interest, and the prior referee’s use-and-occupancy award.

New York adopted the UPHPA in 2019 to address a growing pattern in which investors acquired fractional interests in “heirs property” and then used partition actions to force sales at depressed prices—often targeting homes that had been held by families for generations. The statute mandates a settlement-conference regime modeled loosely on the CPLR 3408 foreclosure process, but with a fundamentally different purpose: the law requires parties to negotiate in “good faith” with express consideration of equitable, non-economic factors such as the family’s duration of ownership, sentimental or ancestral attachment to the property, contributions to maintenance, harm from displacement, and the price and terms under which ownership interests were originally acquired. In other words, the statute makes clear that heirs-property disputes are not akin to foreclosure actions or other real property litigation and must be evaluated under a framework that elevates equity over pure economics.

Laurelton Estate’s approach clashed with the structural underpinnings of the UPHPA. Rather than treating the settlement-conference process as the mandatory first step, the plaintiff pursued and obtained substantive rulings in its favor before any conference was convened. During the conferences and on appeal, the plaintiff treated the matter as a conventional partition action based solely on market value, interest percentages, and its claimed entitlement to use-and-occupancy credits. The referee supervising the conferences concluded that the plaintiff never meaningfully engaged with the equitable considerations mandated by RPAPL 993(9), despite the defendant’s position being entirely driven by those factors: her family had owned and lived in the home for more than 50 years and her primary goal was to preserve the property for her family. The referee also noted that plaintiff relied heavily on the pre-conference referee’s report as leverage and that plaintiff’s buy-sell offers had no relationship to either the property’s history or the acquisition cost of plaintiff’s interest in the property.

The Supreme Court agreed with the referee and dismissed the action under RPAPL 993(5)(f), which requires dismissal if the plaintiff fails to negotiate in good faith. On appeal, the Court affirmed the lower court’s ruling. The Court held that good-faith negotiation under the UPHPA is not satisfied merely by attendance, exchanging offers, or having counsel with settlement authority. Instead, the statute requires substantive engagement with the equitable factors that define heirs property. Because the plaintiff’s settlement posture showed no consideration of those factors and instead

replicated the economics-only paradigm of a standard partition action, the Court found the dismissal fully supported by the record.