

STATE OF MINNESOTA
COUNTY OF RAMSEY

DISTRICT COURT
SECOND JUDICIAL DISTRICT

Case Type: Civil
(Consumer Protection)

State of Minnesota, by its Attorney General,
Keith Ellison,

Court File No. _____

Plaintiff,

vs.

COMPLAINT

HavenBrook Homes, LLC, Havenbrook
Partners LLC, Front Yard Residential
Corporation, Midway AcquisitionCo REIT,
SFR Investments V REIT, Pretium Partners,
LLC, FYR SFR Borrower, LLC, and Home
SFR Borrower, LLC,

Defendants.

The State of Minnesota, by its Attorney General, Keith Ellison, for its Complaint against
Defendants alleges as follows:

INTRODUCTION

1. Defendants are a syndicate of corporations that collectively own, rent, and manage over 600 rental properties in Minnesota under the name “HavenBrook Homes.” Defendants have jointly executed a deliberate and calculated strategy to extract ever greater profits from their tenants by severely under-maintaining their homes. Defendants’ failure to properly repair and maintain their rental homes is a violation of Minnesota law requiring landlords to provide habitable homes. In addition to violating Minnesota habitability laws, Defendants also misrepresent to Minnesotans that they will provide “around the clock” “same-day service” “seven days a week”

for emergency repairs when in reality they often take days to respond to urgent repair requests like lack of heat in winter. Even more egregiously, when Defendants make repairs they systematically fail to take mandatory lead-based paint safety precautions, thereby putting vulnerable Minnesota children at risk of serious life-long health problems. Defendants' deplorable conduct has risen to such a level that Minnesota cities have had to take legal action against them to protect the health and safety of their residents.

2. In addition to their failure to make repairs, Defendants have also told numerous tenants who were behind on their rent to move out during the COVID-19 pandemic in violation of Emergency Executive Order 20-79 that prohibited such conduct. Defendants' unconscionable actions are illegal, deceptive, and have harmed both the financial and physical health of their tenants. The State has authority to enforce Minnesota's consumer-protection laws, including laws protecting consumers in the residential rental market, and brings this action to enjoin Defendants' violations and remediate their victims.

PARTIES

3. Keith Ellison, the Attorney General of the State of Minnesota, is authorized under Minnesota Statutes chapter 8 and has common law authority, including *parens patriae* authority, to bring this action to enforce Minnesota's laws, to vindicate the State's sovereign and quasi-sovereign interests, and to remediate all harm arising out of—and provide full relief for—violations of Minnesota's laws.

4. Defendant HavenBrook Homes, LLC, has a location in Ramsey County at 1611 County Road B West, Number 104, Roseville, Minnesota 55113. It is a Delaware limited liability company with its principal place of business at 3505 Koger Boulevard, Suite 400, Duluth, Georgia 30096. HavenBrook Homes, LLC, is a "landlord" under Minnesota law because it is an agent or other person directly or indirectly in control of rental property.

5. Defendant HavenBrook Partners, LLC, is a Delaware limited liability company with its principal place of business at 3505 Koger Boulevard, Suite 400, Duluth, Georgia 30096. HavenBrook Partners, LLC, is a “landlord” under Minnesota law because it is an agent or other person directly or indirectly in control of rental property. HavenBrook Homes, LLC, is wholly owned by Defendant HavenBrook Partners, LLC.

6. Defendant Front Yard Residential Corporation (“Front Yard Residential”) is a Maryland corporation with its principal place of business at 5100 Tamarind Reef Christiansted United States Virgin Islands 00820. Front Yard Residential Corporation was formerly Altisource Residential Corporation. Front Yard Residential Corporation is a “landlord” under Minnesota law because it is an agent or other person directly or indirectly in control of rental property.

7. Defendant Midway AcquisitionCo REIT is a Maryland real estate investment trust with its principal place of business at 7 St. Paul Street, Suite 820, Baltimore, Maryland 21202. Midway AcquisitionCo REIT is a “landlord” under Minnesota law because it is an agent or other person directly or indirectly in control of rental property.

8. Defendant SFR Investments V REIT is a Maryland real estate investment trust with its principal place of business at 7 St. Paul Street, Suite 820, Baltimore, Maryland 21202. SFR Investments V REIT is a “landlord” under Minnesota law because it is an agent or other person directly or indirectly in control of rental property.

9. Defendant Pretium Partners, LLC, is located at 810 7th Avenue, New York, New York 10019. It is a privately held investment management firm focused on residential real estate. It owns Front Yard Residential (including HavenBrook Partners, LLC, and HavenBrook Homes, LLC). Pretium Partners, LLC, is a “landlord” under Minnesota law because it is an agent or other person directly or indirectly in control of rental property.

10. Defendant FYR SFR Borrower, LLC, is a Delaware limited liability company with its principal place of business at 3505 Koger Boulevard, Suite 400, Duluth, Georgia 19808. The majority of Defendants' rental properties in Minnesota are registered in the name of FYR SFR Borrower, LLC. It is wholly owned by Pretium Partners, LLC. FYR SFR Borrower, LLC, is a "landlord" under Minnesota law because it owns real property used as residential rental property.

11. Defendant Home SFR Borrower, LLC, is a Delaware limited liability company with its principal place of business at 3505 Koger Boulevard, Suite 400, Duluth, Georgia 19808. Over 180 of Defendants' rental properties in Minnesota are held in the name of Home SFR Borrower, LLC. It is wholly owned by Pretium Partners, LLC. Home SFR Borrower, LLC, is a "landlord" under Minnesota law because it owns real property used as residential rental property.

JURISDICTION AND VENUE

12. This Court has subject matter jurisdiction over this action pursuant to Minnesota Statutes sections 8.01, 8.31, 325F.68 to 325F.69, 325D.43 to 325D.48, and 504B.001 to 504B.471, Emergency Executive Order 20-79, and under common law.

13. This Court has personal jurisdiction over Defendants because they own property in Minnesota and have committed acts in Minnesota that cause injury to Minnesota residents.

14. Venue in Ramsey County is proper under Minnesota Statutes section 542.09 because the cause of action arose, in part, in Ramsey County.

FACTUAL BACKGROUND

I. DEFENDANTS JOINTLY LEASE OVER 600 HOMES TO MINNESOTA TENANTS.

15. HavenBrook currently manages over 15,000 single-family rental homes nationwide and is one of Minnesota's largest landlords.¹ It manages over 600 single-family homes in over 50 Minnesota cities, including in Blaine, Brooklyn Park, Bloomington, Columbia Heights, Cottage Grove, Saint Paul, and in Minneapolis where Defendants' properties are concentrated. HavenBrook is currently leasing out over 480 single-family homes just in Minneapolis, with an average rent per month of \$1,440. But prior to 2018 it only managed around 3,000 rental homes nationwide, including in Minnesota. A series of acquisitions over the past few years resulted in the massive increase in properties it leases out and maintains.

16. In 2018, Front Yard Residential was a publicly-traded company that owned and leased out over 10,000 single-family-residential rental homes nationwide. It relied on external property managers to perform the day-to-day tasks of leasing and maintaining the properties. On August 8, 2018, Front Yard Residential acquired HavenBrook and its 3,000 rental homes. Front Yard Residential touted that its acquisition of HavenBrook would allow it to both grow in size and also internalize all property management functions and "allow us to benefit from economies of scale that will enhance long-term stockholder value." The company transitioned all of its single-family rental assets to HavenBrook's management by March 31, 2019, more than tripling the properties that HavenBrook leased out and maintained.

¹ Although on paper HavenBrook Partners, LLC, is the parent company of HavenBrook Homes, LLC, the companies operate as the same—they even share employees and computer systems. Unless otherwise stated, "HavenBrook" as used herein shall refer to both HavenBrook Partners, LLC, and HavenBrook Homes, LLC.

17. Front Yard Residential emphasized that its ownership of HavenBrook would allow it to directly manage its properties, stating: “[w]ith HavenBrook, we have direct, internally managed control of leasing, renovation and turn management, vendor management, market analysis and other property management support functions, which will enhance our ability to control costs and generate long-term returns to our stockholders.”

18. A few years later, in January 2021, Pretium Partners, LLC, (“Pretium”) and other private investors acquired Front Yard Residential (including the HavenBrook portfolio) for \$2.4 billion.² It was the first time a public single-family residential rental company was taken private in the United States. At that time, Pretium was already a large nationwide landlord but the acquisition resulted in it becoming “the second-largest owner and operator of SFR [single-family-residential] properties in the United States” according to its press release. It currently advertises to investors that it has over 70,000 homes in its portfolio nationwide and over 200,000 renters nationwide. Pretium also owns another property management entity called Progress Residential.

19. As part of Pretium’s acquisition of Front Yard Residential it folded the company into one of its existing real-estate investment trusts (aka REITs) called Midway AcquisitionCo. REIT on January 11, 2021. On June 7, 2021, Pretium folded Midway AcquisitionCO REIT into SFR Investments V REIT. Unless otherwise stated, Defendants Front Yard Residential, Midway AcquisitionCo. REIT, and SFR Investments V REIT are referred to herein as “FYR Holding Companies.”

² Ares Management Corporation partnered with Pretium to make the acquisition.

20. The properties that Defendants³ rent out in Minnesota are held in the name of co-Defendants FYR SFR Borrower, LLC, and Home SFR Borrower, LLC.⁴ As the FYR Holding Companies morphed through their different corporate iterations they transferred Defendants FYR SFR Borrower, LLC, and Home SFR Borrower, LLC, along with them.

21. HavenBrook, the FYR Holding Companies, and Pretium are interconnected entities that have shared corporate directors and have all engaged in the unlawful scheme described herein. Moreover, between January 2021 through the present Pretium controlled both the FYR Holding Companies (during each's respective existence) and HavenBrook. Pretium's involvement in Defendants' scheme and its control over the FYR Holding Companies and HavenBrook includes visiting Minnesota to inspect Defendants' rental homes. Although Pretium is not disclosed on its tenants' leases, the company directly corresponds with Defendants' Minnesota tenants regarding their tenancies. Similarly, although Pretium is not listed as the licensee for Defendants' rental properties, it directly communicates with Minnesota cities that issue Defendants rental licenses.

22. All Defendants engaged in a common scheme and enterprise to rent residential homes to Minnesota tenants in violation of Minnesota law. Pretium itself engaged in the violations described herein that occurred after January 2021 and also obtained the benefits of its co-Defendants' violations of law that occurred prior to January 2021. Each Defendant is liable for the violations of Minnesota law alleged herein.

³ All Defendants acted under a common scheme and (unless otherwise noted) "Defendants" shall refer to all Defendants.

⁴ In some cities, like Minneapolis, the properties' rental licenses are often held by Defendants' employee Scott Beck.

II. DEFENDANTS FAIL TO MAKE REPAIRS AND MAINTAIN THEIR RENTAL HOMES IN COMPLIANCE WITH BOTH MINNESOTA LAW AND THEIR REPRESENTATIONS TO TENANTS.

23. Pretium prides itself on innovating the business of renting out single-family homes and states that it provides “investors with access to unique assets and opportunities in areas with high barriers to entry.” Its innovations consist of its “operating platforms,” “sophisticated data analytics,” and most importantly its “internalized property management” (including “internalization of repair and maintenance”) that helps with “cost control.” Through these “innovations” Pretium claims it has achieved profits from its single-family-rental business equal to or better than multi-family-rental businesses (which typically have much better economies of scale than single-family homes).

24. Front Yard Residential, prior to being acquired by Pretium, started the transition to “internalizing” the repair and maintenance of its rental properties. In August 2019 it transitioned its repair and maintenance work from being performed by outside entities the majority of the time to having the work done in-house the majority of the time. It also more than doubled the average number of homes its in-house maintenance technicians would have to repair each day. It projected that its internalization plans would result in millions of dollars in cost savings per year for the company. Pretium continued the cost-cutting that Front Yard Residential started before being acquired. Notably, Defendants did not reduce rent for tenants when they realized these cost savings—in fact they continued their policy of mandating significant rent increases (including during the pandemic). Defendants disingenuously tell tenants that they have to increase rent due to their increased “costs to maintain homes[.]”

25. Defendants’ quest for profit-maximization has come at the expense of Minnesotans’ health and safety. As is reflected in the condition of their homes in Minnesota,

Defendants use their innovative internal property-management systems and operating efficiencies to reduce their costs but do not direct those funds to complying with Minnesota law, which requires them to make repairs and comply with the health and safety codes that govern their aging homes. The average home Defendants lease to Minnesota tenants is over 80-years old. Defendants' "internalizations" and "efficiencies" may have been profitable, but as these two tenants express, their tenants suffered with the consequences:

"it's been an horrible experience renting from Havenbrook from the very start"

"renting with you was a mental breakdown with a side of poison"

A. Defendants Often Fail to Make Repairs and Are Slow to Make Repairs When They Do Respond.

26. A bedrock of Minnesota landlord-tenant law is that landlords, not tenants, are responsible for ensuring that the homes they rent out are in "reasonable repair" *and* in compliance with applicable health and safety laws unless the disrepair has been caused by a tenant's willful, malicious, or irresponsible conduct. These mandatory and unwaivable landlord duties are referred to as the Covenants of Habitability and are codified in Minnesota Statutes section 504B.161. Defendants, however, do not always ensure the homes they rent to Minnesota tenants are in reasonable repair and in compliance with health and safety laws. As reported by numerous tenants, Defendants often ignore their tenants' repair requests or wait an inordinately long time before addressing the repair.

27. For example, a tenant in Brooklyn Park sent HavenBrook an email when he moved out in which he listed numerous unaddressed repair problems from his tenancy, like doors that did not close, blinds that did not work, gutters that had trees growing out of them, and garbage and construction debris in the yard, including shingles, wood, nails, and insulation. He told HavenBrook: "I have made several attempts to talk to someone from your company to discuss a

lot of these details but my voicemails were not returned.” A tenant in Minneapolis sent the following message in August 2021: “UPDATE - As we have been warning in work orders we have put in since January - THE PIGEONS HAVE GOTTEN INSIDE THE HOUSE! It’s an infestation. We just removed a LIVE pigeon from the basement. Please help.” The home continues to need external repairs, as is apparent from the sidewalk:



28. A tenant in Farmington was very frustrated with Defendants ignoring repair requests and stated “I have numerous times sent emails and have not gotten responses in a timely manner and usually have to send a second email to get a response.... I am beyond frustrated and this property management company is the worst company I have ever worked with[.]”

29. Defendants’ delays in making repairs and their internal repair and maintenance policies that restrict quick action are exemplified by a tenant’s experience in South Saint Paul. On March 23, 2021, the tenant contacted Defendants about her concerns with the worn and old carpet and bubbling and flaking paint inside and outside the home. After she reminded Defendants several times that she was waiting for the needed repairs (“Can someone please reply to my email

below? My **fourth** email sent for follow up on maintenance work to be done”) they finally told her on May 4, 2021, to “be patient” because Defendants want the approval of four different employees before deciding whether to make the repairs. Then, on May 13, 2021, while she was still waiting for the previous repair requests to be attended to, the tenant’s sewer backed up and flooded her home with wastewater. Although Defendants were notified by a sewer specialist that her home’s sewer pipe needed critical maintenance, they did not perform the repair and her home flooded again three months later in August 2021. Tired of dealing with Defendants’ failure to maintain her home (as well as the increased rent Defendants demanded of her during this time period⁵) the tenant paid her \$1,664 monthly rent payment into court and filed a rent escrow action to force Defendants to make the needed repairs. Only then did Defendants finally agree to “address overflow and flooding due to the sewer main in a reasonable time frame.”

30. Situations like these are not unique among Defendants’ tenants; numerous tenants complain about Defendants’ refusal to maintain their homes or respond to repair requests. The following are additional exemplar communications from tenants to HavenBrook:

- November 19, 2019: “Hello! I am contacting you in regards to mold growing in our basement. It has been there ever since June 1st, our move in day. The tech who gave us a walk through that day said he would have someone come out & clean it. Since then, no one has. I have submitted a number of request for this issue to be resolved, but in the past 5 months, nothing has happened. Because of this mold issue, we have not been able to use 1/3 of the house we are paying for. As well, a member of our household is very allergic to mold & has been experiencing sickness due to the issue.”
- November 25, 2019: “Work Request Description: SERIOUS.....i've called several times(3+) for maintenance due to mold in this house. when will someone be out here.”

⁵ Tenants often complain about Defendants raising their rent while simultaneously neglecting the maintenance in their homes. For example, one tenant in Minneapolis states: “We were concerned that our requests were not being recorded through the portal or no one was available to respond and, all the while, Havenbrook has been steadily raising the rent.”

- December 22, 2019: “The furnace again is not working properly. This has been a 2 year nightmare.”
- November 18, 2020: “It’s going on 3 days and our heat is still not on we’re freezing our dogs are freezing when can you come out here and fix the heat.”
- December 5, 2020: “THIRD REQUEST. EMERGENCY REQUEST Our exterior front door handle has now FALLEN OFF. The internal has as well! We put in a request TWO WEEKS AGO and were not contacted by anyone. Additionally, we put in a work order for an ANIMAL in the wall weeks ago. Again, not contacted by anyone. Finally our kitchen faucet is broken. Please send help ASAP.”
- June 24, 2021: “I have a major leak coming from where it seems to be the hot water heater. It is currently ruining the carpet. I called [] due to the urgency of the request but no answer and no call back.”

31. Sometimes Defendants completely ignore their tenants’ repair requests, but other times they acknowledge the request and then refuses to address it, including by falsely noting that the repair has been “completed” in their maintenance records even when no repair was made.

32. For example, in early 2021 both a tenant and the City of Brooklyn Center contacted Defendants (specifically the shell company that owned the property, Home SFR Borrower, LLC) several times regarding needed maintenance on the home. When a City inspector arrived for the second time at the home on June 29, 2021, Defendants’ technician who was on site noted the following in the maintenance notes: “We did a walk-through of the home and nothing has been done? Tenant was upset that no one called or sent an email regarding the items that were called out last time. Will reach out to office as this needs to be addressed ASAP.” Defendants entered the repairs as being “completed” on July 26, 2021, in their maintenance database. On July 28, 2021, *two days later*, the City re-inspected the home and found the same 25 serious code violations, including:

Repair/replace/remove deteriorated/damaged gutters. Roof drains, gutters and downspouts shall be maintained in good repair and free from obstructions.
Repair/replace rotted/deteriorated subfloor located by main level toilet.
Repair/replace/infill hole in wall behind front entry door.
Repair/replace/infill hole on left wall in hallway.
Scrape, prime, and paint peeling/chipping/flaking/abraded paint on wall in bathroom.
Repair/replace inoperable exhaust fan in bathroom.
Repair/replace loose toilet.
Repair/replace leaking drain on bathroom sink.
Remove electrical hazards. The extension cords that are being used for long term wiring the overhead garage door openers is an electrical hazard. Equipment shall be plugged directly into an outlet.
Water heater was recently installed without a permit.
Minnesota Plumbing Code 502.1 - It shall be unlawful for a person to install, remove, or replace a water heater without first obtaining a permit from the Authority Having Jurisdiction to do so.
Replace smoke alarm in 1st bedroom on right that has been painted over.

Repair/replace loose/detached handrail for staircase that leads to basement.
Repair/replace inoperable window. The window falls down when opened. Every window, other than a fixed window, shall be easily openable and capable of being held in position by window hardware.
Repair/replace screen for window in 2nd bedroom on right. Screen is bent/not fitting properly.
Repair/replace torn screen for window in living room.
Repair/replace screen for window in basement. The screen is loose/not fitting properly.
Repair/replace damaged/inoperable door for bedroom on left. The molding is loose/detached, and the strike plate is missing, not allowing the door to properly close.
Repair/replace damaged/inoperable door. Bathroom door has holes/is cracked.
Repair/replace damaged/inoperable door. Door for 2nd bedroom on right has hole.
Scrape, prime, and paint peeling/chipping/flaking/abraded paint on exterior window trims. Re-caulk where deteriorated between trim and window as to not allow water to penetrate wall cavity.
Scrape, prime, and paint peeling/chipping/flaking/abraded paint on garage soffit, fascia, around service door on garage, and around garage door.
Repair/replace rotted/deteriorated fascia boards on garage.
Repair/replace/infill opening in siding/fascia boards where attic intersects.

B. When Defendants Do Make Repairs They Are Often Inadequate and Poorly Done.

33. Numerous tenants find that when Defendants do address a repair need they do so with shoddy workmanship. As an example, a tenant in Minneapolis with two children asked to have her counter overhang fixed in 2018 because it was falling off. When the company finally attempted to repair the counter it only started the repair and used improper methods of supporting the counter:



Not only was the counter unsupported and not attached properly (and therefore lifting off), but the wall it was on was not finished and had bare drywall with exposed seams. The bracket that was installed was not attached properly and broke off, leaving it in a dangerous state with exposed nails that the tenants' children could easily injure themselves on.



In October 2020 the tenant again requested that the counter be supported and affixed properly but over a year later when these three pictures were taken the repairs had still not been done.

34. Another Minneapolis tenant was forced to live for years with a large hole in her bathroom ceiling after the vent fell out. When she felt she could not take Defendants' lack of repairs anymore she withheld her rent to force them to make repairs—but Defendants filed an eviction action for non-payment of rent on the eve of the COVID-19 pandemic. The tenant took the following photo of her bathroom ceiling with the hole into her attic where a vent once was:



35. The following are additional illustrative complaints tenants made to HavenBrook regarding Defendants' inadequate repairs:

- October 16, 2019: "The stove is sparking and it's very scary. [] This problem has been going on for too long now and when your [sic] send a maintenance guy over, he doesn't solve the problem."
- December 3, 2019: "I have my heat on 78 each night and my house is still cold. I have a window in the kitchen that is too small for the frame and maintenance tells me to stuff my window...what does that mean."
- April 27, 2020: "The shower they fixed [was used] for the 1st time this morning [and I] came down to a puddle of water so whatever they did made it worse."
- June 25, 2020: "Still leaks from tub to basement once again.... Toilet isn't filling up and it needs to be bolted down. Maintenance keeps coming but not fixing the problem."
- June 29, 2020: "The toilets are still running and possibly small boiler leak. I'm still getting high water usage alerts from the city. It was never actually fixed during the first maintenance visits. The last visit was recorded as fixed when in fact it had been adjusted [] but continued to leak after he left."
- July 14, 2020: "the plumbing here is terrible...I have to pour a bucket of water just to flush the toilet[.] I'm sick of it I really hope u don't send the same guy back here because he messes up other things to fix 1 thing[.]"
- July 29, 2020: "This is the third request that I put in regarding the window in my living

room that is still not fixed.... I had two different people come out to look at it and it is still not fixed.”

- December 15, 2020: “I have had this on going issue for roughly two years I have had several people come to my home in regards to the pipes leaking from the upstairs bathroom into the basement. Recently the wall in my bathroom was fixed due to this issue. I am not sure if it leaking will continue to cause problems if it could be fixed that would be great. I just don't want this ongoing issue to become another situation that could be fixed before bigger problems occur. I empty out the buckets every time someone takes a shower in the upstairs bathroom.”
- March 12, 2021: “Yet again, the freezer is beeping that the temperature is low and is flashing the H code in the temp gage.. ... The worker who came out to ‘fix’ our problem yesterday morning did nothing but wipe off the seal and turn down the temp gage [] so we are still experiencing the same issues with the fridge. This is now the third maintenance request I have submitted over this same issue.”
- March 30, 2021: “Bathroom sink leaking water in basement again please fix major leak issue somewhere y’all always coming to fix same thing.”
- May 10, 2021: “My sink is Detaching from the wall in my upstairs bathroom my bar for the towels came out of the wall and I still have this whole in my kitchen floor that’s been there since last year you guys are steady coming out and fixing it but not fixing it.”

36. In 2017 HavenBrook rolled out an online maintenance request form in its tenant portal (where tenants can pay rent and receive messages from Defendants). Although Defendants’ portal has the capability of showing a tenant’s repair request history, they periodically delete the requests so tenants cannot see or prove they have made repeated requests for the same repairs. The following are exemplar messages from tenants complaining about their repair requests being deleted from the portal:

- “the requests that I have submitted in the past have been deleted from the ‘request history’ which brings more worry as well in regards to the professionalism of Havenbrook.”
- “I’ve filled out a 2nd request to have my water heater looked at again. I have no hot water. I sent a 1st request on Monday and noticed it's not among my maintenance requests. Please send someone out to fix the water heater again. It has the same problem as it had when I moved in on 6.28.19.”

- “I don’t see our maintenance request from Thursday, but now our heat is not working at all!! This has become a survival safety issue. Please set this as a urgent request. Please also restore our maintenance history.”
- “We still have no water. Also I am no longer seeing maintenance requests here.”
- “I have put in several request about this fence and I even said that it needs to be replaced it’s really frustrating that no one can respond to my request. I went to the history of maintenance request and there is nothing there. they came out twice to repair the fence and the same thing that they came to repair is the same thing that needs to be replaced AGAIN! Can someone please email me or can you send someone out to repair the fence and do it right instead of coming out and doing a temporary repair. THIS IS REALLY STARTING TO BECOME AN ISSUE!!! [] Oh, can you please send me a copy of all my maintenance request since they all seem to be deleted from the system. Thank you!”
- “All requests are required to be made [on the] resident portal online; however, the portal either does not record or forward requests. The resident portal online shows that ‘no requests have been made’ under request history despite submitting multiple online requests.”

C. Defendants Misrepresent That They Will Be Responsive to Repair Requests and Make Emergency Repairs Immediately.

37. Defendants not only have a statutory obligation to make requested repairs and provide habitable homes but they also affirmatively represent to the public that they provide a responsive and robust repair and maintenance service. For years the HavenBrook website (where tenants go to apply for Defendants’ homes) has claimed to be responsive to tenants and emphasized that emergency repairs will be made quickly. One example is the following statement:

ABOUT HAVENBROOK

HAVENBROOK ADVANTAGE

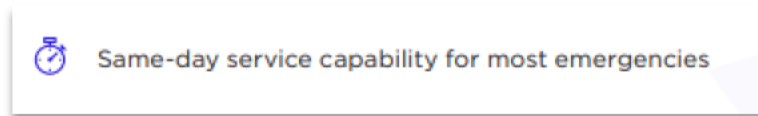
When you choose to rent with HavenBrook Homes you get more than just walls, windows and doors. You get a beautiful home, renovated with quality materials. We employ a talented team of maintenance and repair experts who are available around the clock for emergency repairs. Our Leasing Specialists stand by, ready to help you find a place to call home.

Defendants also promise to send a maintenance person to a tenants’ home at any time in the case of an emergency, including holidays:

Our Promise:

- We provide a dedicated team of property managers, within your area, who are committed to your comfort and who are available to support your home.
- Because maintenance issues inevitably arise for anyone living in a home, our licensed and certified technicians are available in case of emergency seven days a week, including holidays.

Pretium repeats Defendants’ promises that their tenants will receive immediate maintenance for most emergency repairs:

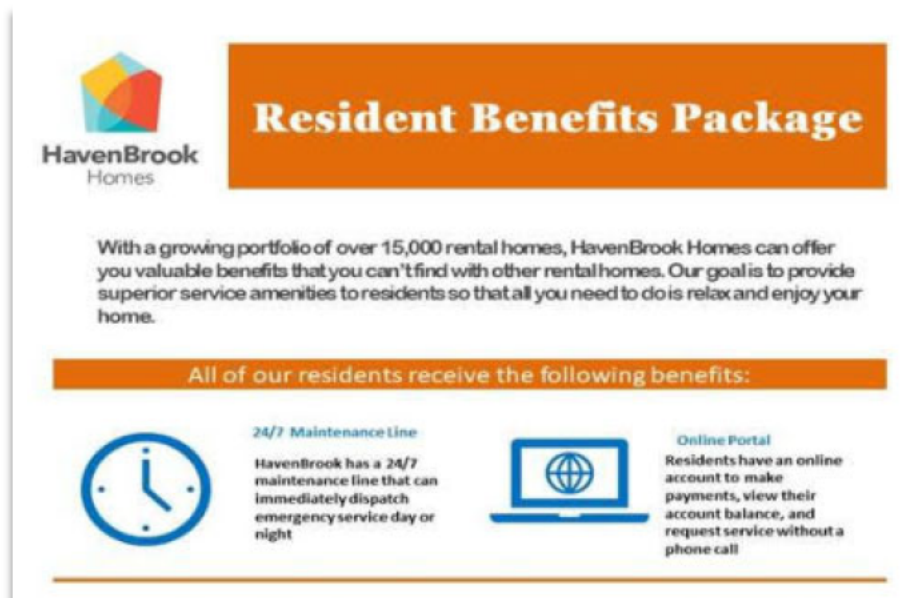


38. Despite advertising themselves as a caring and responsive landlord that jumps to make repairs many of Defendants’ tenants find their landlord to be faceless and apathetic, often leaving them to languish in ill-maintained homes. For example, on December 28, 2019, a tenant in Saint Paul sent the following message to HavenBrook:

Bats in my house have not been able to occupy since 12/22/2019. Please call me at []. I have contacted the local office and corporate office about this issue and I do not feel safe in the home! I have never seen such a blatant disregard for residents and your customers. I would like a copy of my current lease sent to []. I would have sent the lease request to the local office but I never get a response.

39. Another example occurred on January 13, 2020, when a tenant on the north side of Minneapolis told HavenBrook: “My heat keeps going in and out its very cold in here.” Despite their advertising that they send technicians to make emergency repairs the same day, HavenBrook only came to the home to fix the furnace three days later. A few months later the furnace was again broken and the tenant told HavenBrook: “Heat don’t work [and] when it comes on it smells like [something is burning and] it cold in here.” This time HavenBrook took six days to repair the heat. Such delays for emergency repairs are not unusual for tenants renting from Defendants.

40. Defendants also misrepresent that tenants can call and speak to someone who can address their repair needs. For example, they tell tenants that they can call night and day and can speak with someone who can immediately send a maintenance person to their home:



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41. Despite this representation Defendants only allow their tenants to call a third-party call center that cannot send a repair person to their home. Rather, the call center can only make note of the tenant's message and send the message to the HavenBrook location in Roseville. For example, one message the call center sent to HavenBrook in February 2021 states: "Resident calling back regarding the heat being out. This is the 6th request."

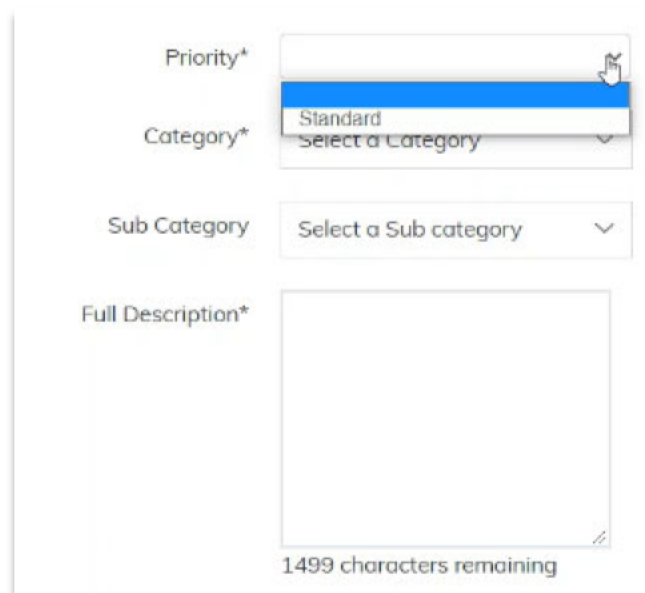
42. As another example, on February 28, 2020, a tenant renting from HavenBrook on the east side of Saint Paul called the purported emergency maintenance phone line and requested that someone repair the heat in the home. The call center sent the following message to HavenBrook: "The resident stated the heat is not working in the home. There is a small toddler of the age of 2 also in the home." Despite the cold weather and the clear urgency of the tenants'

⁶ Defendants promise that "HavenBrook has a 24/7 maintenance line that can immediately dispatch emergency service day or night."

repair request, the call center did not “immediately dispatch emergency service” but rather HavenBrook came to the home *three days later*.

43. Tenants often find that the call center cannot address their maintenance needs. For example, on September 13, 2021, a Bloomington tenant called the maintenance line while a technician was at her home for a plumbing problem. The technician had told her that he could not restore water service because the plumbing repair was only temporary. Worried about not having running water for her family she called the maintenance line to ask why they were not ensuring she had running water. Because the third-party call center has no insight or relationship with the maintenance people the tenant was told that the phone agents cannot address those types of concerns because they can only send maintenance requests.

44. Although Defendants’ tenant portal maintenance page used to provide two options for designating a repair need—“standard” and “emergency”—they subsequently disabled the “emergency” setting so tenants can only choose “standard” as the level of urgency regardless of how much of an emergency it is.



The image shows a screenshot of a web form for reporting a maintenance issue. The form contains the following fields:

- Priority***: A dropdown menu with a blue highlight on the "Standard" option. The text "Select a Category" is visible below the dropdown.
- Category***: A dropdown menu with the text "Select a Category" and a downward arrow.
- Sub Category**: A dropdown menu with the text "Select a Sub category" and a downward arrow.
- Full Description***: A large text area for entering details. Below the text area, it says "1499 characters remaining".

45. Defendants’ advertising that they will quickly make repairs and will even make emergency repairs “seven days a week, including holidays” “day or night,” misrepresents the service Defendants actually provide. In reality Defendants sometimes never make requested repairs or make insufficient repairs, and sometimes do not make emergency repairs for several days or weeks.

D. Defendants’ Repair and Maintenance Neglect Has Escalated Over the Past Several Years and Forced Cities to Take Legal Action.

46. Although Defendants’ tenants have reported a lack of repairs and delays in getting repairs for many years, they have increasingly experienced Defendants refusing to provide the repairs services that they advertise and are required by law to provide. For example, in the five-year period between 2015 and 2020 the City of Minneapolis found 960 health and safety violations (*i.e.*, not nuisance violations like tall grass) in Defendants’ rental homes. After Defendants internalized all leasing and property maintenance (so that they could “control costs”) their per-home health and safety violations skyrocketed. Between March 2020 and January 2022 (only a 21-month period) the City found 951 health and safety violations in Defendants homes, *a 160% increase* in violations-per-year.

47. Defendants’ failure to make timely (or any) repairs and properly maintain their homes affected not only tenants but forced Minnesota cities to expend resources to force the companies to make repairs. In early March 2021 Defendants were notified by the City of Minneapolis that their property on Colfax Avenue had numerous violations of the City’s housing maintenance code, including the home’s supports illegally resting on boards, broken kitchen tiles, and cracked ceilings. The inspector took the following photo in the basement:



The property, where young children lived, also had severely chipping paint on the window sills:



48. More than two months later the City re-inspected the home and observed that not only had the ordered repairs not been made but that there were new violations as well. Defendants were given until June 3, 2021, to comply with the City's health and safety code. After it failed to do so the City filed a Tenant Remedies Complaint against Scott Beck (the property's license holder) to force Defendants to make the urgent and important repairs. Defendants made just enough repairs to close out the City's Orders to correct and make the lawsuit go away but they did

not address the other repair requests the tenant had made. In December 2021, the City returned to the tenant's home and ordered Defendants to remedy *20 additional code violations*.

49. The City of Columbia Heights has also been forced to take action against Defendants for neglecting tenants' health and safety. In 2021 Defendants completely failed to address both tenant and City repair and maintenance concerns. For example, on July 8, 2021, the City of Columbia Heights inspected one property and noted numerous code violations, including a broken egress-window crank (necessary for leaving during an emergency) and broken kitchen tiles. Columbia Heights notified Defendants of the violations but when the City returned to the home on August 17, 2021, then September 16, 2021, then October 14, 2021, then November 1, 2021, and for the last time on December 8, 2021, it discovered that none of the repairs had been made. On December 8, 2021, Columbia Heights notified Scott Beck (who held the rental license on behalf of Defendant Home SFR Borrower LLC) that it would hold a public hearing on January 10, 2022, to determine the status of Defendants' rental licenses given Defendants' repeated failures to make the ordered repairs. Even that did not prompt Defendants to make repairs—on December 29, 2021, the City inspected one last time but no repairs had been made.

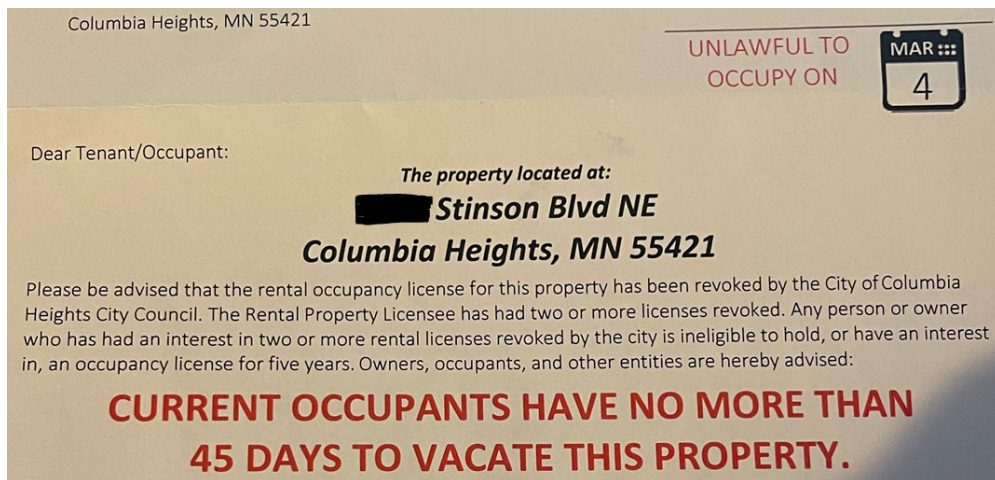
50. On January 10, 2022, the City of Columbia Heights held a city council meeting to determine the status of the property's rental license. No Defendant bothered to show up and the City followed its Code by revoking Defendants' rental license for the property in order to protect the health and safety of its residents. The City followed the same process for two other properties Defendants rented out (which were similarly unrepaired) and revoked two additional properties' licenses on January 10, 2022.

51. Because Defendants had shown consistent unwillingness to provide homes in compliance with the City’s health and safety laws, and pursuant to the City’s code, it revoked the rental license for all 21 of Defendants’ properties in Columbia Heights. The City issued the following statement: “Before the City Council voted on Jan 10 to revoke their rental license, HavenBrook Homes was notified repeatedly about their property violations. The company was made well aware of the consequences of noncompliance, but failed to address the outstanding issues or to inform the tenants of the 21 properties affected under their revoked license.” It added:

[W]e cannot and should not equate affordable housing with unsafe housing. The City follows the property inspection standards set forth in the International Property Maintenance Code, and failure to enforce these standards is to condone dangerous living conditions.

In this particular case, violations that were not corrected in a timely manner included, but were not limited to, missing or broken carbon monoxide detectors and smoke detectors, lack of functioning locks and latches on doors and egress windows, combustible material stored under basement stairs and near the furnace, mold in the kitchen, holes in the walls, illegal bedding in the basement, leaking plumbing, broken windows, and incorrectly installed or poorly maintained electrical wiring. These violations put residents’ lives at risk and shall not be tolerated by the City of Columbia Heights.

52. The City notified all 21 families that their homes were no longer legal rental properties and that they had to move within 45 days by posting the following on their doors:



53. Defendants’ tenants were alarmed and scared at the prospect of living in illegal housing and having to move on short notice. Consistent with their disregard for their tenants, Defendants denied responsibility for their repeated failure to respond to the City (and failure to respond to tenants) and publicly blamed *their tenants*’ “lack of action” as the reason why the City revoked their rental licenses. Defendants’ blame-shifting was especially heartless in the face of their tenants’ enormous stress at being told that their landlord had lost the license to rent out their home and that they had to move out within 45 days, during winter and during a pandemic, despite having done nothing wrong.

54. Columbia Heights is not the only city that has had to take the extraordinary step of revoking Defendants’ rental licenses. The City of Saint Paul has revoked numerous certificates of occupancy held by Defendants and ordered tenants to vacate due to their landlord’s failure to make ordered safety repairs. Like most cities, when the City of Saint Paul revokes a rental license it posts a notice on the door that many tenants find distressing:



Saint Paul has even revoked Defendants’ rental license as recently as January 25, 2022, for their failure to “repair and maintain the damaged structural member” and “repair or replace the unsafe stairway[.]”

III. DEFENDANTS FAIL TO MAKE REPAIRS IN COMPLIANCE WITH MINNESOTA LEAD POISONING PREVENTION LAW.

55. Human exposure to lead is a significant health risk, especially to children because their brains and nervous systems are more sensitive and their growing bodies absorb more lead. Lead is also especially dangerous to developing fetuses—women with high lead levels in their blood before or during pregnancy risk exposing their developing fetus to lead. Fetuses and children exposed to lead can have lifelong neurological and learning deficits and lead exposure has been linked to impulse-control problems later in life. Even small amounts of lead in children have been linked to behavioral issues and reduced IQ.

56. Children of families who struggle to afford healthy food are more susceptible to absorbing lead due to a lack of sufficient iron and calcium which can help prevent lead absorption. According to the Centers for Disease Control there is no safe blood lead level in children.

57. In 1978 the federal government banned the inclusion of lead in residential paint after it was discovered that when it was sanded or chipped it became a pathway for lead to enter the bloodstream of the residents of the home. However, by then millions of homes were coated in it. Currently, homes built before 1940 are more than 80% likely to have lead paint. Homes built between 1940 and 1959, encompassing the post-war housing boom, are currently 69% likely to contain lead paint. These painted surfaces are usually under layers of newer paint. As long as the encapsulating coat of paint remains intact, the older layer of lead-contaminated paint is not a hazard. But when paint deteriorates, or is disturbed by scraping, sanding, or chipping, it becomes dangerous, sometimes insidiously so.

58. Lead chips are visible hazards but lead dust is often not obvious. Lead-paint dust settles on surfaces and objects that people touch and can reenter the air when the home is vacuumed or when people walk through it. Even intact lead-based paint can be hazardous to children if it is in a location that children can chew like stair railings and windowsills.

59. It is not always apparent when children have lead in their bodies—blood tests can sometimes establish whether a child has ingested or inhaled lead-based paint particles. Even asymptomatic blood-lead levels can have negative health outcomes later in life. Unfortunately a child recently exposed to lead can only be diagnosed with lead-poisoning with a blood draw, which prevents the testing of many Minnesota children. Numerous hurdles prevent testing children including families' difficulty in accessing health care, costs, and parental concern for their children's fear of needles and pain.

60. An even worse outcome is failing to catch lead-poisoning when it is detectable in the blood. As lead is absorbed in the body it is stored in the bones. It is only in the blood for a little while after exposure, meaning that someone exposed to dangerous amounts of lead could have their blood test come back negative.

61. Activities that disturb painted surfaces are dangerous given their propensity to generate lead-contaminated paint chips, particles, and dust. This includes most conventional methods of repairing, restoring, or handling lead-painted surfaces such as dry sanding, scraping, grinding, or using intense heat (*i.e.*, torching, burning, and use of heat guns over 1100 °F) without a HEPA filtered dust collection system or a HEPA-filtered vacuum.

62. Windows are of particular concern for lead poisoning. Windows are a building component that move on a regular basis and are subject to repeated friction. Window sills and window troughs are often found to have the highest concentrations of lead dust anywhere in a lead-

contaminated home. As lead paint on window trim, window sills, window tracks, and window troughs deteriorates it can produce lead-contaminated chips, particles, and dust. Given the prevalent use of storm windows and screens in Minnesota, paint on the back sides of windows and on window tracks and troughs tends to be ignored. Deteriorating lead paint in these areas can be both relatively less visible and relatively less accessible, and therefore less likely to be properly maintained. Lead dust accumulating in these areas is also less noticeable and less likely to be cleaned. Lead dust that may be present in these areas is also likely to be disturbed and handled as windows are opened and closed and the window sill or trough is in use.

63. Given the prevalence of lead-based paint in residential rental housing—and in light of the devastating consequences of lead exposure to children—both federal and Minnesota laws require that landlords who disturb lead-based paint in a home take precautions to ensure that the tenants are not exposed to the lead. And because it is so difficult to determine that a tenant, especially a child, has been poisoned by lead it is critical that landlords take proper safety precautions.

64. To protect Minnesota residents the legislature enacted the Lead Poisoning Prevention Act, Minnesota Statutes sections 144.9501 – 144.9512, which required the Commissioner of Health to adopt Lead Poisoning Prevention Rules. The associated Rules implementing the Act were adopted by the Commissioner in 1994 and are at Minnesota Rules 4761.2000 - 2700 (2021). The Act and Rules are collectively referred to herein as “LPPA”.⁷ The

⁷ The federal analog to Minnesota’s LPPA are the Toxic Substances Control Act (TSCA) and the Frank Lautenberg Chemical Safety for the 21st Century Act. And EPA rules require residential property owners and managers to be lead-certified and follow certain practices under the Renovation, Repair, and Painting (RRP) Program in order to perform any renovation, maintenance, and repair work in housing built before 1978. 40 CFR §§ 745.80-745.92. Defendants violate these laws in addition to the LPPA pleaded herein.

LPPA require landlords who make certain types of repairs themselves, like removing window sills, do so in a manner that ensures that their tenants are not exposed to hazardous lead-based paint. Landlords who do not want to undertake the legally required safety precautions can hire a lead-safe certified contractor to make the repairs.

65. Defendants do neither. They routinely perform repairs that disturb paint in their pre-1978 homes without taking precautions to protect their tenants. Defendants themselves perform repairs like removing and replacing windows and window sills, cutting and spackling bedroom walls and ceilings, and renovating baseboards. Indeed, Defendants' employment description for their maintenance technicians includes "window repairs," "drywall repairs," and "trim carpentry" but they do not require their technicians to be lead-safe certified or take lead-safe trainings. Their tenants report that Defendants do not take any lead-hazard reduction measures when performing these repairs like covering the work area or tenants' possessions with plastic sheeting. Defendants also often maintain their homes themselves by scraping interior and exterior walls, ceilings, window sills, interior trim, sand painted and stained surfaces, "wire brush" paint off woodwork, dig out "bad plaster," and cut sections out of walls and ceilings without taking lead-hazard reduction measures.

66. As an example of Defendants' numerous violations of the LPPA, in December 2020 the parents of young children who rented a circa-1952 home from Defendants on the east side of Saint Paul reported that they had many repair needs, including fixing a window that fell out due to wood rot and walls that were cracking with paint falling "off a lot." They also let Defendants know that their "kids will pick up and eat [] any crack[ed] paint on the floor." Instead of sending a lead-certified vendor to make the repairs Defendants came to the home and repaired the window. The companies noted in their database that they: "Scraped and painted half of the basement wall[.]"

The company's maintenance notes do not reflect that any lead-hazard precautions were taken.

67. As another example, in May of 2021 a tenant complained of a broken window and rotted window trim in her home built in 1968. Instead of sending a lead-certified vendor to make the repairs Defendants sent their own employee to the home who performed the following: "I replaced rotted window jamb on middle bedroom window.... I tried repairing broken window pane but the framework is rotted. All bedroom windows should be replaced. There [sic] rotted and a safety hazard if a fire occurred."

68. Another illustrative example occurred in August 2020—after the City of Saint Paul revoked Defendants' rental license for "long-term non-compliance"—Defendants performed the following repairs themselves at a home built in 1915: "replacement of bad trim on front door and rear door handrail as requested....Re-painted window sills and frames from chipped paint. Installed handrail on interior stairs as needed. Repaired hole in siding as needed." In the months prior to the repair, when tenants still resided in the home, the City took the following photo of an example of the peeling paint on the home:



Defendants' maintenance notes do not reflect that any lead-hazard precautions were taken during these or any repairs, which is unsurprising since Defendants do not have a policy of undertaking these repairs in compliance with the LPPA.

69. Defendants' repair policies, practices, and procedures that violate the LPPA automatically violate the Covenants of Habitability, which require landlords "to maintain the premises in compliance with the applicable health and safety laws of the state[.]" It is particularly important that Defendants make repairs in a safe manor given that they only lease out single-family homes that disproportionately house families with children (given their larger size and multiple bedrooms, compared to apartment buildings). When landlords, like Defendants, save money by taking shortcuts that violate the LPPA the result is that children pay the price and end up acting as the community's lead-based paint detectors. Sadly, the City of Minneapolis is currently working on several of Defendants' homes where the tenants were diagnosed with lead-poisoning.

IV. HAVENBROOK TOLD TENANTS TO VACATE THEIR HOMES DURING THE COVID-19 PANDEMIC IN VIOLATION OF THE PEACETIME EMERGENCY EXECUTIVE ORDER.

70. On March 13, 2020, as a result of the emerging COVID-19 pandemic, Minnesota Governor Tim Walz declared a peacetime emergency. On March 23, 2020, Governor Tim Walz used his peacetime emergency powers to issue Emergency Executive Order 20-14, which prohibited landlords from ending tenancies, refusing to renew tenancies, or evicting tenants during the pendency of the Order with only narrow exceptions. As stated by the Governor:

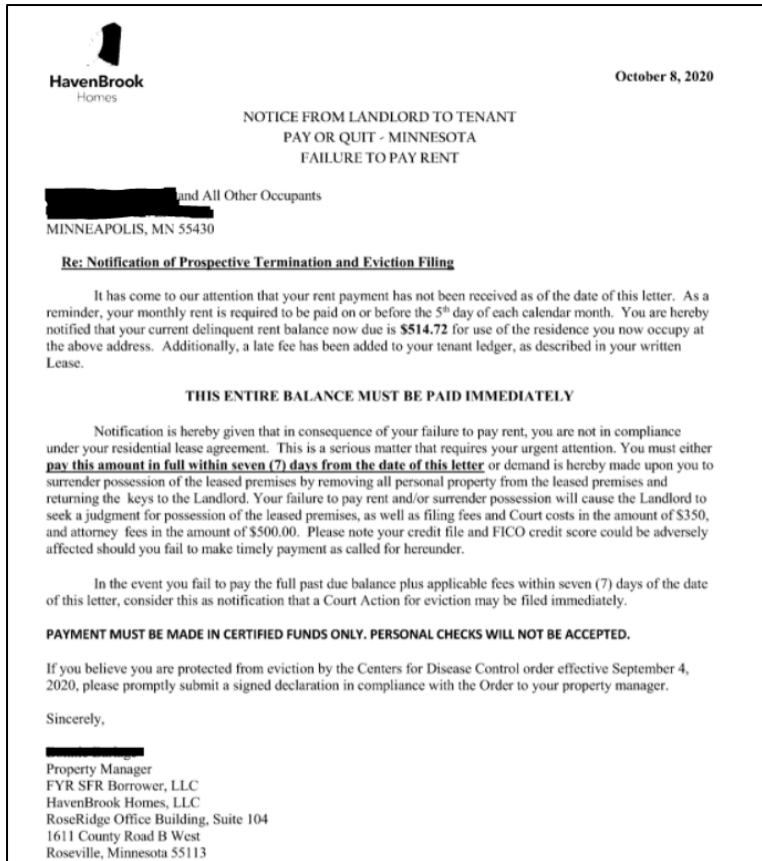
Public health and safety are promoted by stabilizing households which, through no fault of their own, may suddenly have the inability to afford rent. Providing a temporary moratorium on eviction actions allows these households to remain stably housed as they safeguard the health of themselves, their families, and other Minnesotans.

Emergency Executive Order 20-14 ("Order 20-14").

71. On July 14, 2020, Governor Walz modified the protections for tenants and issued Emergency Executive Order 20-79 (Order 20-79), which was effective August 4, 2020, to June 29, 2021. Order 20-79 provided additional narrow exceptions (inapplicable to Defendants) under which landlords could file eviction actions or refuse to renew tenancies during the COVID-19 peacetime emergency but still generally prohibited ending tenancies. The Orders were issued to facilitate the public's health and safety by ensuring that Minnesotans could stay in their homes during the peak of the COVID-19 pandemic when there were no vaccines available and there were little-to-no rent relief funds available for tenants.

72. Under Order 20-79 landlords could not evict tenants, terminate their tenancies, or otherwise tell tenants that they had to move except in narrow circumstances, even if the tenant had not paid rent or the lease had ended. Despite the Order, Defendants maintained their policy to terminate tenancies and not renew leases. Their internal property management manuals for both 2020 and 2021 provide both a form "Notice from Landlord to Tenant – Pay or Quit" and a form "Notice of Intention Not to Renew Lease" for their Minnesota market. Defendants' template notices both falsely tell their tenants that if they do not pay their past-due balance or do not leave when their lease expires then Defendants can and will file an eviction action against them in court.

73. In accordance with their policy and in an attempt to force their tenants to catch up on their rent during the pandemic, Defendants sent their tenants Pay or Quit notices that threatened "in the event you fail to pay the full past due balance plus applicable fees within seven (7) days of the date of this letter, consider this as notification that a Court Action for eviction may be filed immediately." The following is an example of such Pay or Quit notice in violation of Order 20-79:



Defendants’ notice also confusingly referenced the CDC’s eviction moratorium (and its requirement that tenants sign a declaration) instead of Minnesota’s Order 20-79 (which did not require tenants to take any type of action in order to be protected).

74. Also in compliance with their policies, Defendants told numerous tenants that their lease would not be renewed and that they had to “surrender the premises” during the peacetime emergency.⁸ Even more egregiously, Defendants threatened their tenants that if they failed to move out Defendants would evict them *and* harm their credit rating. For example, on October 22, 2020, HavenBrook told a tenant in Minneapolis to move out by December 31, 2020, with the following notice:

⁸ According to news reports, Pretium filed over 1,000 evictions in other states in violation of the CDC’s eviction moratorium. Defendants could not file evictions in Minnesota due to the courts’ practice of restricting eviction-action complaints during the peacetime emergency.

This letter is notice to you that the current Lease/Rental Agreement for the above described premises will expired at midnight on **October 1, 2020** and this lease will not be renewed. No option for month-to-month tenancy is offered at this time. The Lease/Rental Agreement will not be renewed for the following reason(s): **Business Decision**

You are required by law to surrender the premises to **HavenBrook Homes on December 31, 2020**.

Failure to surrender the premises on the date required by law will result in forfeiture of your deposits, proceedings for immediate eviction and could harm your credit rating.

75. As another example, in January 2021 Defendants told a tenant in Cottage Grove that she had to move at the end of her lease in March 2021. She describes how she felt after receiving the notice as follows: they “put me in a very uncomfortable spot, I had to rush and get funds together to move[.] I was stressed out trying to find somewhere to move, it was horrible and I was scared to search for any places because of [COVID-19].”

76. Defendants’ “Pay or Quit” notices and non-renewal notices were blatant violations of Minnesota law and caused their tenants enormous unnecessary stress and hardship during the COVID-19 pandemic.

**COUNT I
PREVENTION OF CONSUMER FRAUD ACT
MINN. STAT. § 325F.69**

77. Plaintiff re-alleges all prior paragraphs of this Complaint.

78. Minnesota Statutes section 325F.69, subdivision 1, states:

The act, use, or employment by any person of any fraud, false pretense, false promise, misrepresentation, misleading statement or deceptive practice, with the intent that others rely thereon in connection with the sale of any merchandise, whether or not any person has in fact been misled, deceived, or damaged thereby, is enjoined as provided in section 325F.70.

79. The term “merchandise” within the meaning of Minnesota Statutes section 325F.69 includes services and real estate, including the sale of residential rental services. Minn. Stat. § 325F.68, subd. 2 (2021).

80. Defendants repeatedly violated Minnesota Statutes section 325F.69, subdivision 1, by engaging in fraud, false pretenses, false promises, misrepresentation, misleading statements, and deceptive practices, as described in this Complaint, with the intent that others rely thereon in connection with their provision of rental housing. Among other things, those practices include representing to rental applicants that Defendants will (a) quickly make repairs, (b) make emergency repairs the same day, and (c) will make emergency repairs on holidays; in reality Defendants often ignore repair requests or refuse to timely make the repair.

81. Defendants' practices in violation of section 325F.69, subdivision 1, also include representing to tenants that when they request a repair they can speak with someone who can address their repair and send a maintenance person to their home at any time of day or night when in reality the person who takes the call can only take a message and send it to Defendants.

82. Additional practices in violation of section 325F.69, subdivision 1, were Defendants' representations to their tenants (a) that they were required to surrender their homes to Defendants during the peacetime emergency, (b) that Defendants could evict tenants for non-payment of rent, (c) that they must comply with the Center for Disease Control's rule requiring tenants to execute a declaration in order to be protected from eviction; in reality Executive Order 20-79 permitted tenants to remain in their home and halted Defendants' ability to file eviction actions for non-payment of rent regardless of whether they executed a declaration or not.

83. Defendants jointly participated in the wrongdoing at issue and all are jointly and severally liable for their multiple separate violations of section 325F.69.

COUNT II
UNIFORM DECEPTIVE TRADE PRACTICES ACT
MINN. STAT. § 325D.44

84. Plaintiff re-alleges all prior paragraphs of this Complaint.

85. Minnesota Statutes section 325D.44, subdivision 1, states:

A person engages in a deceptive trade practice when, in the course of business, vocation, or occupation, the person:

(2) causes likelihood of confusion or of misunderstanding as to the source, sponsorship, approval, or certification of goods or services;

(5) represents that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that the person does not have;

(7) represents that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another;

(13) engages in any other conduct which similarly creates a likelihood of confusion or of misunderstanding.

86. Defendants have repeatedly violated Minnesota Statutes section 325D.44, subdivision 1, by engaging in the deceptive and fraudulent conduct described in this Complaint with respect to the rental of residential properties. Those deceptive acts and practices include, but are not limited to:

- a) Representing that Defendants will respond to repair requests when they routinely fail to respond or respond only after repeated requests by their tenants;
- b) Representing that Defendants will make emergency repairs the same day a tenant requests them, seven days a week and even on a holiday, when they routinely respond only after several days or weeks;

- c) Representing that Defendants' tenants can call Defendants with a repair request and speak with someone who can address their repair need and send a repair person to their house at any time of day every day of the year, when Defendants only permit tenants to call a call center that only takes messages for Defendants and does not send a repair person to the home;
- d) Representing to tenants that they had to surrender their homes to Defendants during the peacetime emergency when Minnesota law permitted tenants to remain in possession of their home;
- e) Representing to tenants that they must comply with the Center for Disease Control's rule requiring tenants to execute a declaration in order to be protected from eviction when Minnesota law did not require a declaration; and
- f) Representing to tenants that Defendants could file an eviction action in court for non-payment of rent when Defendants could not.

87. Defendants jointly participated in the wrongdoing at issue and all are jointly and severally liable for their multiple separate violations of section 325D.44, subdivision 1.

**COUNT III
COVENANTS OF LANDLORD
MINN. STAT. § 504B.161**

88. Plaintiff re-alleges all prior paragraphs of this Complaint.

89. Minnesota Statutes section 504B.161, subdivision 1(a), states:

In every lease or license of residential premises, the landlord or licensor covenants:

(1) that the premises and all common areas are fit for the use intended by the parties;

(2) to keep the premises in reasonable repair during the term of the lease or license, except when the disrepair has been caused by the willful, malicious, or irresponsible conduct of the tenant or licensee or a person under the direction or control of the tenant or licensee; [and]

(4) to maintain the premises in compliance with the applicable health and safety laws of the state, and of the local units of government where the premises are located during the term of the lease or license, except when violation of the health and safety laws has been caused by the willful, malicious, or irresponsible conduct of the tenant or licensee or a person under the direction or control of the tenant or licensee.

90. Minnesota Statutes section 504B.161, subdivision 1(b), states that “[t]he parties to a lease or license of residential premises may not waive or modify the covenants [of habitability] imposed by this section.”

91. Defendants’ conduct, practices, and actions described in this Complaint constitute multiple separate violations of Minnesota Statutes section 504B.161, subdivision 1(a), section (2). Among other things, Defendants’ failure to make repairs, failure to make timely repairs, failure to make adequate repairs, and failure to make lead-safe repairs violates their unwaivable duty to keep their premises in reasonable repair.

92. Additionally, Defendants’ conduct, practices, and actions described in this Complaint constitute multiple separate violations of Minnesota Statutes section 504B.161, subdivision 1(a), section (4). Among other things, Defendants’ failure to take applicable precautions required under Minnesota’s Lead Poisoning Prevention Act, Rule 4761.2640, when making repairs and renovating their homes by removing building components with painted surfaces greater than six-square-feet in pre-1978 homes, violates their duties to maintain their rental homes in compliance with the health and safety laws of the state.

93. Additionally, Defendants’ conduct, practices, and actions described in this Complaint constitute multiple separate violations of Minnesota Statutes section 504B.161, subdivision 1(a), section (1). Defendants’ failure to retain their rental licenses violates their duties to keep their premises fit for the use intended by the parties, including fit for the use of residential rental homes.

94. Defendants jointly participated in the wrongdoing at issue and all are jointly and severally liable for their multiple separate violations of section 504B.161.

COUNT IV
MODIFYING THE SUSPENSION OF EVICTIONS AND WRITS OF RECOVERY
DURING THE COVID-19 PEACETIME EMERGENCY
EMERGENCY EXECUTIVE ORDER 20-79

95. Plaintiff re-alleges all prior paragraphs of this Complaint.

96. Paragraph 3 of Emergency Executive Order 20-79 provides: “Residential landlords must not issue notices of termination of lease or nonrenewal of lease or terminate residential leases during the pendency of the peacetime emergency unless the termination or nonrenewal is based upon one of the grounds permitted by paragraph 2.” Paragraph 2 provides, among other exceptions inapplicable here, that landlords may not renew and may terminate leases where the tenant engages in certain dangerous activities.

97. Defendants are residential landlords as the term is used by Executive Order 20-79.

98. Defendants’ conduct, practices, and actions described in this Complaint constitute multiple separate violations of Executive Order 20-79. Such conduct includes, among other things, Defendants’ notices to tenants that their lease would not be renewed and that the tenants had to vacate their homes during the peacetime emergency when the nonrenewal was not based upon one of the grounds permitted by paragraph 2. Additionally, such conduct includes Defendants’ notices to tenants that they had to surrender possession of their home to Defendants if they did not pay their rent during the peacetime emergency.

99. The violations of Order 20-79 occurred prior to Pretium’s acquisition of Front Yard Residential; however, Pretium continued the conduct in violation of the Order. Defendants jointly participated in the wrongdoing at issue and all are jointly and severally liable for their multiple separate violations of Executive Order 20-79.

PRAYER FOR RELIEF

WHEREFORE, the State of Minnesota, by its Attorney General, Keith Ellison, respectfully asks this Court to award judgment against Defendants as follows:

1. Declaring that Defendants' actions, as set forth above, constitute multiple, separate violations of Minnesota Statutes section 325F.69, subdivision 1; Minnesota Statutes section 325D.44, subdivision 1; Minnesota Statutes section 504B.161, subdivision 1(a); and Emergency Executive Order 20-79.

2. Enjoining Defendants and their employees, officers, directors, agents, successors, assignees, affiliates, merged or acquired predecessors, parents or controlling entities, subsidiaries, and all other persons acting in concert or participation with them, from engaging in deceptive practices and making false, misleading, or confusing statements in violation of Minnesota Statutes sections 325F.69, subdivision 1, and 325D.44, subdivision 1;

3. Enjoining Defendants and their employees, officers, directors, agents, successors, assignees, affiliates, merged or acquired predecessors, parents or controlling entities, subsidiaries, and all other persons acting in concert or participation with them, from failing to comply with the Covenants of Habitability in violation of Minnesota Statutes section 504B.161, subdivision 1(a);

4. Enjoining Defendants and their employees, officers, directors, agents, successors, assignees, affiliates, merged or acquired predecessors, parents or controlling entities, subsidiaries, and all other persons acting in concert or participation with them, from engaging in activities in violation of Minnesota's Lead Poisoning Prevention Act, Rule 4761.2640.

5. Awarding judgment against Defendants for restitution under the *parens patriae* doctrine, the general equitable powers of this Court, Minnesota Statutes section 8.31, and any other authority, for all persons harmed by Defendants' acts as described in this Complaint;

6. Awarding judgment against Defendants for civil penalties pursuant to Minnesota Statutes section 8.31, subdivision 3, for each separate violation of Minnesota Statutes sections 325F.69, 325D.44, 504B.161, and Emergency Executive Order 20-79;

7. Awarding the State of Minnesota its costs, including litigation costs, costs of investigation, and attorneys' fees, as authorized by Minnesota Statutes section 8.31, subdivision 3(a); and

8. Granting such further relief as provided by law or equity or as the Court deems appropriate and just.

Dated: February 10, 2022

KEITH ELLISON
Attorney General
State of Minnesota

/s/ Katherine Kelly
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Attorneys for Plaintiff, State of Minnesota

MINN. STAT. § 549.211 ACKNOWLEDGMENT

The party on whose behalf the attached document is served acknowledges through its undersigned counsel that sanctions, including reasonable attorney fees and other expenses, may be awarded to the opposite party or parties pursuant to Minn. Stat. § 549.211 (2021).

/s/ Katherine Kelly
KATHERINE KELLY