

STATE OF MINNESOTA
COUNTY OF RAMSEY

DISTRICT COURT
SECOND JUDICIAL DISTRICT

Case Type: Other Civil
(Consumer Protection)

Court File No. 62-CV-23-1273

In the Matter of Housing Hub, LLC.

**ASSURANCE OF
DISCONTINUANCE**

WHEREAS, this Assurance of Discontinuance (“Assurance”) is entered into pursuant to Minnesota Statutes section 8.31, subdivision 2b, between the State of Minnesota, through its Attorney General, Keith Ellison (“Attorney General”), and Housing Hub, LLC (“Housing Hub”);

WHEREAS, Housing Hub is a Minnesota property management company and landlord, which has a principal place of business at 351 Kellogg Boulevard East, St. Paul, Minnesota 55101;

WHEREAS, Housing Hub leases housing units to residential tenants in Minnesota;

WHEREAS, the Attorney General alleges that Housing Hub violated Minnesota Statutes section 504B.178 in its provision of residential rental services by withholding from tenants’ security deposits amounts greater than reasonably necessary to restore the premises to their condition at the commencement of the tenancy, ordinary wear and tear excepted;

WHEREAS, the Attorney General alleges that the above-described alleged conduct violates Minnesota Statutes section 504B.178;

WHEREAS, the Attorney General has authority to enforce Minnesota’s laws relating to unfair, discriminatory, and other unlawful practices in business, commerce, or trade, including but not limited to Minnesota Statutes section 504B.178;

WHEREAS, Minnesota Statutes section 8.31, subdivision 2b, vests the Attorney General with authority to accept an assurance of discontinuance to resolve investigations, and such assurance may include a stipulation for performance or remedies provided by section 8.31, and violation of such an assurance is punishable as contempt;

WHEREAS, the Attorney General and Housing Hub (collectively, the “Parties”) desire to fully resolve this matter by Assurance;

WHEREAS, pursuant to Minnesota Statutes section 8.31, subdivision 2b, “[a]n assurance shall not be considered an admission of a violation for any purpose”;

NOW THEREFORE, the Attorney General and Housing Hub hereby agree to entry of an order with the following terms and conditions:

DEFINITIONS

1. “Housing Hub” means Housing Hub, LLC, and includes its principals, officers, directors, employees, agents, independent contractors, affiliates, subsidiaries, and successors, as well as other persons in active concert or participation with Housing Hub.

2. “Residential tenant” or “tenant” means a person defined as a “residential tenant” under Minnesota Statutes section 504B.001, subdivision 12, who has leased or is leasing a housing unit in Minnesota for which Housing Hub is the landlord, as defined in Minnesota Statutes section 504B.001, subdivision 7, including but not limited to any housing unit for which Housing Hub acted or acts as property manager.

3. The term “ordinary wear and tear” has the same meaning as used in Minnesota Statutes section 504B.178, subdivision 3(b)(2).

REPRESENTATIONS

4. On March 13, Housing Hub provided the Attorney General with a sworn affidavit attaching a list of its tenants from whom it collected from their security deposits amounts for carpet

cleaning, replacing batteries, lightbulbs, or filters. Housing Hub represents and warrants that the list is a complete and accurate list of all tenants from whom Housing Hub withheld such amounts since August 1, 2016 and that the listed amounts withheld are accurate. The Attorney General relies upon Housing Hub's representations and warranties in its investigation and resolution of this matter.

INJUNCTIVE RELIEF

5. Housing Hub, including its principals, officers, directors, managers, employees, agents, independent contractors, affiliates, subsidiaries, and successors, as well as other persons in active concert or participation with Housing Hub who receive actual notice of this order, shall comply with the following permanent injunctive terms and provisions:

6. Housing Hub shall remove from its residential leases any requirements that its tenants obtain or pay for professional carpet cleaning, or any substantially similar service, for any reason other than remedying damage beyond ordinary wear and tear. In addition, Housing Hub shall cease any representations to tenants regarding the same, including, but not limited to, in its "Guidelines for Cleaning When Vacating" document.

7. Housing Hub shall not withhold from tenants' security deposits amounts for carpet cleaning, unless it is due to damage to the home beyond ordinary wear and tear.

8. Housing Hub shall, no later than fifteen (15) days after the date on which the Court signs this Assurance, notify all current tenants in writing that the move out requirements and security deposit procedures have changed, and that going forward: (1) the carpet cleaning requirement in their leases or otherwise communicated is void and the tenants have no obligation to pay for or otherwise procure professional carpet cleaning services unless the unit is damaged beyond ordinary wear and tear upon move-out, (2) tenants are not required to replace batteries, lightbulbs, or filters, and (3) Housing Hub will conduct an inspection and provide photographic or

other evidence to the tenant if it believes the unit requires professional carpet cleaning to restore the premises to its condition at the commencement of the tenancy, ordinary wear and tear excepted.

9. In the event Housing Hub withholds from tenants' security deposits amounts to clean a unit, Housing Hub shall conduct an inspection and provide to the tenant along with its security deposit disposition letter a notice that Housing Hub will, upon request within a reasonable amount of time no greater than twenty one (21) calendar days, provide photographic evidence supporting its determination, or other evidence sufficient to establish, that the unit required professional cleaning to restore the premises to its condition at the commencement of the tenancy, ordinary wear and tear excepted.

10. Housing Hub shall not withhold from tenants' security deposits amounts for replacing batteries, lightbulbs, or filters, unless the items are damaged beyond ordinary wear and tear.

11. Housing Hub shall not represent to tenants that they are required to leave the property in its original condition or return the property to its condition at the commencement of the tenancy, or that tenants are required to take apart windows, vents, and light fixtures to clean them properly in order to receive a full return of their security deposit plus interest.

12. Housing Hub shall not represent to tenants that it is permitted to charge for anything it is enjoined from charging.

13. Housing Hub shall fulfill the terms of this Assurance, and all of its parents, subsidiaries, affiliates, and successors shall be bound by this Assurance as if they had signed this Assurance. Housing Hub shall not affect any change in its form of doing business, organizational identity, organizational structure, affiliations, ownership, or management composition as a method or means of attempting to avoid the requirements of this Assurance.

MONETARY PAYMENT

14. Housing Hub shall pay to the Attorney General the sum of \$63,000.00 (the “Settlement Sum”) pursuant to Minnesota Statutes section 8.31, no later than thirty (30) calendar days after the date on which the Court enters this Assurance. All or some of the Settlement Sum may be used for restitution, which may be distributed by the Attorney General in his sole discretion pursuant to Minnesota Statutes section 8.31 to tenants from whom Housing Hub withheld from their security deposits amounts for carpet cleaning, and/or replacing batteries, lightbulbs, or filters between August 1, 2016 and December 31, 2022.

15. The Settlement Sum may also be used for settlement administration expenses, including payment to a settlement administrator, to assist with the distribution of restitution. For the purposes of Internal Revenue Service Form 1098-F (Fines, Penalties, and Other Amounts), \$38,000.00 of the Settlement Sum shall be considered the “Restitution/remediation amount.” Any funds not used for restitution or settlement administration shall be deposited in the State’s general fund pursuant to Minnesota Statutes sections 8.31 and 16A.161.

16. If, after execution of this Assurance, the Attorney General learns that Housing Hub withheld amounts for carpet cleaning, replacement of batteries, lightbulbs, or filters from Minnesota tenants not previously disclosed to the Attorney General, the Attorney General shall provide Housing Hub written notice of those tenants pursuant to Paragraph 36 and give Housing Hub five (5) business days to provide a refund of the previously undisclosed amount directly to the tenant with certification to the Attorney General. Failure to comply with this Paragraph in any respect shall be a violation of the Assurance for the purposes of Paragraph 17. Inadvertent failure to provide an accurate list shall not trigger application of the Stayed Civil Penalty in Paragraph 17 as long as Housing Hub promptly cures such failure pursuant to this Assurance.

STAYED CIVIL PENALTY

17. Housing Hub shall pay a stayed civil penalty of \$25,000 to the State of Minnesota upon application to the Court, with an opportunity for Housing Hub to respond to such application, and a finding by the Court indicating that Housing Hub has violated any of the terms of this Assurance and Order. The release in Paragraph 19 does not prevent the Attorney General from moving for, or collecting, the stayed civil penalty described in this Paragraph.

GENERAL TERMS

18. Nothing in this Assurance shall relieve Housing Hub of its obligation to comply with all applicable state, county, city, and federal laws and regulations.

19. In consideration of the stipulated relief and contingent upon the Court's entry of this Assurance and Order, the Attorney General, by execution of this Assurance, hereby fully and completely releases Housing Hub of any and all claims of the Attorney General under Minnesota Statutes section 504B.178 connected with or arising out of the allegations contained in this Assurance, up to and including the date of this Assurance. The Attorney General through this Assurance does not settle, release, or resolve any claim against Housing Hub or any other person or entity involving any private causes of action, claims, and remedies, including, but not limited to, private causes of action, claims, or remedies provided for under Minnesota Statutes section 8.31. This release does not apply in any way to claims of any other Minnesota state agency, department, official, or division.

20. This Assurance may be executed in counterparts, each of which constitutes an original, and all of which shall constitute one and the same agreement. This Assurance may be executed by facsimile or electronic copy in any image format.

21. The person signing this Assurance for Housing Hub warrants that Housing Hub has authorized the person to execute this Assurance, that Housing Hub has been fully advised by its

counsel before entering into the Assurance, and that he or she executes this Assurance in an official capacity that binds Housing Hub and its successors.

22. This Assurance constitutes the full and complete terms of the agreement entered into by Housing Hub and the Attorney General.

23. The Parties agree that this Assurance, including any issues related to interpretation or enforcement, shall be governed by the laws of the State of Minnesota.

24. The Ramsey County District Court shall retain jurisdiction of this matter for purposes of enforcing this Assurance. The Attorney General may make such application as appropriate to enforce or interpret the provisions of this Assurance or, in the alternative, maintain any action within his legal authority for such other and further relief as he determines is proper and necessary for the enforcement of this Assurance. The parties agree that, in any action brought by the Attorney General to enforce the terms of this Assurance, the Court shall have the authority to award equitable relief, including specific performance.

25. The failure of a party to exercise any rights under this Assurance shall not be deemed to be a waiver of any right or any future rights.

26. Nothing in this Assurance shall be construed to limit the power or authority of the State of Minnesota or the Attorney General except as expressly set forth herein.

27. Each of the parties is represented by counsel, participated in the drafting of this Assurance, and agrees that the Assurance's terms may not be construed against or in favor of any of the parties by virtue of draftsmanship.

28. Each party shall perform such further acts and execute and deliver such further documents as may reasonably be necessary to carry out this Assurance.

29. The facts alleged in this Assurance establish all elements necessary to sustain an action by the Attorney General pursuant to section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Assurance will have collateral estoppel effect for such purposes.

30. Housing Hub understands that if a Court of competent jurisdiction holds that Housing Hub has committed a violation of this Assurance, that such violation may be enforced through contempt proceedings under Minnesota Statutes section 8.31, subdivision 2b, and that the Attorney General may thereafter, in his sole discretion, initiate legal proceedings against Housing Hub for contempt and/or the Stayed Civil Penalty in Paragraph 17.

31. Housing Hub agrees that the Stayed Civil Penalty in Paragraph 17 of this Assurance, if imposed by any court, represents a civil penalty owed to the State of Minnesota, is not compensation for actual pecuniary loss, and, therefore, is not subject to discharge under the Bankruptcy Code pursuant to 11 U.S.C. § 523(a)(7).

32. On or before executing this Assurance, Housing Hub shall provide the Attorney General its taxpayer identification number (TIN). Housing Hub understands that it may be subject to a penalty if it fails to provide the Attorney General with its TIN pursuant to 26 C.F.R. 6723, 26 C.F.R. 6724(d)(3), and 26 C.F.R. 301.6723-1. Housing Hub shall also cooperate in the Attorney General's Office's completion of Internal Revenue Service Form 1098-F by providing the Attorney General, within seven days of a request, any additional necessary information requested by the Attorney General.

33. Housing Hub shall notify its principals, officers, directors, agents, employees, affiliates, subsidiaries, and successors, and any other person in active concert or participation with the company of the obligations, duties, and responsibilities imposed on them by this Assurance.

34. Housing Hub shall not state or imply, directly or indirectly, that the State of Minnesota or the Attorney General have approved of, condoned, or agree with any conduct or actions by Housing Hub.

35. Housing Hub agrees that the Attorney General, without further notice to Housing Hub, may file this executed Assurance with the Ramsey County District Court on an *ex parte* basis, and that the Court may issue the Order below without further proceedings.

36. Service of notices required by this Assurance shall be served on the following persons, or any person subsequently designated by the parties to receive such notices:

Evan Romanoff, Assistant Attorney General
Office of the Minnesota Attorney General
evan.romanoff@ag.state.mn.us
445 Minnesota Street, Suite 1200
St. Paul, Minnesota 55101

Housing Hub, LLC
c/o Mary Young, Esq.
Norton Rose Fulbright
mary.young@nortonrosefulbright.com
RBC Plaza
60 South Sixth Street, Suite 3100
Minneapolis, MN 55402

KEITH ELLISON
Attorney General
State of Minnesota

Date: March 13, 2023

By: /s/ Evan Romanoff
EVAN ROMANOFF
Assistant Attorney General

KATHERINE T. KELLY
Assistant Attorney General

HOUSING HUB, LLC

Date: 3-13-23

By: 
Joe Collins
Housing Hub

ORDER

Having reviewed the terms of the foregoing Assurance of Discontinuance, which is incorporated herein by reference, and which the Court finds reasonable and appropriate, it is SO ORDERED.

Date: _____

JUDGE OF DISTRICT COURT

THERE BEING NO CAUSE FOR FURTHER DELAY, LET JUDGMENT BE ENTERED IMMEDIATELY.