

# Priority Lien for Court

## Ordered Administrators



FAMILY HOUSING  
FUND

### THE PROBLEM

The vast majority of rental property owners make repairs in a timely fashion and respond when tenants identify repair needs. But occasionally, cities and the court system must intervene to compel repairs when an owner fails to respond. In the most egregious cases, we need a court-ordered mechanism to hold the owner financially accountable for the repairs.

TWO RECENT CASES IN MINNEAPOLIS HIGHLIGHT THE PROBLEM THAT EXISTS WITHOUT PRIORITY LIEN:

*“Housing court referee orders repairs of Frenz properties, but opens the door to possible evictions”*

Star Tribune, July 26, 2019

*Without repairs, tenants face eviction from uninhabitable properties*



*Access to capital is key for administrators but lenders are unwilling to loan if there is high-risk of return*

*Repair needs ranged from \$40,000 to \$90,000*

*Rents are insufficient to cover court mandated repair costs*



*“Despite penalties, Khan’s tenants still waiting for repairs”*

Star Tribune, March 19, 2019

### THE SOLUTION

THE PROPOSED LEGISLATION AMENDS EXISTING STATUTE TO:

*Allow for priority lien when court appointed administrators are ordered to fix extremely poor quality rental property conditions*

*Require notification to lien holders to allow mortgage holders to protect the property from further deterioration*

*Ensure that the State’s safety and habitability standard is not negotiable*

*Allow for reasonable tenant attorney’s fees in such habitability actions*

# Why We Need Priority Lien to Ensure Housing Habitability

## PROPOSED LEGISLATION

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### TYPICAL PRACTICE

### NO INTERVENTION NEEDED



### PROBLEMATIC PRACTICE

### TOOLS EXIST AND SHOULD BE FULLY EXERCISED



### EGREGIOUS PRACTICE

### NEED PRIORITY LIEN TO ENSURE TIMELY REPAIRS

