

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF STEARNS

SEVENTH JUDICIAL DISTRICT  
Case Type: OTHER CIVIL

Marcie Knox, Cheryl Skaj, Janet Eich, and  
Bradley Bandas, individually and on behalf  
of all others similarly situated,

Case No.

Plaintiffs,

**CLASS-ACTION COMPLAINT**

v.

**JURY TRIAL DEMANDED**

Impact MHC Management, LLC; Impact  
Communities, LLC; Sartell MHP, LLC;  
Sartell MHP 2, LLC; Gemstone  
Communities, LLC; Sartell MHC, LLC;  
David Reynolds; and Frank Rolfe,

Defendants.

**INTRODUCTION**

1. Class Plaintiffs, residents of the Sartell Mobile Home Park (“SMH Park”) had few complaints about SMH Park until Defendants David Reynolds and Frank Rolfe bought it in 2014. Then, rents started rising significantly and repeatedly, water bills became outrageous and random, amenities vanished, residents who complained faced retaliation and, worst of all, health and safety concerns as the SMH Park began to seriously deteriorate.

2. The tightknit community of residents of SMH Park banded together and attempted to form a residents’ association, only to be met with petty violations of community rules, intimidation, and eviction threats. When those threats did not work,

the owners concocted a lie, falsely informing each resident that state law required them to re-sign their leases, while failing to disclose that the new leases presented to them were not identical to their current leases and instead contained new, illegal, and more restrictive terms.

3. Unfortunately, this is par for the course for parks owned by Defendants David Reynolds and his partner Frank Rolfe. Defendants Reynolds and Rolfe own and operate parks through corporate entities including RV Horizons, Inc., Impact Communities, and Impact MHC Management, LLC. They also run a training course on how to get rich quick by preying on the low-income veterans, seniors, and persons with disabilities who live in manufactured housing parks. Their M.O.: squeeze residents with unfair fees and costs without proper notice; impose unreasonable, onerous, and ridiculous rules that can be used later against the residents; and strip all amenities not necessary for survival.

4. As a result of Defendants' abusive strategies, SMH Park is no longer habitable, with raw sewage spewing into residents' houses, and health and safety violations abounding.

5. Impact installed inaccurate water meters that over-calculate the amount of water residents actually use. As a result, residents are forced to pay costly and capricious bills for water they did not use, or face eviction.

6. The owners retaliate whenever a SMH Park resident leader speaks up, bringing meritless eviction actions against community leaders. Incredibly, the owners

brought eviction actions even at times when they did not have the required licenses to operate SMH Park.

7. Enough is enough. Plaintiffs bring this class action to protect their rights and to get a responsible property owner who will maintain SMH Park according to this State's laws, rather than owners who do not care about their residents and disregard basic health and safety laws.

## **PARTIES AND JURISDICTION**

### **THE SMH PARK RESIDENTS**

8. Plaintiff Cheryl Skaj is a SMH Park resident living at 187 Lowell Lane, Sartell, Minnesota 56377. Ms. Skaj has been a resident of SMH Park since 2013.

9. Plaintiff Marcie Knox (formerly Marcie Santos) is a SMH Park resident living at 5 Lowell Circle, Sartell, Minnesota 56377. Ms. Knox signed her lease agreement with SMH Park on November 30, 2017.

10. Plaintiff Bradley Bandas is a SMH Park resident living at 328 Sunset Avenue, Sartell, Minnesota 56377. Mr. Bandas has been a resident of SMH Park since 2018. Mr. Bandas was formerly a maintenance worker with SMH Park until he was terminated in October 2019.

11. Plaintiff Janet Eich is a SMH Park resident living at 133 Hi Vue Drive, Sartell, Minnesota 56377. Ms. Eich signed her lease agreement with SMH Park on October 26, 2009.

### THE DEFENDANTS

12. Defendant Impact Communities, LLC (“Impact”) is a Delaware limited liability company with its principal place of business at 110 NW 2nd Street, Cedaredge, Colorado 81413. Upon information and belief, Impact owned SMH Park from 2018, when it bought it from RV Solutions, until it sold it to Gemstone Communities in June 2024.

13. Defendant Impact MHC Management, LLC (“Impact MHC”) is a Wyoming limited liability company with its principal place of business at 110 NW 2nd Street, Cedaredge, Colorado 81413. Impact MHC also uses the trade name, “Impact Communities.” Upon information and belief, Impact MHC, LLC manages SMH Park.

14. Defendant Sartell MHP, LLC is a Delaware limited liability company with its principal place of business at 106 2nd Street, Sartell, Minnesota 56377. Upon information and belief, Defendant Sartell MHP, LLC operated SMH Park from January 2014 until replaced in that role by Defendant Sartell MHP 2, LLC.

15. Defendant Sartell MHP 2, LLC is a Delaware limited liability company with its principal place of business at 106 2nd Street, Sartell, Minnesota 56377. Defendant Sartell MHP 2, LLC was formed in Delaware on October 13, 2023 and upon information and belief, operated SMH Park from January 19, 2024 until SMH Park was sold to Gemstone Communities, LLC. In communications sent to SMH Park residents, the names “Impact Communities,” “Sartell MHP,” “Sartell MHP, LLC,” and “Sartell MHP 2, LLC” all appear on the notices.

16. Impact, Impact MHC, Sartell MHP, LLC, and Sartell MHP 2, LLC are referred to collectively herein as the “Impact Defendants.”

17. Defendant Gemstone Communities, LLC (“Gemstone”) purchased SMH Park in approximately June 2024 through a special-purpose subsidiary, Sartell MHC, LLC, which also operates the SMH Park. Gemstone Communities, LLC and Sartell MHC, LLC are both Michigan limited liability corporations with principal places of business in Royal Oak, Michigan.

18. The Impact Defendants, Gemstone, and Defendant Sartell MHC, LLC are collectively referred to herein as “Park Defendants.” Because the alleged behavior continued and continues under the successor entities, Park Defendants are jointly and severally liable for the damages alleged herein.

19. Defendant David Reynolds is a resident of Colorado. He is the president and co-owner of Impact MHC Management, which, upon information and belief, owned SMH Park through subsidiary LLCs beginning in 2018. He also co-owns Mobile Home University (MHU) with Defendant Frank Rolfe. MHU also has an online forum which contains many questions directed at buying, owning, and operating manufactured home parks in Minnesota.

20. Defendant Frank Rolfe is a resident of Colorado. Upon information and belief, he is a co-owner of Impact MHC Management, which, upon information and belief, owned SMH Park through subsidiary LLCs beginning in 2018. He also co-owns MHU with Defendant David Reynolds. MHU also has an online forum which contains many questions directed at buying, owning, and operating manufactured home parks in Minnesota.

21. Park Defendants, Reynolds, and Rolfe are collectively referred to herein as “Defendants.”

### JURISDICTION AND VENUE

22. This Court has personal jurisdiction over Defendants because Defendants either conduct business in Minnesota, direct business into Minnesota, own property in Minnesota, employ persons in Minnesota, contract with agents in Minnesota, have continuous and systematic contacts with Minnesota, have consented to service in Minnesota, have filed lawsuits in Minnesota, and/or have committed and continue to commit the unlawful acts alleged in this Complaint which cause injury to Minnesota residents and citizens.

23. Venue is proper in Stearns County under Minn. Stat. § 542.09 because (1) the cause of action arose in Stearns County at SMH Park in the City of Sartell, Minnesota, and (2) Stearns County is where one or more Defendants reside at the time this action begins.

### **FACTS**

#### **I. THE SARTELL MOBILE HOME PARK**

24. Mobile or manufactured homes are a key source of affordable housing in America. The average cost of a mobile home is \$108,100. By comparison, the average price of a single-family home is \$365,900.<sup>1</sup> Historically, mobile home communities began to crop up because of government surplus in the wake of World War II. The number of both

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<sup>1</sup> <https://www.newamerica.org/future-land-housing/blog/climate-change-and-corporate-buyups/>

parks and homes has been relatively steady in recent decades however, as restrictive zoning, and the upfront cost of building new parks has limited growth. While this created a situation ripe for exploitation as is detailed herein, it also created a sense of community.

25. SMH Park is located in Sartell, Minnesota, just north of St. Cloud. The Mississippi River runs through the city of Sartell and along the eastern edge of SMH Park.

26. SMH Park, previously known as Hi-Vue Estates, had been a longstanding and close-knit community. Formed in 1971 as Hi-Vue Estates, SMH Park was owned and operated by the same company from 1978 until 2014.<sup>2</sup>

27. Sartell is a poor city. According to the Census Bureau, the median household income is 12% lower than average for Minnesota and educational attainment is 25% lower. Home ownership is far rarer in Sartell than the rest of Minnesota (57.5% to 72.1%).

28. In 2014, after two generations of residents grew up in the community, SMH Park was purchased by RV Horizons, Inc., a company owned and operated by Defendants Reynolds and Rolfe, through a special-purpose subsidiary, Defendant Sartell MHP, LLC.

29. RV Horizons, Inc. tried to sell SMH Park in 2016 to turn a quick profit.

30. In response, the SMH Park community did what it has always done as a close-knit community – they banded together to try to buy the land.<sup>3</sup> After months of

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<sup>2</sup> Stearns County Property records, accessible at <https://gis.co.stearns.mn.us/stearns-knowledgelake-api/kl/fetch-document?Keywords=19744830>

<sup>3</sup> <https://wjon.com/sartell-residents-fight-to-buy-mobile-home-park/>

organizing, the community negotiated a 1.5-million-dollar-purchase deal. Despite their best efforts, however, the community simply lacked the resources necessary to obtain financing at that level, so the deal fell through.<sup>4</sup> That failure had devastating consequences for the community residents, leaving them at the mercy of the new ownership.

31. Upon information and belief, in 2018, RV Horizons sold Defendant Sartell MHP, LLC to Impact, yet another company co-owned by Defendants Reynolds and Rolfe. RV Horizons is no longer operating.

32. Upon information and belief, Sartell MHP, LLC continued to own and operate SMH Park until November 2023, at which time Impact created Defendant Sartell MHP 2, LLC and transferred ownership of SMH Park from Sartell MHP, LLC to Sartell MHP 2, LLC—yet another entity owned and operated by Defendants Reynolds and Rolfe.

33. Sartell MHP 2, LLC did not apply for, and was not issued, a Manufactured Home Park License from Stearns County Environmental Services until February 28, 2024. Nevertheless, it began entering lease agreements with SMH Park residents as early as November 2023 and began efforts to evict SMH Park residents as early as December 2023.

34. Impact sold SMH Park to Defendant Sartell MHC, LLC on or about June 14, 2024, which is a special-purpose subsidiary of Gemstone.

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<sup>4</sup> <https://thenewsleaders.com/residents-hope-to-buy-mobile-home-park-fails/>



**II. DEFENDANTS REYNOLDS AND ROLFE HAVE A LONG HISTORY OF PROMOTING AND ENGAGING IN PREDATORY AND ILLEGAL CONDUCT IN THE MOBILE-HOME INDUSTRY.**

35. Defendants Reynolds and Rolfe are well known in the mobile-home industry. In addition to SMH Park, Defendant Reynolds and Rolfe own, or co-own, mobile home communities in over 25 states and claim to be the fifth-largest owners of mobile home parks in the country.<sup>5</sup>

36. Reynolds and his companies are notoriously exploitive, advertising his ability to coerce arbitrary rents out of people who cannot afford to escape their clutches.

37. Together with Rolfe, Reynolds operates MHU, through which they offer prospective and current manufactured home park owners “training to show you all the steps to successfully evaluate, purchase, repair and sell or rent mobile homes. Everything you need to know about how to locate, evaluate, negotiate, perform due diligence on, finance, turn-around and operate a mobile home park.”

38. But the “training” offered by MHU advises a host of deeply predatory and illegal business practices, many of which violate Minnesota manufactured home protection, consumer protection, and environmental laws. They do so brazenly, explicitly advising potential owners to exploit members of a manufactured home community, including the elderly on fixed incomes, veterans, service workers, disabled persons, and low-income families squeezed out of tight housing and rental markets for permanent homes.

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<sup>5</sup> <https://www.newyorker.com/magazine/2021/03/15/what-happens-when-investment-firms-acquire-trailer-parks>

39. Defendants Reynolds and Rolfe advise that manufactured home parks “have the highest yields in commercial real estate,” with an estimated cash-on-return rate of 20 percent. As a rule, “the revenue of mobile home parks are unbelievably stable.” Further, “demand is giant and grows daily” and “[a]s America gets poorer, mobile home parks are the only form of housing devoted to this demographic.”<sup>6</sup>

40. Defendants Reynolds and Rolfe instruct that park owners should lock in that income stream, and highlight “the difficulty tenants have in moving their home out of a mobile home park. It costs around \$5,000 to move a mobile home, so virtually no tenants can ever afford to move.” Rolfe analogized owning a mobile home park to “having a Waffle House where everyone is chained to the booths.”<sup>7</sup>

41. But prices at Defendants Reynolds and Rolfe’s “Waffle House” are far from stable. Indeed, they preach that “Raising the rent is typically part of the day one purchase.”<sup>8</sup> Rolfe echoes those sentiments in one of the MHU instructional videos:

As a heartless person . . . the customers are stuck there. They don’t have any option. They cannot afford to move the trailer. They don’t have three grand. So the only way they can object to your rent raises is to walk off and leave the trailer in which case it becomes abandoned property and you recycle it and put another person in it. So you really hold all the cards.<sup>9</sup>

42. In another video, he states:

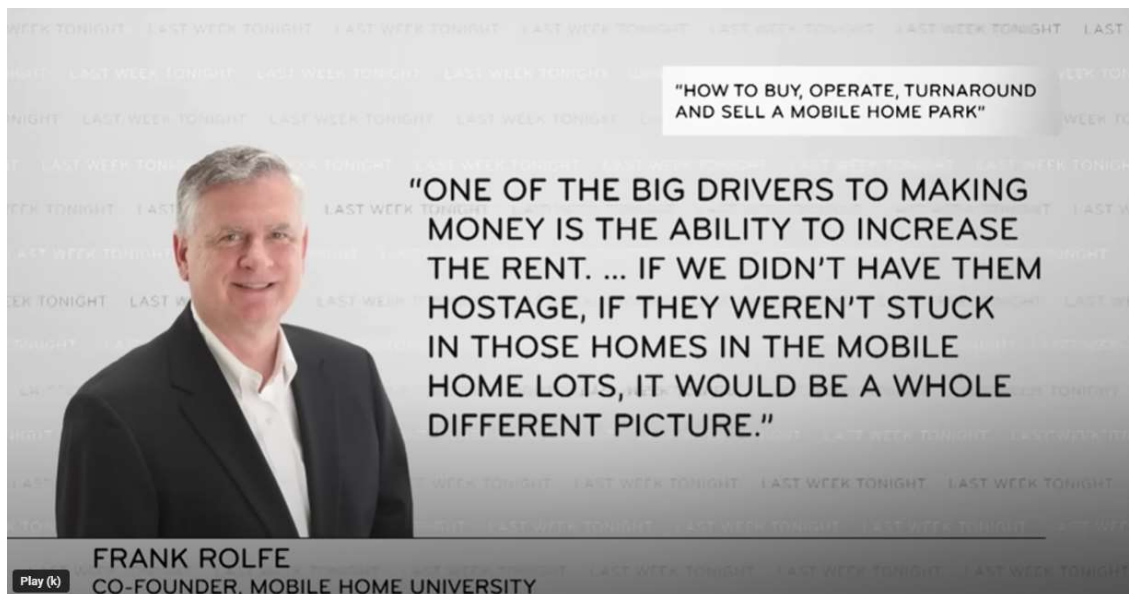
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<sup>6</sup> Frank Rolfe, *Why Invest In Mobile Home Parks*, (last visited Sept. 5, 2024).

<sup>7</sup> [Mobile Homes: Last Week Tonight with John Oliver \(HBO\) \(youtube.com\)](#)

<sup>8</sup> Rupert Neate, [America's Trailer Parks: The Residents May be Poor But the Owners Are Getting Rich, The Guardian](#) (May 3, 2015).

<sup>9</sup> [Mobile Homes: Last Week Tonight with John Oliver \(HBO\) \(youtube.com\)](#)



43. MHU also explicitly instructs park owners to limit costs by reducing park services to the bare minimum,<sup>10</sup> and disconnecting shared utilities: “If you can avoid private utilities, you can avoid huge potential capital calls. In the absence of private utilities, the worst capital expenditure you will be forced into spending is a few thousand dollars on pothole repair.”<sup>11</sup>

44. Defendants Reynolds and Rolfe personally infuse their companies with predatory and often illegal practices that harm the residents of the manufactured housing communities they own.

<sup>10</sup> See, e.g., MHP Home Study Course, pp. 308-309 (“We just do the bare minimum, keep the utilities going”).

<sup>11</sup> David Reynolds, *How to Make Money in the Mobile Home Park Business*, <https://reiclub.com/articles/make-money-mobile-home-business/> (last visited Sept. 9, 2024).

45. By their own admission, they have been sued for among others, residents losing body parts, employees threatening to kill tenants, illegal polluting, and illegal water billing.<sup>12</sup>

46. For example, in 2020, an Iowa resident sued Defendants for various claims, including violations of the Fair Housing Amendments Act (“FHAA”), use of an illegal lease, and the Consumer Fraud Act, Iowa Code Chapter 714H.<sup>13</sup> In her complaint, the resident alleged that Defendants increased her rent, “failed to provide a written explanation of utility rates, and charged costs in excess of the actual cost of utility service.”<sup>14</sup>

47. In April 2023, the state of Wisconsin entered a settlement agreement with Defendants after Wisconsin initiated a lawsuit alleging that RV Horizons and Impact engaged in unfair and illegal practices against mobile home residents, including but not limited to overcharging for municipal fees, failing to clearly disclose how water and sewer charges are billed, and failing to provide 28 days’ written notice of new proposed lease terms.<sup>15</sup>

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<sup>12</sup> See, e.g., MHP Home Study Course, pp. 470, 545, 549, 294.

<sup>13</sup> See Complaint, *Klossner v. Iadu Tablemound MHP, LLC, et al.*, No. 20-CV-1037 CJW-KEM, 2020 WL 9259570 (N.D. Iowa Sept. 8, 2020).

<sup>14</sup> See *id.* at ¶¶ 24, 30, 39, 41.

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[https://datcp.wi.gov/Pages/News\\_Media/DATCPAGKaulAnnounce\\$75%2c000JudgmentAgainstManufacturedHomeOperators.aspx](https://datcp.wi.gov/Pages/News_Media/DATCPAGKaulAnnounce$75%2c000JudgmentAgainstManufacturedHomeOperators.aspx)

48. Defendants have been found liable on numerous occasions related to numerous parks in various different states for violations of laws meant to protect residents, and for intimidation of those who object.<sup>16</sup>

49. None of those lawsuits have changed Defendants Reynolds and Rolfe's business practices.

50. Finally, Defendants Reynolds and Rolfe repeatedly create limited companies for the express purpose of avoiding liability. As set forth above, these corporations fail to observe corporate formalities, are insufficiently capitalized, and function only as a façade for their individual dealings.

51. As noted above, Defendants Reynolds and Rolfe utilized four separate LLCs in the 10 years that they indirectly owned SMH Park—RV Horizons, Impact Communities, Sartell MHP, LLC, and Sartell MHP 2, LLC. The rapid creation, destruction, and interchangeability of these corporations show that they exist as both alter egos of Defendants Reynolds and Rolfe and as would-be shields against accountability.

52. Defendants Reynolds and Rolfe practice what they preach. Indeed, they made SMH Park a masterclass on the predatory and unconscionable business model they espouse through MHU. Following that model precisely, Defendants Reynolds and Rolfe, through a series of special-purpose corporate entities, raised rent numerous times while simultaneously reducing services and divesting from the community. SMH Park

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<sup>16</sup> See *e.g.*, *Klossner v. IADU Tablemound MHP, LLC*, No. 20-CV-1037-CJW-KEM; *Marshall et al v. MIMA Spruce MHP, LLC et al.*, No. 1:20CV00932.

residents have been driven out of the community due to the ever-increasing costs and worsening conditions.

**III. DEFENDANTS FAIL TO MAINTAIN SAFELY OPERATING WATER AND SEWER SYSTEMS, CAUSING HUMAN WASTE TO BACK UP INTO RESIDENTS' HOMES AND SEEP UP TO THE SURFACE AROUND THEIR HOUSES.**

53. Defendants knowingly operate compromised water and sewage systems that cause human excrement and other sewage to back-up into residents' homes, leak onto resident rented lots and community spaces, contaminate residents' water, and pollute local waters.

54. Defendants' operation of defective water and sewage systems continues today, illegally jeopardizing the health and safety of existing residents by subjecting them to the known risk of toxic pollutant exposure and contaminating nearby water supplies. The long-term dangers of exposure to sewage are well-established. Sewage exposure can cause various diseases, many of which may be life threatening for children, the elderly, and people with disabilities. Defendants are aware that SMH Park residents include many children, seniors, and disabled persons.

55. Defendants are also fully aware of their legal duties to protect SMH Park tenants, maintain functioning water and sewage systems, and comply with the relevant laws relating to the environment and health and safety of tenants and the waters of the State.

56. In an April 24, 2020, letter from Defendants' former legal counsel to the Minnesota Pollution Control Agency (the "MPCA"), Park Defendants admitted their legal duty to maintain functioning water and sewage systems:<sup>17</sup>

and the state. Impact invests in improvements to the communities it acquires. The human health and environmental protections provided by Minnesota law are not in question. My client acknowledges that Minnesota law provides for production of information about releases of wastewater and system maintenance. Sartell will search for and produce information responsive to your request or identify what cannot be located.

57. One blog article posted on the Defendant's MHU website<sup>18</sup> states:

So by having strict habitability laws, it stops people from living in complete squalor because the landlord can't rent or sell the home until they've brought it up to code. It's very important you understand these laws in your state because if you don't and you get caught, not only can you be sued, but they can make you go in and do massive amounts of renovation to the home, far in excess of what the code actually required. And that's kind of your punishment.

58. In addition to being aware of the legal requirements, Defendants were aware that SMH Park was not in compliance with those requirements. In 2016, residents attempting to purchase SMH Park commissioned an appraisal by independent experts at CBRE (the "2016 Appraisal").<sup>19</sup> The 2016 Appraisal made clear that significant repairs were required to the water and sewage infrastructure to bring the property into "average condition with average functional utility."<sup>20</sup> Indeed, it was because of the significant scope of required repairs that the residents were unable to secure financing to purchase SMH Park.

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<sup>17</sup> A complete copy of the letter is attached as Exhibit A.

<sup>18</sup> <https://www.mobilehomeuniversity.com/mhp-mastery/a-primer-on-housing-laws>.

<sup>19</sup> An excerpt from the 2016 Appraisal is attached as Exhibit B.

<sup>20</sup> Exhibit B, p. 7, "Conclusion."

59. The 2016 Appraisal provided the following maintenance recommendations:<sup>21</sup>

Assessment (PCA) on the subject property. This report found various items of deferred maintenance/short term capital expenditures and provided the costs to cure these items. The report suggests that the following items be replaced by year end 2017 at an estimated total cost of \$1,545,350 or \$9,480 per pad site.

Year 1:

- Survey Lowell Circle and improve drainage
- Signage upgrades
- Community Room upgrades and plumbing
- Upgrade electrical service on two lots
- Individual water main repairs
- Excavate and assess water mains

Year 2:

- Individual water main repairs
- Sewer Lining installation on about 20 percent of lots
- New water mains and services on about 75 percent of lots
- Street replacement in connection with water main work
- Upgrade electrical service on two lots

60. Defendants received a copy of the 2016 Appraisal at the time it was conducted, meaning they were aware of its findings.

61. A resident survey contemporary with the 2016 Appraisal also revealed that residents were worried about the presence of hazardous waste in SMH Park. Specifically, residents reported that the “soil in playground is contaminated from a remediation effort several years ago,” “sewage was possibly dumped in children’s play area,” and describing that the “playground is a dumping area.”<sup>22</sup>

62. The following photograph taken in June of 2018 shows the results of a water line break at SMH Park which resulted in an E-Coli contamination.<sup>23</sup>

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<sup>21</sup> Exhibit B, p. 5.

<sup>22</sup> Exhibit C, 2016 Appraisal Resident Survey, Exhibit I excerpt, pp. 183-184.

<sup>23</sup> <https://www.sctimes.com/story/news/local/2018/06/27/sartell-mobile-home-residents-notified-e-coli-water/735660002/>. Picture of water line break in 2018 and discussing E-Coli contamination of water.





63. Plaintiff Marcie Knox moved into SMH Park in 2017. Within three days of moving in, she noticed that sewage was backing up through her pipes and seeping out of her toilet and shower drains. She called Roto Rooter to fix the problem and reached out to Defendants. Recognizing that they were responsible, Defendants agreed to pay the bill to fix the problem. But they took no action to address the underlying causes of the sewage backups.

64. Since 2017, Ms. Knox has had at least two other sewage leaks, in 2018 and 2021. In September 2021, she noticed a sewage smell coming into her home, but could not locate or identify the source. Fortunately, she had a handyman scheduled to help her weatherize her home for the winter. He informed her that the area underneath her home was an open pool of raw sewage. Roto Rooter identified the cause as tree roots in Defendants' sewage main. Despite Ms. Knox informing Defendants, they blamed her and refused to pay for the repairs. Ms. Knox had no choice but to spend her entire stimulus check cleaning up the filth to render her house habitable.

65. On September 26, 2022, the Minnesota Pollution Control Agency (MPCA) issued an Administrative Penalty Order against Defendant Sartell MHP, LLC regarding Ms. Knox's situation. The MPCA attributed the waste discharge to tree-root infiltration of clay tile sewer pipes that service Ms. Knox's manufactured home.<sup>24</sup>

66. In April 2019 several residents had raw sewage back up and back flow into their commodes and bathtubs. Upon information and belief, one couple had moved into SMH Park in November 2017 and had suffered four water main ruptures by that time. The couple reported that they had to pay for the cleanup expenses themselves, with no reimbursement from Defendants because Defendants claimed the sewage backups were not their fault.<sup>25</sup>

67. In November 2019, SMH Park resident Michael Chirhart's toilet began to back up, and water started pooling around the perimeter of his home. A licensed plumber, Mr. Chirhart inspected the sewer main beneath his home and discovered that the sewage in the main was extremely pressurized. Mr. Chirhart determined that this pressurization was the cause of the backup, and that the backup had caused several broken pipes. He repaired the sewer lines on his property himself because he did not trust Defendants to adequately repair them, installing a backflow protector to resolve the backup issue. Mr. Chirhart submitted a bill to the Park Defendants for the backflow protector, and Defendants – acknowledging that it was their responsibility – paid the bill.

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<sup>24</sup> On October 24, 2022, Sartell MHP, LLC petitioned to challenge the Penalty Order, Case No. 73-CV-22-8774. The matter settled before the challenge was adjudicated. See the Penalty Order and Sartell's Petition attached here as Exhibit D.

<sup>25</sup> Affidavit of MPCA, Exhibits A and B, 73-CV-22-8774, attached here as Exhibit E.

68. Despite understanding the failures of the sewage system at that time, Defendants took no steps to resolve the extreme pressure with regard to any resident other than Mr. Chirhart.

69. SMH Park resident Joseph Campbell purchased and moved into his manufactured home on November 3, 2023. Less than a week after he moved in, Mr. Campbell's bathroom sink, kitchen sink, toilets, bathtub, and other fixtures began exuding human waste into his house and onto his rented lot. In addition to the horrific smells and sanitary nightmare of human feces and other sewage entering his home through his plumbing, the discharges onto Mr. Campbell's lot were so extensive that they saturated the ground under his home.

70. Instead of repairing the infrastructure to achieve minimum necessary levels of hygiene, Defendants chose to spend years continuously blaming residents for frequent water and sewage leaks despite a complete lack of evidence that any such leaks are caused by anything other than Defendants' failure to properly maintain the park-owned water and sewer systems.

71. When a maintenance issue does arise, residents are required to contact Defendants' on-site management, which then has its maintenance employees investigate the complaint. This arrangement positions residents to rely on what Defendants represent a maintenance problem to be. Because of Defendants' representations, the hidden nature of the failing sewer system underground, and the structure of maintenance requests at SMH Park, residents could not readily discover the dangerous conditions.

72. These problems have not been remedied. While Defendants have claimed to make some improvements to the water and sewage systems, they have done so on an ad hoc basis and only after residents are forced to endure filth disrupting the use of their homes.

73. Further, upon information and Defendants have relied on unlicensed park maintenance employees, rather than licensed plumbers, to attempt these repairs in violation of Minn. Stat. §326B.46. Upon information and belief, Defendants' unlicensed employees also failed to obtain the requisite permits from the city of Sartell before attempting these repairs.

74. Defendants' ad hoc approach has failed to cure the defects, as residents still frequently report sewer discharges. In addition to forcing tenants to live in uninhabitable and unsanitary conditions in clear violation of Minnesota law, these frequent discharges also demonstrate that SMH Park is not "well drained and [not] located so that drainage...will not endanger any water supply" in violation of Minn. Stat. § 327.20(2).

75. In doing so, Defendants have deliberately and intentionally disregarded the legal rights of Plaintiffs and other SMH Park residents and disregarded the substantial likelihood of serious injury and damages to Plaintiffs and other SMH Park residents, as well as to nearby water supplies.

76. Upon information and belief, Defendants continuously fail to report sewage discharges to the proper agencies in violation of Minn. Stat. § 115.061(a); properly "minimize or abate" these discharges in violation Minn. Stat. § 115.061(a); and fail to report the discharges to residents in violation of Minn. Stat. § 115.061(b). Moreover,

because of these sewage discharges, Defendants have not kept SMH Park “in a clean, orderly, and sanitary condition” as required by Minn. Stat. § 327.20(1) and Minn. R. § 4630.0300.

77. In sum, Defendants have systematically endangered the health and safety of all SMH Park residents and potentially contaminated waters, by violating numerous environmental, health, and safety statutes and regulations in the course of their illegal maintenance work and outright neglect of necessary maintenance work to keep its utility systems up to Code.

#### **IV. DEFENDANTS FAIL TO ACCURATELY CHARGE FOR UTILITY.**

78. From the creation of SMH Park in 1971, resident leases included water, sewage, and trash utility expenses incorporated in their rent payments. There was no separate billing for utilities.

79. That changed in May 2020. That month, Defendants Sartell MHP, LLC distributed notices to SMH Park residents stating that Defendants intended to transition from uniform utility billing to metered utility billing.<sup>26</sup>

80. Defendant Sartell MHP, LLC did not lower SMH Park residents’ rent payments, which previously had incorporated utilities, when they began charging the residents separately for utilities. In other words, after the switch, SMH Park residents would pay a functionally increased rent, having to pay water, sewage, and trash utilities

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<sup>26</sup> A copy of the May 2020 notice is attached as Exhibit F.

based on the usage, but not getting a discount on rent that theoretically no longer included utilities.<sup>27</sup>

81. Shortly after distributing the notices to residents, Defendant Sartell MHP, LLC began installing Neptune ProCoder 5/8 T-10 water and sewage meters (the “Neptune Meters”) at each resident’s home.

82. After installing the Neptune Meters, Park Defendants distributed a notice to residents, dated September 24, 2020<sup>28</sup> advising that in addition to the utility costs, residents would be charged a monthly \$2.50 “Meter Service Charge” beginning on December 1, 2020. Park Defendants continued to charge the \$2.50 fee, titled “Meter Rental Service Charge” on the monthly bills, until August of 2023, when they increased the fee to \$5.00.<sup>29</sup>

83. Park Defendants have billed and collected the water service charge despite the prohibition against such charges in Minn. Stat. § 327C.04, subd. 5(c).

84. In the September 24, 2020 Notice, Park Defendants represented that the Neptune Meters emit a Wi-Fi signal that would allow SMH Park to detect leaks and track water usage electronically.

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<sup>27</sup> This practice is consistent with Defendants’ practices in other states which have resulted in civil lawsuits. *See, e.g.,* Complaint ¶¶ 24, 30, 39, 41, *Klossner v. Iadu Tablemound MHP, LLC, et al.*, No. 20-CV-1037 CJW-KEM, 2020 WL 9259570 (N.D. Iowa Sept. 8, 2020) (resident alleging Defendants increased her rent and switched practices to charging her separately for water, sewage, and trash, no longer including those utility charges in her rent).

<sup>28</sup> A copy of the September 24, 2020 notice is attached as Exhibit G.

<sup>29</sup> A copy of the notice of the utility fee increase is attached as Exhibit H. The \$5.00 fee appears on the utility bills as “Utility Service Fee”. *See* Exhibit H, p. 2.

85. Park Defendants began billing residents for their sub-metered water and sewage usage in August 2020.

86. Minnesota law requires park owners who charge residents for utilities based on usage to ensure that the meters used “accurately meter each household’s use of the utility.” Minn. Stat. § 327C.04, subd. 2. But Defendants failed to “accurately” meter usage. After the Neptune Meters were installed, SMH Park residents’ water and sewage utility charges have been wildly inaccurate and inconsistent, resulting in huge invoices to SMH Park residents that are not accurate measures of their water and sewer usage.

87. According to the U.S. Department of the Interior’s U.S. Geological Survey, a typical individual uses approximately 80-100 gallons of water per day,<sup>30</sup> which is approximately 2,400 to 3,000 gallons per month. Yet Park Defendants repeatedly issued residents bills that far exceeded that estimated water usage.

88. For example, Plaintiff Marcie Knox’s usage held steady at around 3,000 gallons a month for the first few months of metering. But in late 2020, Ms. Knox’s water and sewage bills mysteriously spiked by 2.5x or more, despite her not changing her usage patterns at all: 8,000 gallons in September; 11,580 gallons in October; and 15,240 gallons in November. In 2021, Park Defendants reduced her bill to 3,000 gallons of water monthly. But in July 2022, the wild billing resumed: she was charged for 10,210 gallons of water. And in January 2023, although the online ledger for utility usage stated that

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<sup>30</sup> <https://www.usgs.gov/special-topics/water-science-school/science/water-qa-how-much-water-do-i-use-home-each-day>

Ms. Knox used 2,720 gallons, Park Defendants issued a paper bill stating that she used 63,088 gallons that month.

89. When Ms. Knox asked Defendants how they calculated the 63,088-gallon utility charge, she was told that she must have a water leak, despite the charge occurring in January in Minnesota. If that much water had leaked onto Ms. Knox's property in January, the property would have been an ice sheet – which it was not.

90. Ms. Knox's improperly inflated invoices were accompanied by water and sewage charges many times what she had paid to date, and Defendants demanded that she pay those amounts in full or face eviction.

91. Another resident, Bethany Benning, saw her family's claimed water and sewage usage triple in June 2021, from a steady rate of around 4,300 gallons per month to 12,160 gallons per month for June 2021. While some months after June 2021 reflected her family's historical usage, others also reflected abnormally high usage: 8,390 gallons for July 2021; 7,690 gallons for September 2021; and 13,246 for March 2023. Defendants demanded that she pay all of those charges in full. In January 2024, Ms. Benning moved out of SMH Park because she could not afford the exorbitant utility charges.

92. In February 2024, Defendants issued Ms. Skaj a **\$4,448.90** water and sewage bill stating she used 335,510 gallons of water in just one month. The bill caused Ms. Skaj an extreme anxiety attack resulting in her being hospitalized for 36 hours as she was terrified of being evicted if she could not pay. And while the Defendants ultimately did not insist that Ms. Skaj pay that bill, they never offered any explanation of how the erroneous bill was issued.



93. Similarly, in July 2024, after Gemstone took over, Plaintiff Bradley Bandas received a bill for \$65.96 in water utility and \$125.40 for sewer, much higher than he was expecting. The bill showed a starting meter of 111,420 gallons and an ending meter of 125,858 gallons. But Mr. Bandas's previous bill proved that the starting value used by the Defendants was incorrect. When he pressed the issue with SMH Park manager Connie Dixon, she informed him that his Neptune Meter had not been working since February, and in the meantime, he had been paying "estimated amounts." Mr. Bandas's water meter had a reading of 111,430 gallons from February 22, 2024, through August 9, 2024. Connie Dixon then informed Mr. Bandas that his current bill reflected the full charge based on his usage. Mr. Bandas pointed out that the Defendants had not discounted the estimated charges, and so were now charging him twice for the same usage. He offered a discounted rent check that credited the estimated utility payments he had already made, but Defendants refused to accept the payment.

94. Other residents have faced similarly inflated utility bills since Defendants installed the Neptune Meters. In addition, many SMH Park residents have received unusually round water bills (3,000 gallons, 4,000 gallons, 5,000 gallons, etc.), which makes no sense if the billing is to be based on actual usage.

95. Defendants and their employees Connie Dixon and Sandi Goenner regularly justify the inflated utility bills by suggesting that residents have "leaks." That justification is odd, because the entire stated purpose Defendants offered in installing utility meters was to identify leaks immediately so that they could be stopped before residents experienced inflated water usage. Upon information and belief, Dixon and

Goenner are being directed by Defendants Reynolds and Rolfe (or others working at their direction) to blame the residents for these issues.

96. Upon information and belief, Defendants are regularly and illegally charging SMH Park residents inaccurate amounts for supposedly metered utility services, such that the rates charged violate Minn. Stat. 327C.04.

97. Defendants have made no real effort to correct these blatant errors. While Minn. Stat. 327C.04, subd. 2 requires that “[u]tility measuring devices installed by the park owner must be installed or repaired only by a licensed plumber, licensed electrician, or licensed manufactured home installer,” Defendants instead rely on SMH Park maintenance staff to repair the Neptune Meters.

98. On February 28, 2024, Park Defendants sent a mass text to SMH Park residents stating: “Throughout the week, Maintenance will be checking all water risers and water meters to ensure there are no leaks. Please be patient as we complete this. Call the office if you have questions or concerns. Thank you Connie [Dixon] and Sandi [Goenner].”

99. As of February 28, 2024, when Park Defendants’ staff sent this message, SMH Park did not have licensed plumbers on its maintenance staff that are qualified to do repair work on water risers and water meters.

100. That staff is currently comprised of Duc Van Tran and Kenneth Goenner.

101. Upon information and belief, Duc Van Tran has never been issued a plumbing, electrician, or manufactured home license by the Minnesota Department of Labor and Industry.

102. Upon information and belief, Kenneth Goenner has never been issued a plumbing, electrician, or manufactured home license by the Minnesota Department of Labor and Industry.

103. Upon information and belief, Defendants have never had a licensed plumber, electrician, or manufactured home installer repair any Neptune Meter in SMH Park.

104. Defendants' staff also fails to provide proper notice to SMH Park residents prior to repair and maintenance of the Neptune Meters. On at least one occasion, an unidentified individual, who upon information and belief had been hired by Defendants, went under Mr. Bandas's home and began tampering with his Neptune Meter without any prior notice. When Mr. Bandas asked him what he was doing, he refused to explain his presence. Unsurprisingly, Mr. Bandas called the police. When the police arrived, Defendants' employees told the police they should not have responded to the resident call from SMH Park.

**V. DEFENDANTS USED DECEPTION AND COERCION TO TRY TO FORCE SMH PARK RESIDENTS INTO SIGNING NEW LEASES WITH HIDDEN, RESTRICTIVE, AND DIFFERENT TERMS THAN THOSE CONTAINED IN PRE-EXISTING LEASES.**

105. Some years after the Defendants came into possession of SMH Park, they concocted a scheme to impose onerous new leases on existing tenants. They did so by (1) issuing communications with false, misleading, and coercive representations; (2) falsely claiming all existing leases were invalid; (3) coercing signatures on new leases which were materially harsher than the previous leases; and (4) threatening or imposing

retaliatory and harassing actions against those who attempted to stand on their legal rights.

106. Impact Defendants began implementing their plan in August 2023. Near the end of that month, they had SMH Park manager Connie Dixon hand-deliver notices to the residents, incorrectly dated July 25, 2023, stating that Minnesota had passed a new law regulating leases (the “Deceptive Lease Notice”).<sup>31</sup> The Deceptive Lease Notice went on to explain that this purported “new law” required all SMH Park residents to have a signed copy of their lease on file at the SMH Park office.



107. In fact, there was no new law passed in 2023 by the Minnesota Legislature (much less by the “Minnesota House of Representatives”) that suddenly required mobile

<sup>31</sup> A copy of the Deceptive Lease Notice is attached as Exhibit I.

home park management, or landlords generally, to maintain a file of signed leases with their tenants or residents.

108. Upon information and belief, Defendants Reynolds and Rolfe caused the Impact Defendants, as well as their legal counsel, to send the Deceptive Lease Notice to residents, and to call, pressure, and threaten residents to sign these invalid and unnecessary leases.

109. More importantly, all residents of SMH Park at that time already had valid leases with Impact for the land on which their mobile homes sat. Long before 2023, as part of the remedial tenant and resident protection purposes of Chapters 327C and 504B, Minnesota law mandated written and signed leases between park owners and residents and that park owners provide a copy of the written lease to residents.

110. Minnesota law is also clear that the pre-existing written leases of Plaintiffs and other SMH Park residents remain in effect until legally proper termination of the lease by park owner or resident. Minn. Stat. § 327C.09, subd. 1 (manufactured home leases can only be terminated by park owner for cause); *Slafter v. Siddall*, 106 N.W. 308, 309 (1906) (after the expiration of the initial term, the lease operates as a “month to month” tenancy “but in all other respects the covenants and obligations of the original written lease remained in force”), and that the sale of a park to a new owner does nothing to affect the tenants’ rights under the pre-existing leases. *E.g. Schuchard v. St. Anthony & Dakota Elevator Co.*, 176 Minn. 37, 42–43, 222 N.W. 292, 294 (1928).

111. Impact Defendants pushed SMH Park residents hard to sign new leases pursuant to the notice, giving residents a deadline of December 15, 2023 to sign leases at

the SMH Park office or face eviction. Indeed, many residents received dozens of calls from SMH Park manager Connie Dixon, her assistant Sandi Goenner, and even Impact Defendants' lawyer Paul Zeig, demanding that they sign leases pursuant to the non-existent "new law." Those demands were often accompanied by threats to file evictions against residents who did not sign by December 15, 2023.

112. The Deceptive Lease Notice did not purport to request that any residents sign *new* or *modified* leases, nor did it offer residents consideration for doing so. Nor, throughout the pressure campaign, would Impact Defendants agree to provide any SMH Park resident with a copy of the leases to review beforehand. Rather, residents were instructed to come down to the SMH Park office to sign the new lease sight-unseen.

113. The reason for both the secrecy and the push was because Impact Defendants' real motivation in misrepresenting Minnesota law to induce SMH Park residents to sign leases throughout the fall and winter of 2023 was to impose illegal and oppressive new lease terms on SMH Park residents without alerting them to that fact.

114. As described above, Defendants never informed SMH Park residents that the leases they were being presented with and asked to sign were *not* the leases that had been governing their rental from Impact Defendants. Rather, the leases Impact Defendants presented to SMH Park residents contained numerous terms that do not exist in many of SMH Park residents' preexisting leases, including:

- a. A requirement to pay rent before the first of the month;
- b. A requirement to pay rent exclusively electronically;
- c. New fees for credit or debit transactions to pay rent;

- d. An increased security deposit;
- e. A new \$250.00 pet fee;
- f. A requirement that any adult who stays with a resident overnight for more than 10 consecutive nights or 10 nights in a 30-day period must sign a lease with Park Defendants;
- g. Allowed Park Defendants to do emergency maintenance without notice and send the resident an itemized bill of costs accordingly;
- h. Created a limitation of two vehicles at SMH Park, which must be registered with Park Defendants; and
- i. Provided express waiver of certain claims against Park Defendants.

115. In comparison to older leases, there are additional hidden unfavorable lease terms that are even more stark, including:

- a. Significantly increased late fee (from \$5.00 to 8% of unpaid balance);
- b. A new \$30.00 returned check fee; and
- c. Restrictions on the types of vehicles allowed in SMH Park.

116. That the real goal was to induce SMH Park residents to sign new leases on materially less favorable terms, rather than to meet with the claimed goal of having residents' signed leases on file, is most clearly demonstrated from a voicemail left by Connie Dixon for Plaintiff Marcie Knox. In that voicemail, Connie Dixon acknowledges that Ms. Knox has dropped a signed copy of her pre-existing lease off at the SMH Park office—which presumably would satisfy the claimed “new law” identified in the Deceptive Lease Notice. Rather than thanking Ms. Knox for doing so, however,

Connie Dixon expresses confusion over why Ms. Knox would do so, and again demands that she come to the SMH Park office to sign a new copy of the lease. Ms. Knox was fortunate to have advice of counsel against signing the new lease and did not sign it.

117. Defendants' distribution of the Deceptive Lease Notice at the end of August immediately caused confusion and alarm among residents at SMH Park. Many residents at SMH Park signed the new, less favorable lease out of fear of being otherwise evicted by Park Defendants. Some residents who refused to sign were served with eviction notices and eviction complaints (with Sartell MHP 2, LLC as the plaintiff) that cited, in part, the residents' refusal to sign new leases as a basis for their eviction.

118. Plaintiffs Cheryl Skaj and Bradley Bandas both signed the new lease under the pressure from Defendants.

119. Though courts hearing the eviction cases eventually dismissed them and found that Sartell MHP 2, LLC had retaliated against the residents, by the time the dismissals occurred the very fact of the suits had scared many other residents into complying.

## **VI. GEMSTONE COMMUNITIES CONTINUES WHERE IMPACT COMMUNITIES LEFT OFF.**

120. In June 2024, Impact sold SMH Park to Gemstone and Gemstone picked up right where Impact left off.

121. For example, as noted above, Gemstone continues to demand overpayments from residents, like Plaintiff Bradley Bandas, who receive overinflated utility bills.



122. Gemstone also sent out a notice that stated, in part: “FYI Gemstone Communities has a very strict standing on delinquencies and violations. Evictions are filed on the 21st of each month for either a delinquent account or serious violations.” Therefore, residents continue to fear eviction if they do not pay the overinflated utility bills.

123. Gemstone is also now benefitting from the unlawful leases that so many residents signed under the Impact regime.

124. As a successor to Impact, Gemstone is now the entity who can and must provide the injunctive relief that Plaintiffs seek.

### **CLASS ACTION ALLEGATIONS**

125. Plaintiffs bring this action individually and on behalf of all others similarly situated pursuant to Rule 23 of the Minnesota Rules of Civil Procedure.

126. Plaintiffs seek to represent a Class defined as:

All persons who have resided in SMH Park between October 22, 2018 and the Present. Excluded from the Class are Defendants and their officers, directors, management, employees, subsidiaries, affiliates, and coconspirators. Also excluded are any federal, state, or local governmental entities, any judicial officers presiding over this action; their law clerks and spouses; any persons within three degrees of relationship to those living in the judicial officers’ household; and the spouses of all such persons. Also excluded from the Class are all persons whose claims in this matter have been finally adjudicated on the merits or otherwise released; Plaintiffs’ counsel and Defendants’ counsel, and their experts and consultants; and the legal representatives, successors, and assignees of any excluded persons.

127. Plaintiffs seek to represent a Lease Subclass defined as:

All persons who leased a lot in SMH Park, already had a signed lease, and who received the Deceptive Lease Notice from Impact Defendants. All individuals excluded from the Proposed Class are likewise excluded from the proposed Lease Subclass.

128. The Class and Lease Subclass contain members so numerous that separate joinder of each member would be impractical. There are well over 100 members of the Class and, upon information and belief, nearly as many in the Lease Subclass.

129. Plaintiffs' claims are typical of the claims of the members of the Class. Plaintiffs and members of the Class were damaged by the same wrongful conduct of Defendants.

130. Plaintiffs will fairly and adequately protect and represent the interests of members of the Class. Plaintiffs' interests are coincident with, and not antagonistic to, those of members of the Class.

131. Plaintiffs are represented by counsel with experience in the prosecution of class action litigation and the prosecution related to the rights of residents of mobile home parks.

132. Questions of law and fact common to the members of the Class predominate over questions that may affect only individual Class members, thereby making damages with respect to members of the Class as a whole appropriate. Questions of law and fact common to members of the Class include, but are not limited to:

- a. Whether the sewage and water system of SMH Park is in a safe state of repair;

- b. Whether SMH Park fulfilled its legal obligations in maintaining the habitability of SMH Park;
- c. Whether the installation process for monitoring, and ongoing monitoring, of water usage is accurate, fair, and legal;
- d. Whether the water monitoring process is sufficient to create accurate billing;
- e. Whether SMH Park was negligent in its installation of the Neptune Meters without qualified installers;
- f. Whether the Deceptive Lease Notice was deceptive and fraudulent;
- g. Whether there was any legal justification for the misleading and materially false demand letters; and
- h. Whether the Defendants violated Minnesota laws by unilaterally demanding termination of valid leases.

133. Class action treatment is a superior method for the fair and efficient adjudication of the controversy. Such treatment will permit a large number of similarly situated persons to prosecute their common claims in a single forum simultaneously, efficiently, and without the unnecessary duplication of evidence, effort, or expense that numerous individual actions would require. Class action treatment will also avoid the risk of inconsistent or varying adjudications and conserve limited judicial resources.

134. Defendants have acted on grounds generally applicable to the Class, under a cohesive set of operative facts, thus making injunctive relief and corresponding declaratory relief appropriate with respect to the Class.

135. Plaintiffs know of no special difficulty to be encountered in the maintenance of this action that would preclude its maintenance as a class action.

136. The Private Attorney General Statute, Minn. Stat. § 8.31, subd. 3a, empowers “any person injured by a violation of any of the laws referred to in subdivision 1” to become a private attorney general who “may bring a civil action and recover damages, together with costs and disbursements, including costs of investigation and reasonable attorney’s fees, and receive other equitable relief as determined by the court.” Subdivision 1 of Minn. Stat. § 8.31 identifies “the law of this state respecting unfair, discriminatory, and other unlawful practices in business, commerce, or trade” as being enforceable by an individual plaintiff acting as a private attorney general. Subdivision 1 specifically identifies the Prevention of Consumer Fraud Act, Minn. Stat. § 325F.68-.70, as one of those laws, and Minn. Stat. § 327C.15 expressly provides that “any violation of sections 327C.015 to 327C.14 is a violation of a law referred to in section 8.31, subdivision 1,” thus making violations of Section 327C enforceable by a plaintiff acting as private attorney general. Thus, all claims brought in this Complaint respecting unfair, discriminatory, and other unlawful practices in business, commerce, and trade are brought pursuant to the private attorney general powers granted by Minn. Stat. § 8.31, subd. 3a.

137. This lawsuit will provide a significant public benefit because the injunctive and declaratory relief it seeks against Defendants’ ongoing wrongful practices will not only protect SMH Park residents and residents at other Minnesota mobile home parks managed by Defendants who are likely facing similar deceptive, retaliatory, and coercive

tactics. Finally, it is clear that Defendants will not voluntarily stop their illegal practices without equitable relief and the prospect of the imposition of damages and attorneys' fees that force them to recalculate the costs of their ongoing unlawful business practices.

## **CLAIMS**

### **COUNT 1**

#### **FRAUD**

#### **(AGAINST IMPACT DEFENDANTS, REYNOLDS, AND ROLFE ON BEHALF OF THE LEASE SUBCLASS)**

138. Plaintiffs restate and reallege all other paragraphs in this Complaint as if fully stated and alleged herein.

139. Defendants sought to induce Plaintiffs and the Subclass to sign new leases on terms materially worse for Plaintiffs than their pre-existing leases.

140. To do so, Defendants made false statements of fact regarding the status of Plaintiffs' and the Subclass's leases, including by representing that if a resident received the Deceptive Lease Notice "we do not have a signed lease for you on file, and we will need a new signed lease" when, in fact, Impact had many residents' leases on file.

141. Defendants also made false statements regarding the requirements of Minnesota law by falsely stating that the push to have residents sign leases in fall and winter 2023 was because "we will need the signed lease on file to comply with the new legislation effective January 1, 2024." Again, there was no "new legislation" that required a tenant to sign a new lease by January 1, 2024.

142. Defendants made those false statements of fact and omitted material facts in the Deceptive Lease Notice intending to deceive and strike fear in SMH Park residents, and expecting that Plaintiffs and the Subclass would rely on those false statements of fact.

143. Defendants had their agents contact Plaintiffs and the Subclass numerous times to pressure them into signing the leases under false pretenses. Defendants knew and expected that doing so would lead many members of the Subclass to execute the new leases out of fear of eviction if they did not.

144. Plaintiffs and the Subclass did, in fact, rely on Defendants' false statements in agreeing to execute new leases at Defendants' request.

145. The new leases Plaintiffs signed contained materially worse terms than the leases that Plaintiffs had previously agreed to, and those concessions were induced by Defendants' false representations and accompanying pressure campaign.

146. Plaintiffs and the Subclass did not receive consideration in exchange for the concessions contained in the new leases.

147. Plaintiffs and the Subclass were damaged by the materially worse terms in the new leases and are likely to be further damaged by those terms in the future.

148. Plaintiffs are therefore entitled to declaratory and equitable relief from the fraudulently induced leases, as well as damages to compensate them for any harm they have suffered as a result of Defendants' fraud.

**COUNT 2****DECEPTIVE PRACTICES AND CONSUMER FRAUD  
MINN. STAT. § § 325D.43-45 & 325F.69-.70****(AGAINST IMPACT DEFENDANTS, REYNOLDS, AND ROLFE  
ON BEHALF OF THE LEASE SUBCLASS)**

149. Plaintiffs restate and reallege all other paragraphs in this Complaint as if fully stated and alleged herein.

150. The Deceptive Trade Practices Act, Minn. Stat. § 325D.44, subd. 1(13) prohibits a party from engaging in business through “unfair or unconscionable acts or practices.”

151. The Deceptive Trade Practices Act, Minn. Stat. § 325D.44, subd. 1(14) prohibits any conduct in the course of business that “creates a likelihood of confusion or of misunderstanding.”

152. The Consumer Fraud Act, Minn. Stat. § 325F.69, prohibits 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.” Minn. Stat. § 325F.68 defines “merchandise” to include “any objects, wares, goods, commodities, intangibles, real estate, loans, or services,” which encompasses real estate leases.

153. Defendants’ misrepresentations, set forth above, regarding a state law requirement for tenants to sign a new lease (a lease which included new, more onerous terms than the prior leases), constitute a violation of the Deceptive Trade Practices Act and the Consumer Fraud Act.

154. Plaintiffs are therefore entitled to relief under Minn. Stat. § 325D.45 and Minn. Stat. § 325F.70, subd. 3.

### COUNT 3

#### **UTILITY BILLING MINN. STAT. § § 327C.02, 327C.04**

#### **(AGAINST PARK DEFENDANTS ON BEHALF OF THE CLASS)**

155. Plaintiffs restate and reallege all other paragraphs in this Complaint as if fully stated and alleged herein.

156. Minn. Stat. § 327C.02, subd. 2, protects mobile home parks residents from abrupt rule changes in their park community. The law states that “[a] rule adopted or amended after the resident initially enters into a rental agreement may be enforced against that resident only if the new or amended rule is reasonable and is not a substantial modification of the original agreement.” Minnesota courts have held that a transition from a flat fee for utilities to individual meters is an unenforceable rule modification. *See, e.g., Sargent v. Bethel Properties, Inc.*, 653 N.W.2d 800, 803 (Minn. Ct. App. 2002).

157. In August 2020, Defendants installed Neptune Meters and began charging residents separately for water and sewer. After this charge, Defendants forced residents to pay an additional water and sewer bill – sometimes totaling hundreds or thousands of dollars – each month on top of their monthly lot rent. This change was substantial and unreasonable. Defendants violated Minn. Stat. § 327C.02, subd. 2 by imposing a substantial and unreasonable rule change on SMH Park residents.

158. Minnesota law closely regulates the provision of utilities to manufactured home park residents. Under Minn. Stat. § 327C.04, subd. 2, a park owner may only charge



residents for utilities if it charges each household the same amount, unless “the park owner has installed measuring devices which accurately meter each household’s use of the utility.”

159. As described above, after the Neptune Meters were installed in August 2020, SMH Park residents’ water and sewage utility charges have been wildly inaccurate and inconsistent. One resident was charged over \$4,000 in one month. Defendants are violating Minn. Stat. § 327C.04, subd. 2 by failing to accurately meter each household’s use of water.

160. The law also prohibits utility junk fees. Under Minn. Stat. § 327C.04, subd. 5(c), a park owner may not charge residents any expenses associated with the distribution of utility services. This law became effective July 1, 2023. Laws of Minnesota 2023, Ch. 57, Art. 5, Sec. 10.

161. Defendants are violating Minn. Stat. § 327C.04, subd. 5(c) by charging each household a monthly service charge for utility billing.

162. Finally, the law requires that only trained personnel can service utilities for residents. Under Minn. Stat. § 327C.04, subd. 2, “[u]tility measuring devices installed by the park owner must be installed or repaired only by a licensed plumber, licensed electrician, or licensed manufactured home installer.” This law applies to all meters installed or repaired after August 1, 2023. Laws of Minnesota 2023, Ch. 57, Art. 5, Sec. 9.

163. Since August 2023, Defendants have not used a licensed plumber, licensed electrician, or licensed manufactured home installer to attempt repairs to the Neptune

Meters. Defendants are violating Minn. Stat. § 327C.04, subd. 2 by failing to use licensed personnel as required by the statute in their attempted repairs of the Neptune Meters.

164. Plaintiffs are therefore entitled to relief under Minn. Stat. § 8.31 (per Minn. Stat. § 327C.15, violations of Minn. Stat. § § 327C.02 and 327C.04 are violations of Minn. Stat. § 8.31).

#### **COUNT 4**

#### **BREACH OF CONTRACT/FAILURE TO MAINTAIN RENTAL PROPERTY MINN. STAT. § 504B.161**

#### **(AGAINST PARK DEFENDANTS ON BEHALF OF THE CLASS)**

165. Plaintiffs restate and reallege all other paragraphs in this Complaint as if fully stated and alleged herein.

166. SMH Park is a manufactured home park and subject to laws protecting renters. Specifically, a resident of a mobile home park is a “residential tenant,” the park itself is a “residential building,” the owner is a “landlord,” and the residents have a “lease” under Minn. Stat. § 504B.001, subds. 7, 8, 11, and 12.

167. Minnesota law is unequivocal in requiring all landlords to keep the premises healthy, safe, and habitable for residents. Minn. Stat. § 504B.161. The property must be kept in “reasonable repair” and in conformance with “applicable health and safety laws.” *Id.* subd. 1. This requirement is absolute and cannot be waived or modified. *Id.* A tenant’s obligation to pay the rent is interdependent with the landlord’s obligation to keep the property in good repair: if the landlord does not maintain the property, the tenant does not owe all the rent. *Fritz v. Warthen*, 213 N.W.2d 339, 341-42 (1973).

168. Here, Park Defendants have failed to conduct maintenance in conformance with state licensing standards and knowingly operate compromised water and sewage systems<sup>32</sup> that cause sewage to back-up into residents' homes, leak onto resident rented lots and community spaces, contaminate residents' water, and pollute local waters (including the nearby Mississippi River).

169. Park Defendants' failing water and sewer system at SMH Park have damaged residents' homes, vehicles, rented lots, and common areas of SMH Park. Flooding has transferred sewage from lot to lot, lot to common areas, and in some cases covered entire roads in SMH Park.

170. Defendants have knowingly and deliberately violated environmental, health, and safety laws despite repeated complaints, warnings, and eventually penalties informing them of the importance of complying with those laws. Defendants' failure to keep the water and sewer systems up to Code, failure to disclose hazardous waste/toxic pollutant discharges to the proper agencies, failure to notify all SMH Park residents of discharges, failure to properly remediate discharges in a timely manner, and failure to keep SMH Park in a sanitary condition, violates the habitability laws set forth in Minn. Stat. § 504B.161.

171. Park Defendants have control over common areas in SMH Park and breached their duty "to ensure that it constructs and maintains the area[s] in a reasonably

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<sup>32</sup> Sewer System is defined in Minn. Stat. § 115.01, subd. 18 as "pipelines or conduits, pumping stations, and force mains, and all other constructions, devices, and appliances appurtenant thereto, used for conducting sewage or industrial waste or other wastes to a point of ultimate disposal." Park Defendants' system meets this definition.

safe condition.” *Wise v. Stonebridge Communities, LLC*, 927 N.W.2d 772, 777 (Minn. Ct. App. 2019). Park Defendants also breached their duty to warn SMH Park residents about the defective and dangerous condition of SMH Park’s water and sewer systems.

172. Plaintiffs are therefore entitled to relief under Minn. Stat. § 504B.161 and *Fritz v. Warthen*, 213 N.W.2d 339, 341-42 (1973).

### **COUNT 5**

#### **ENVIRONMENTAL RIGHTS MINN. STAT. § 116B**

##### **(AGAINST PARK DEFENDANTS ON BEHALF OF THE CLASS)**

173. Plaintiffs restate and reallege all other paragraphs in this Complaint as if fully stated and alleged herein.

174. The Minnesota Environmental Rights Act (“MERA”), Minn. Stat. § 116B, provides Minnesota residents with substantial environmental rights of action. Any person residing in the state of Minnesota may maintain an action for protection of natural resources from pollution, impairment, or destruction. Minn. Stat. § 116B.03, subd. 1. To establish a claim, Plaintiffs must show: (1) the existence of a protectable natural resource; and (2) the pollution, impairment, or destruction of that resource. Minn. Stat. § 116B.04.

175. MERA defines natural resources broadly as including “all mineral, animal, botanical, air, water, land, timber, soil, quietude, recreational and historical resources.” Minn. Stat. § 116B.02, subd. 4. Protectable natural resources may be privately owned. Minn. Stat. § 116B.03, subd. 1. In the present case, soil and groundwater are natural resources under MERA’s plain language. Therefore, SMH Park residents, including

Plaintiffs, may bring a claim to protect SMH Park's soil and groundwater from pollution under MERA.

176. The second element of a MERA claim, the pollution, impairment, or destruction of a protectable natural resource, is also met here. There are two types of pollution under MERA: (1) conduct that violates, or is likely to violate, an environmental quality standard; or (2) conduct that materially adversely affects, or is likely to materially adversely affect, the environment. Minn. Stat. § 116B.02, subd. 5. Park Defendants' failure to maintain their sewage systems constitutes "conduct" under MERA. In the present case, Park Defendants managed the property and failed to remedy sewage systems that have caused recurrent sewage discharges. This failure to act is conduct under MERA.

177. A party pollutes under MERA if their conduct "violates, or is likely to violate, any environmental quality standard, limitation, rule, order, license, stipulation agreement or permit." Minn. Stat. § 116B.02. In the present case, SMH Park residents have reported several sewage discharges over the years and have recently reported sewage discharges again. Plaintiffs contend that these discharges violate or are likely to violate Minnesota's environmental quality standards, including but not limited to the Minnesota Water Pollution Control Act, Minn. Stat. § 115.061, Minn. R. 7060.0600, subp. 2, and Minn. R. 4630.0800, subp. 2. Additionally, Park Defendants have been issued a notice of violations from the MPCA for alleged violations of Minn. Stat. § 115.061 and Minn. R. 7060.0600 before.

178. Park Defendants' conduct materially and adversely affects the environment. The dangers of sewage exposure are well-known. Accordingly, Minnesota

law regulates sewage systems to avoid unregulated discharges and protect the environment and public health. Minn. Stat. § 115.063. Contaminated groundwater, for instance, may render drinking water unfit for consumption, radically impairing its character.

179. The significant, long-term health effects associated with sewage exposure are well-known. It is axiomatic that the constant sewage leaks at SMH Park pose significant risks to the health of the residents.

180. Plaintiffs are therefore entitled to declaratory and equitable relief as is necessary or appropriate to protect SMH Park's land and groundwater from pollution, impairment, or destruction. Minn. Stat. § 116B.07.

### **COUNT 6**

#### **NEGLIGENCE**

#### **(AGAINST PARK DEFENDANTS ON BEHALF OF THE CLASS)**

181. Plaintiffs restate and reallege all other paragraphs in this Complaint as if fully stated and alleged herein.

182. Defendants have a duty under statutory and common law to maintain SMH Park in a safe and sanitary condition.

183. As the owners and property managers of a mobile home park, Park Defendants must comply with environmental and health-and-safety laws enacted to protect residents and the public from unsafe living conditions in the course of maintaining the property for residential use, including but not limited to the Minnesota Water Pollution Control Act, Minn. Stat. § § 115.01-.09.

184. The Minnesota Water Pollution Control Act protects the waters of Minnesota “for the benefit of the health, safety, welfare, and economic well-being of present and future generations of the people of the state.” Minn. Stat. § 115.063(a)(1). The Minnesota Water Pollution Control Act and its related regulations (1) prohibit the discharge of sewage and other pollutants; (2) create a duty to disclose discharges of any substance that “may cause pollution of waters of the state”; (3) require rapid and thorough recovery of the substance discharged, and other such immediate action to “minimize or abate pollution of waters of the state”; and (4) require “notice to the potentially impacted public and to any downstream drinking water facility that may be impacted by the discharge.” Minn. R. § 7060.0600, subp. 2; Minn. Stat. § 115.061(a), (c).

185. Mobile home parks are subject to additional State regulations. A mobile home park cannot allow waste to “be deposited on the surface of the ground,” Minn. R. § 4630.0200; must be in “sanitary condition,” Minn. R. 4630.0300; must have a safe and sanitary water supply “capable of supplying a minimum of 150 gallons per day per mobile home,” Minn R. 4630.0600, subp. 2; must have water and sewer riser pipes that extend at least four inches above ground,” Minn. R. 4630.0600, subp. 4; 4630.0800, subp. 2; and must maintain water and waste piping in compliance with the Minnesota Plumbing Code, Minn. R. 1350.3400, subp. 1-2 (citing Minn. R. 4714).

186. As set forth above, Defendants breached their duty to maintain SMH Park in a safe and sanitary condition.

187. As set forth above, Plaintiffs have been harmed by Defendants’ failure to maintain SMH Park in a safe and sanitary condition.

188. Plaintiffs are therefore entitled to compensatory damages, consequential damages, and other relief deemed just and proper by the Court.

### COUNT 7

#### **NUISANCE, MINN. STAT. § 561.01**

#### **(AGAINST PARK DEFENDANTS ON BEHALF OF THE CLASS)**

189. Plaintiffs restate and reallege all other paragraphs in this Complaint as if fully stated and alleged herein.

190. Plaintiffs and other SMH Park residents own or rent manufactured homes on lots contained in and rented from the various owners of SMH Park, and thus have a lawful right of possession to the property.

191. SMH Park's failing water and sewer systems has caused toxic pollutants/hazardous waste to unlawfully interfere with Plaintiffs and SMH Park residents' use and enjoyment of their property by causing sewage to physically intrude into residents' homes, on their rented lots, and into shared spaces to which Plaintiffs' leases provide a right of access.

192. The pollution caused by Defendants' failure to repair damaged water and sewer systems is injurious to residents' health, indecent and offensive to Plaintiffs' senses, obstructs the use of the property, and "interferes with the comfortable enjoyment of life [and] property." Minn. Stat. § 561.01; Stearns County Ordinance 662.

193. Plaintiffs are therefore entitled to the injunctive relief and damages pursuant to Minn. Stat. § 561.01.



**COUNT 8****FAILURE TO MAINTAIN MANUFACTURED HOME PARK INCLUDING WATER  
SUPPLY AND PLUMBING, MINN. STAT. § 327.20, SUBD. 1(1), (2) & (5)****(AGAINST PARK DEFENDANTS ON BEHALF OF THE CLASS)**

194. Plaintiffs restate and reallege all other paragraphs in this Complaint as if fully stated and alleged herein.

195. Minnesota law expressly requires mobile home parks (1) have an attendant/caretaker available at all times to “maintain the park or area, and its facilities and equipment in a clean, orderly, and sanitary condition”; (2) “be well drained and be located so that the drainage of the park area will not endanger any water supply”; and (3) have plumbing “in accordance with the rules of the state commissioner of labor and industry and the provisions of the Minnesota Plumbing Code.” Minn. Stat. § 327.20, subd. 1(1), (2) & (5).

196. Defendants violated Minn. Stat. § 327.20, subd. 1(1), (2) and (5) by failing to maintain SMH Park in a clean, orderly, and sanitary condition including by allowing raw sewage leaks into private and common areas and failing to take prompt action to remedy those unsanitary conditions.

197. Plaintiffs are therefore entitled to relief under Minn. Stat. § 327C.15 and 8.31, subd. 3a.

**COUNT 9****IMPOSITION OF NEW RULES  
MINN. STAT. § 327C.02, SUBD. 2****(AGAINST PARK DEFENDANTS ON BEHALF OF THE CLASS)**

198. Plaintiffs restate and reallege all other paragraphs in this Complaint as if fully stated and alleged herein.

199. In imposing the new leases on the residents as set forth above, Defendants violated Minn. Stat. § 327C.02, subd. 2, which protects lessees of lots in mobile home parks. The law states that “[a] rule adopted or amended [by the owner of a mobile home park] after the resident initially enters into a rental agreement may be enforced against that resident only if the new or amended rule is reasonable and is not a substantial modification of the original agreement.” Subdivision 4 renders void any attempt to waive or circumscribe those protections.

200. Further, even if they were not procured by fraud and threats of eviction, and even if they were supported by consideration, the changes to SMH Park residents’ leases were demanded without any prior written notice – much less the required 60 days’ written notice, which makes them illegal under Minn. Stat. § 327C.02, subd. 2. Moreover, the new \$250.00 pet fee is illegal under § 327C.03, subd. 3.

201. The continued enforcement of these wrongfully-obtained, invalid, and unnecessary leases constitutes continuous violation of this statute.

202. Plaintiffs are therefore entitled to relief under Minn. Stat. § § 327C.15 and 8.31, subd. 3a.

## JURY TRIAL DEMAND

203. Plaintiffs demand a jury trial on all counts so triable.

## PRAYER FOR RELIEF

Wherefore, Plaintiffs pray for relief against Defendants as follows:

1. Certification of the proposed class under Minn. R. Civ. P. 23.
2. A declaration that Defendants violated each of the laws that form the basis of relief.
3. An injunction ordering Defendants to correct the plumbing and wastewater systems failures causing the park-wide sewage problems.
4. An injunction ordering Defendants to perform all renovation and maintenance work needed to comply with health and safety laws.
5. An injunction ordering Defendants to take adequate steps to remove the Neptune Meters and either:
  - a. Return to a flat-fee billing system where each household is charged the same amount each month, or
  - b. Replace the current utility meters with working units that properly and accurately measure electricity usage for each home in the SMH Park.
6. Compensatory damages including but not limited to the amount of all rent and fees paid and any other damages caused by Defendants conduct.
7. Disgorgement of utility fees paid in violation of Minn. Stat. § 504B.215.

8. Rescission of the new leases for those residents who were fraudulently induced to sign new, invalid, and unnecessary leases.
9. Declaratory relief setting forth that the lease terms from residents' leases that were in effect before residents were fraudulently induced to sign new, invalid, and unnecessary leases remain in effect.
10. Reasonable attorneys' fees and costs for litigation and investigation, under multiple statutes identified in this Complaint, as well as Minn. Stat. § 504B.172 and 8.31.
11. Enhanced statutory penalties under Minn. Stat. § 325F.71 on behalf of class members who are senior citizens or disabled.
12. A finding that Defendants are jointly and severally liable for damages, equitable relief, and attorneys' fees and costs awarded in this case.
13. The grant of Plaintiffs' forthcoming motion for punitive damages under Minn. Stat. § 549.191.
14. Such other relief that the Court deems just and equitable.

Dated: October 22, 2024

**ROBINS KAPLAN LLP**

By: /s/Anne M. Lockner

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*Attorneys for Plaintiffs*

# Exhibit A



A Limited Liability Company

Attorney Mark B. Hazelbaker  
Circuit Court Commissioner

Direct Line: 608.662.2300 Cell phone 608-220-7271

Direct Email: [mh@kasieta.com](mailto:mh@kasieta.com)

April 24, 2020

Mr. Justin Barrick  
Environmental Specialist,  
Minnesota Pollution Control Agency  
7878 College Road, Suite 105  
Baxter, MN 54625

By Email to: [justin.barrack@state.mn.us](mailto:justin.barrack@state.mn.us)

Re: Sartell MHP, LLC, Sartell, MN (Stearns County)  
Our File: 1075.12

Dear Mr. Barrick:

I am writing on behalf of Sartell MHP, LLC in response to your letter of April 9, 2020. I advise Sartell MHP on general regulatory issues. Sartell was purchased by Impact Communities recently. Impact found that Sartell had not been well managed by prior owners. As a result, some of the information you legitimately seek may not exist or may not be available. However, my client is looking through the records which do exist to compile the information.

Impact Communities is committed to providing quality housing which is an asset to the local area and the state. Impact invests in improvements to the communities it acquires. The human health and environmental protections provided by Minnesota law are not in question. My client acknowledges that Minnesota law provides for production of information about releases of wastewater and system maintenance. Sartell will search for and produce information responsive to your request or identify what cannot be located.

Sartell is working hard and has a set plan to improve not only the infrastructure of the community, but the overall appearance and conditions for its residents. Last year alone, Sartell removed over 17 abandoned homes and has brought in 16 new homes.

Sartell spent more than \$300,000 to replace all the roads within the community. It has removed old dangerous park equipment and is replacing it with a new, safe, and upgraded park equipment for the children in the community. Sartell spent almost \$50,000 to remodel the community center

559 D'Onofrio Drive, Suite 222 Madison, WI 53719-2842  
(608) 662-9999 Fax (608) 662-9977  
[www.kasieta.com](http://www.kasieta.com)

**EXHIBIT E**

to allow residents to have a place to gather and hold events. We have new management in place, including a new Community Manager, District Manager and Regional Vice President.

I mention these improvements to highlight that Sartell is committed to investing in this community. Those commitments extend to the sewer system as well.

Every time Sartell brings in a new home, Sartell replaces the sewer lines, excavating the lines and replacing the risers. By doing this each time a home is replaced, Sartell is upgrading the infrastructure over time.

There are challenges. The community has many older trees. Some of their roots had grown into the sewer laterals or lines. As you know, under those circumstances, tree roots can impede sewer flows and cause backups. Last year, Sartell had a contractor televise the sewer system to search for leaks and blockages. Those problems were repaired where they were found.

The last back up occurred at unit #196 on March 28, 2020. Sartell called Roto Rooter, which came out, jetted the lines, and corrected the issue. Throughout the entire region, the company responds to breaks and blockages by immediately contacting a licensed contractor to come out and fix the issue.

My client related to me that they believe the complaint in this matter may have been made by a tenant who was notified of lease violations. I am not suggesting that a bad motive on the part of the complainant excuses a problem or avoids the need for review. It is interesting, though, that Sartell received no complaints or concerns about these issues. Had the concerns been expressed, they would have been addressed. We will address your agency's concerns and resolve them.

Sartell's management is working positively to clean up and improve living conditions in this community. Sometimes changes provoke people who have enjoyed the laissez faire attitude of a prior owner. My client will work with you and your agency to resolve these issues.

Sincerely,

KASIETA LEGAL GROUP, LLC

*Mark B Hazelbaker*

Mark B. Hazelbaker

Cc: Impact Communities



# Exhibit B

# APPRAISAL REPORT

SARTELL MOBILE HOME COMMUNITY  
106 2nd Street South  
Sartell, Stearns County, Minnesota 56377  
CBRE, Inc. File No. 16-178MN-0850

Kevin Porter  
Loan Officer  
ROC USA CAPITAL  
6 Loudon Road, Suite 501  
Concord, New Hampshire 03301

[www.cbre.com/valuation](http://www.cbre.com/valuation)



## STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

### Strengths/ Opportunities

- The subject property is relatively well located along 2<sup>nd</sup> Street South in Sartell
- The subject is currently 87.1% occupied which is generally considered to be a stabilized occupancy position
- The subjects in place rental rates are perceived to be slightly below market levels, therefore, providing good upside potential

### Weaknesses/ Threats

- The subject property suffers from a significant amount of deferred maintenance according to a property condition report

## EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as “an assumption directly related to a specific assignment, as of the effective date of the assignment results, which if found to be false, could alter the appraiser’s opinions or conclusions.”<sup>1</sup>

- The appraisers were not provided with building plans for the subject office and maintenance garage. As a result, we have relied on information presented in the site survey. We assume that all size indications as illustrated within this report are correct.
- The appraisers were provided with a property condition report which indicated various items which need to be replaced over the next two years. The appraisers have relied on this report for the items which need to be replaced and for the respective costs to cure the items of deferred maintenance. If this report is found to be incorrect, we reserve the right to modify this report.
- The appraisers were not provided with a detailed rent roll illustrating the in place rental rates at the subject. The appraisers have relied upon information provided by the pending buyer in regards to the total number of sites and the in place rental rates. For the purposes of this appraisal, we assume that this information is correct.

## HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purposes of analysis.”<sup>2</sup>

- At the request of the client, the appraisers have provided an as complete value for the subject property assuming that all deferred maintenance items have been fixed.

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<sup>1</sup> The Appraisal Foundation, *USPAP, 2014-2015* ed., U-3.

<sup>2</sup> The Appraisal Foundation, *USPAP, 2014-2015* ed., U-3.

## Introduction

### OWNERSHIP AND PROPERTY HISTORY

Title to the property is currently vested in the name of Sartell MHP, LLC, who acquired title to the property in February, 2014 for \$2,950,000 or \$18,098 per pad. According to information provided by the client, the ownership is related to RV Horizons, Inc. who is a national manufactured homes property owner. Although requested, in place financial information with not provided to the appraisers.

In February, 2016, the property went under contract to sell from Sartell MHP, LLC (RV Horizons) to North Country Cooperative Foundation for \$5,300,000 or \$32,515 per pad site. To the best of the appraiser's knowledge, the property was not publicly marketed for sale and the buyer approached the seller directly. The pending buyer works as a nonprofit organization helping properties convert to a resident owned community.

The pending seller then engaged Braun Intertec Corporation to perform a Property Condition Assessment (PCA) on the subject property. This report found various items of deferred maintenance/short term capital expenditures and provided the costs to cure these items. The report suggests that the following items be replaced by year end 2017 at an estimated total cost of \$1,545,350 or \$9,480 per pad site.

#### Year 1:

- Survey Lowell Circle and improve drainage
- Signage upgrades
- Community Room upgrades and plumbing
- Upgrade electrical service on two lots
- Individual water main repairs
- Excavate and assess water mains

#### Year 2:

- Individual water main repairs
- Sewer Lining installation on about 20 percent of lots
- New water mains and services on about 75 percent of lots
- Street replacement in connection with water main work
- Upgrade electrical service on two lots

During a discussion with the pending buyer, they indicated that a renegotiation of the pending purchase price has taken place with the seller as a result of the items. According to the buyer, the purchase price has been reduced to \$5,150,000 or \$31,595 per pad site. Please note, the appraisers have not been provided with an amendment to the purchase agreement because they seller has yet to sign the document, however, they indicated that the seller has agreed to the new purchase price

Based upon the pending purchase price of \$5,150,000 and the total amount of deferred maintenance items indicated in the PCA report of \$1,545,350, the total cost to be incurred by the

pending buyer is \$6,695,350 or \$41,075 per pad site, resulting in a purchase capitalization rate of 6.00%. Based upon the appraisers analysis illustrated within this report, the pending purchase price appears to be above market levels.

To the best of the appraiser's knowledge, the property has not sold, been listed for sale or gone under contract to sell within the last three years other than the information presented above.

### **INTENDED USE OF REPORT**

This appraisal is to be used for internal credit decisions and/or loan underwriting, and no other use is permitted.

### **INTENDED USER OF REPORT**

This appraisal is to be used by Resident Ownership Capital, LLC dba ROC USA Capital, Eagle's View, Inc., National Cooperative Bank (NCB) and MetLife Insurance Company, and no other user may rely on our report unless as specifically indicated in the report.

Intended Users - the intended user is the person (or entity) who the appraiser intends will use the results of the appraisal. The client may provide the appraiser with information about other potential users of the appraisal, but the appraiser ultimately determines who the appropriate users are given the appraisal problem to be solved. Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of the appraisal are not necessarily intended users. The appraiser's responsibility is to the intended users identified in the report, not to all readers of the appraisal report.<sup>3</sup>

### **PURPOSE OF THE APPRAISAL**

The purpose of this appraisal is to estimate the market value of the subject property.

### **DEFINITION OF VALUE**

The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;

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<sup>3</sup> Appraisal Institute, The Appraisal of Real Estate, 14th ed. (Chicago: Appraisal Institute, 2013), 50.

## ADA COMPLIANCE

The subject's storm shelter does not appear to have handicap accessibility. The client/reader's attention is directed to the specific limiting conditions regarding ADA compliance.

## ENVIRONMENTAL ISSUES

CBRE, Inc. is not qualified to detect the existence of any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation, or other potentially hazardous construction materials on or in the improvements. The existence of such substances may affect the value of the property. For the purpose of this assignment, we have specifically assumed there are no hazardous materials that would cause a loss in value to the subject.

## DEFERRED MAINTENANCE

The appraisers were provided with a property condition report which indicated numerous items which need to be replaced by year end 2017. The total cost to cure these items has been indicated as \$1,545,340. These items and their respective costs are illustrated below.

### Year 1:

- Survey Lowell Circle and improve drainage
- Signage upgrades
- Community Room upgrades and plumbing
- Upgrade electrical service on two lots
- Individual water main repairs
- Excavate and assess water mains

### Year 2:

- Individual water main repairs
- Sewer Lining installation on about 20 percent of lots
- New water mains and services on about 75 percent of lots
- Street replacement in connection with water main work
- Upgrade electrical service on two lots

## Improvements Analysis

Items	Quantity	Unit	Unit Cost	Total	2016	2017
					1	2
<b>Sewer Lining</b>						
Year 2 engineering	1	EA	\$ 15,000	\$15,000		\$15,000
Year 2 manholes	4	EA	\$ 4,000	\$16,000		\$16,000
Year 2 sewer lining	1,600	LF	\$ 50	\$80,000		\$80,000
Year 2 service restatement	30	EA	\$ 75	\$2,250		\$2,250
Year 12 engineering	1	EA	\$ 25,000	\$25,000		
Year 12 manholes	16	EA	\$ 4,000	\$64,000		
Year 12 sewer lining	6,400	LF	\$ 50	\$320,000		
Year 12 service restatement	130	EA	\$ 75	\$9,750		
<b>Water</b>						
Excavate and assess water mains	1	EA	\$ 20,000.00	\$20,000	\$20,000	
Individual watermain repairs	10	EA	\$ 7,000	\$70,000	\$28,000	\$ 42,000
Year 2 engineering	1	EA	\$ 40,000	\$40,000		\$40,000
Year 2 PVC watermains	4,500	LF	\$ 35.00	\$157,500		\$157,500
Year 2 Type K copper service pipe	4,500	LF	\$ 45.00	\$202,500		\$202,500
Year 2 gate valves	6	EA	\$ 1,100.00	\$6,600		\$6,600
Year 2 hydrants	6	EA	\$ 3,500.00	\$21,000		\$21,000
Year 2 curb stop, box, and corporation stop	110	EA	\$ 1,200.00	\$132,000		\$132,000
Year 12 engineering	1	EA	\$ 15,000.00	\$15,000		
Year 12 PVC watermains	1,500	LF	\$ 35.00	\$52,500		
Year 12 Type K copper service pipe	1,500	LF	\$ 45.00	\$67,500		
Year 12 gate valves	2	EA	\$ 1,100.00	\$2,200		
Year 12 hydrants	2	EA	\$ 3,500.00	\$7,000		
Year 12 curb stop, box, and corporation stop	40	EA	\$ 1,200.00	\$48,000		
<b>Streets</b>						
Survey Lowell Circle and improve drainage	1	EA	\$ 15,000.00	\$15,000		\$15,000
Year 2 engineering	1	EA	\$ 30,000.00	\$25,000		\$25,000
Year 2 restore streets after water and sewer work	18,000	SY	\$ 30.00	\$540,000		\$540,000
Year 12 engineering	1	EA	\$ 15,000.00	\$15,000		
Year 12 restore streets after water and sewer work	5,000	SY	\$ 30.00	\$150,000		
Chipseal streets	23,000	SY	\$ 5.00	\$115,000		
15% Contingency for Year 2 Major Projects	1	LS	\$ 186,000.00	\$186,000		\$186,000
15% Contingency for Year 12 Major Repair Projects	1	LS	\$ 116,000.00	\$116,000		
<b>Signage</b>						
Selective street sign replacements	6	EA	\$ 500.00	\$3,000	\$ 500	
Monument sign	1	EA	\$ 2,000.00	\$2,000	\$2,000	
<b>Electrical</b>						
Upgrade residences to 100-amp electric service	80	EA	\$ 1,750.00	\$140,000	\$ 3,500	\$ 3,500
<b>Office and Community Room</b>						
Replace roof	2,500	SF	\$ 8.00	\$20,000		
Masonry repairs	1	EA	\$ 2,000.00	\$2,000		
Community room improvements	1	EA	\$ 5,000.00	\$5,000	\$5,000	
Plumbing repairs	1	EA	\$ 2,000.00	\$2,000	\$2,000	
HVAC	1	EA	\$ 6,000.00	\$6,000		
<b>Shop and Storm Shelter</b>						
Plumbing	1	EA	\$ 2,000.00	\$2,000		
HVAC	1	EA	\$ 6,000.00	\$6,000		
Total NOT inflated					\$ 61,000	\$ 1,484,350

As illustrated above, the total cost to cure these items of deferred maintenance is \$1,545,350 or \$9,480 per pad site. The appraisers have deducted these costs from our value conclusions in order to conclude to an as is value for the subject property as a typical buyer would consider these costs within their purchase price.

The appraisers suggest the client/reader review this property condition report prior to making a business decision.

The concluded deferred maintenance deduction is illustrated within the following chart.

<b>ANALYSIS OF DEFERRED MAINTENANCE</b>	
Per PCA Report	\$1,545,350
<b>Total Deferred Maintenance:</b>	<b>\$1,545,350</b>
Source: Property Condition Report	

## ECONOMIC AGE AND LIFE

CBRE, Inc.'s estimate of the subject improvements effective age and remaining economic life is depicted in the following chart:

<b>ECONOMIC AGE AND LIFE</b>	
Actual Age	42 Years
Effective Age	35 Years
MVS Expected Life	45 Years
Remaining Economic Life	10 Years
Accrued Physical Incurable Depreciation	77.8%
Compiled by CBRE	

The remaining as is economic life is based upon our on-site observations, comparative analysis of typical life expectancies as published by Marshall and Swift, LLC, in the Marshall Valuation Service cost guide, as well as the PCA report completed by Braun Intertec. Please note, once the deferred maintenance items have been completed, the remaining economic life will be increased to 25 years for an accrued physical depreciation of 44.4%.

## CONCLUSION

The subject property consists of a 163 pad site mobile home community with a small office building and maintenance garage. The individual pad sites are metered for all utilities and they are improved with an asphalt driveway.

As illustrated previously, the subject property suffers from a significant amount of deferred maintenance which has been estimated at \$1,545,350. Once these items have been corrected, the property will be considered to be in average condition with average functional utility.



# Exhibit C

**Exhibit I**

**Resident Survey**

Address	Years in Comm	Low pressure? Taste?	Discoloration?	Other H2O problems?	H2O Interruptions?	Slow or back ups?	Broken pipes? Frozen pipes?	Water collect around home?	Elsewhere?	CB or Fuses?	60/100/other AMP?	lost power?	Home Manufactured	Adequate lighting?	Problems with lights	Hazardous waste?	Safety leave and enter park?	Notes on entering/leaving park	Playgrounds	Any are set aside for use by children?	Comments	
	12				1			no		CB		no	2001	no	many lights don't work (on high street)	no	yes	city won't let a larger sign or lighted therefore visitors find it hard to see turn	yes	yes		
	15	taste is bad	yes	too much calcium	15			no	streets get watered down when pipes break	CB and fuses	60	yes	1988	no		no	no	people do not stop for signs and they speed like hell and nobody stops them	yes	yes	a park surrounded by fence, two gates and basketball hoop; speedsters should be prosecuted. Loud radios in cars need to be turned down. Loud mufflers need to be quieted own. People get tired of these interruptions	
						yes		yes				no	1970s	no	need more lighting on Hi Vue and Lowell Lane	no	yes		yes	yes	don't raise lot rent	
	12	low pressure		shutoffs due to line breaks	10					CB			1976				barely	numerous pot holes too many to count	yes	yes	preteens and adolescents do not use the playgrounds	
	4.5	bad taste	yes	not good	4			no	streets	CB		twice in last year	1978	yes					yes	needs work for safety	fix the street potholes	
	2				yes																	
	0.5									CB							no	lots of potholes	yes		fix the roads?	
																	yes					
	2.5	low pressure and bad taste	yes	horrible	2	yes	frozen		on roads	CB			2002	yes			no	no	pot holes are terrible			roads suck
		bad taste			1 or 2			no		CB			1988				no	yes		yes	yes	
	31	bad taste			5		frozen		yes	CB			1983	yes								
	1				4	yes	broken	yes	yes	CB				no			no	yes		yes	yes	
	13	low pressure in 1 room			several				roads	fuses	100	no	1992	yes/no			no	no	roads are rough and in rush hours you can't exit	yes	yes	my kids are too old to play on the equipment; they may toss a football or baseball. Water pipes and sewer need repairing; roads need fixing; electrical should be inspected to see if it needs updating
	8 months							no	always water on the streets and around other houses	CB	100	partially	1978	yes/no	it would be nice to have more lighting	no	no	the roads are horrible; I have many problems with our cars, with pot holes	yes	yes		
	4	low pressure				yes		yes	water collects behind trailer around electric inlet to trailer	CB			1971	no			no	no	roads are horrible with potholes and need light up sign for entry	yes	yes	interested in becoming owner but would like to believe it is a good investment not just for myself and other families but future residents as well
	2	bad taste			12			no	no?	CB			1970 or 71	no			no	no	large potholes			
	2	low pressure								fuses		no	1970				no	yes		yes	yes	dead trees
	9			main broke, had to move house	1								1996				no	no	too many potholes			
	21							no		fuses		yes	1974				no	no	bad roads	yes	yes	
	10				8 to 10			yes	yes, but only in heavy rains	CB	100		1971	yes			no	yes	bad roads	yes	yes	playgrounds need updating
	2					yes				fuses			2002	yes			no	yes		yes		
										CB	100						no	yes		yes	yes	
	23	low pressure and bad taste	yes		yes					CB			1993	no	lights out, poles bent; not enough light poles	no						
	1									CB				yes			no	yes	pot holes	yes		
		low pressure	yes				frozen	yes	puddles around home	CB and fuses			1974	no	lights in front of home do not work	no	yes	pot holes	yes	yes		
	5									CB			1977	yes					pot holes			
	30+								in the back of the park	CB			1986	no	could use more lighting	no	yes		yes	yes		
	14	low pressure and bad taste	yes				frozen	no	yes, around the back of park sewer clogs up	CB		yes	1978	no	lights are always broken	no	no	pot holes	no	no	we need a fun area for kids to play football and slides/swings that are safe; want a nice community, roads that are better and a place for my child to play at - a park, swing and run around; lights around the park to help feel safer	
	3	low pressure and bad taste	yes	smell			frozen + broken	no	yes, in the streets	CB and fuses	60	no	1980s	no			no	yes	pot holes	yes		soil in the playground is contaminated from a remediation effort several years ago; roads are cracked and pipes are in bad shape
		low pressure		smell		back ups		yes		CB		yes	1977	no		yes, under trailer	no			yes		soil in playground is contaminated
	6	low pressure and bad taste			yes	back ups and slow drains		yes		CB			1976	no			no	yes		yes		
	31							no	yes, front of mailboxes	CB			1987				no	no	pot holes and broken tar	yes	yes	fenced area but poor grass and old equipment
	17				yes, several		broken	no		CB		no	1998	yes			no	yes		no	yes	replace the broken park/play area with a new one
	15	low pressure occasionally					broken	no		CB			1991	yes			no	yes		yes		roads are bad; a lot of potholes. Have tree roots growing towards garage which causes concern
	8 months	low pressure and bad taste			5	slow	tree roots		yes, in the streets	CB			1982	no			no		need a secondary road to use	yes	no	playgrounds need updating
	4	low pressure and bad taste								CB				no			no	no	pot holes and buckling	yes		playgrounds need updating; concerned about drug dealing in the park
	3.5				3				yes	CB	60	no	1987	yes		yes	yes		yes	yes		
	17	low pressure and bad taste			5		frozen + broken	no	yes	CB		yes	2003	no			yes	no		yes		
	34	bad taste						no		fuses												
	10	low pressure			5		broken mains		yes, in the streets	CB	60		1983	no	need more street lights		yes			yes	yes	
			yes						yes, around mailbox	CB			1990s	no						yes	yes	
	12	low pressure			5 in last 6 mo.	slow and many back up		no		CB				no			no	yes	pot holes	yes		poor roads and water problems
		low pressure			3 in last yr			yes	yes, intersection of Lowell Ln, Sunset Ave, + Lowell Circle	CB		yes	2002	yes/no	outdoor lighting--depends on the area	no	depends on time of day		yes	yes		bad roads, pot holes
	11	bad taste			8		frozen	no	yes	CB and fuses		no	1998	yes			no	no	buckling and pot holes	yes	yes	
	3	low pressure			3			no	yes, in the streets	CB and fuses		no	1975	no	need more street lights		no	no	large pot holes	yes	yes	
															need more lighting throughout the park and night light on park sign			traffic has become very difficult since the traffic light was removed at the end of Pinecone and 2nd Street	yes			playground is in really bad shape; problems with dead and dying trees and potential for damage to homes from them; problems with neighbors accumulating "junk" and debris in their lawns and having too many pets
	24		yes	bad smell	8			no		CB		yes	1981	no			no	yes	roads need repair	yes		playground needs work
	12				12			yes		CB	100	yes	1996	no						yes	yes	
	41				10			no	yes, Lowell Circle completely floods in heavy rainfall	fuses		yes	1973	yes			no	yes		yes	yes	very poor roads; pot holes
		low pressure			4				yes, Lowell Lane	fuses		no	1970s	no			no	yes		yes		
	18				several	slow and back-ups	frozen + tree roots	yes	in heavy rains, Circle floods several feet deep	CB		no	1974	no			no	no	pot holes	yes		roads, trees, sewer, garbage
		bad taste		smells like chlorine				no		CB										yes		

	19				13	slow and back-ups	tree roots		yes, parking lots	CB			1978	no	many street lights are broken	no	yes		yes	yes	playground has broken equipment; water and roads need work	
	2	bad taste			several					fuses	60	yes	1970	yes	house needs an electrician from RV Horizons to fix main wiring	no						
	1	low pressure								fuses			1972	no	need more lights overall		no	speed bumps are a bit high; have to drive down middle of road due to pot holes	yes			
	27		yes		several	slow		yes	yes, in front of home and at end of driveway	fues		no	1975	no		no	no	pot holes	yes		the park's underground electrical heat cord for water is very tight	
	4	low pressure and bad taste	yes		5				yes, some of the roads	CB	100	no	2008				no	pot holes and people speeding			there isn't any handicap accessible storm shelter in the park; concerning	
	5 mo								yes, pot holes collect water	CB	100	no	1973	yes			no					
	15									CB	100	no	1979	yes			no	yes		yes		
		low pressure	yes	no main broke once; had to move house	10 or more	slow and back-ups	broken + frozen	no	yes, back of park down from Sunset Avenue	CB		no		no	lots of damage to lights from storm and lightning storm	possible	no	pot holes; people speeding - need more signage and a 10mph sign	yes	yes	sewage was possibly dumped in children's play area; playground is old and run down	
	5		yes														yes		yes			
	1									CB and fuses	100	no	1980	yes			no	no	pot holes	yes	no	
	41							no		CB		no	1971				no	no	pot holes	yes	yes	
		slow						yes	yes, in back of home--water runs down Sunset Avenue	fuses			1978	no			yes	pot holes	yes	yes	playground needs updating; management is terrible, roads need replacing	
	2				4					CB		no	1984	no	sometimes street lights go out	no	no	pot holes	yes	yes		
	4	low pressure			6			no		CB		no		yes			no	yes		yes		
	3	low pressure and bad taste			3		broken + frozen	yes	yes, around the neighbor's place	CB and fuses	100	yes	1967	no	lights burned out	no						
	7				several			no		CB	60	no	1998	no	need more street lights	no	yes		yes	yes		
										CB and fuses		no		no			no	yes				
	15	low pressure and bad taste		tastes like chlorine		slow and back-ups	frozen	yes	yes, ground is uneven around home; roads collect water every time it rains	CB		yes	1977	no	street lights go out	no	no	pot holes, cracking roads, not even signage, speed bumps not labeled well	yes		street lights have never really worked, so it's scary to walk around at night	
	1									CB and fuses		no	1985	no			no	yes	pot holes	yes	yes	playground needs updating
	23					slow and back-ups				fuses	60						no					
	2							yes	on low side of sidewalk slab	CB		no	1967 or 76	yes			no		pot holes	yes	playground needs updating	
	15									CB and fuses		yes	1974	no	entrance needs better lighting	no	no	pot holes and bad lighting				
	3									fuses	100	no					no			yes	yes	trees need trimming; pot holes need to be fixed
										CB and fuses		no		yes			no					
		bad taste	yes			slow and back-ups		yes	on cement sidewalks				1970	no		yes, in playground soil	no		pot holes	yes	yes	
	3	low pressure and bad taste			4			yes	yes, in driveway entrance	CB	100	yes	1978; rebuilt in 2013	no			no	no	pot holes	yes	yes	trees need trimming; need more lighting
	2 mo	low pressure								CB			2015	no			no	yes	pot holes	yes	yes	
	26 years	low pressure			several	slow and back-up	broken	no	yes	fuses		yes	1971	no	half the streetlights are out		yes	pot holes and people speeding	no	no	playground is a dumping area; it's too costly to take over the park	
					1					CB	100		1984	yes			no		hard to navigate with wheelchair; pot holes	yes	yes	
	2 mo	low pressure and bad taste	yes			slow and back-up		no		CB		no		yes			no					
		bad taste								CB		no	1998	yes			no	yes		yes		
	9				6					CB		no	1982	no			no	yes	pot holes at entrance are hard to navigate	yes		

# Exhibit D

STATE OF MINNESOTA  
COUNTY OF STEARNS

DISTRICT COURT  
SEVENTH JUDICIAL DISTRICT  
CASE TYPE: OTHER CIVIL

Court File No. \_\_\_\_\_

Assigned Judge: \_\_\_\_\_

\_\_\_\_\_  
Sartell MHP, LLC,

**Petitioner,**

vs.

**Katrina Kessler in her capacity as  
Commissioner of the Minnesota Pollution  
Control Agency,**

**Respondent.**  
\_\_\_\_\_

**PETITION TO REVIEW  
ADMINISTRATIVE PENALTY ORDER**

Petitioner Sartell MHP, LLC, for its Petition against Respondent Katrina Kessler pursuant to Minn. Stat. §116.072, Subd. 7, states and alleges as follows:

**A. Parties**

1. Petitioner Sartell MHP, LLC (“Sartell MHP”) is a Delaware limited liability company doing business in the City of Sartell, Stearns County, Minnesota.
2. Respondent is the Commissioner of the Minnesota Pollution Control Agency (“MPCA”) and is named in that capacity.

**B. The Challenged Order**

3. Through this Petition, Petitioner seeks rescission and/or dismissal of the September 26, 2022 Administrative Penalty Order (“APO”) attached hereto as Exhibit A.

**C. Background and History of Sartell MHP**

4. Petitioner Sartell MHP, LLC, d/b/a Sartell MHP, operates the Sartell Manufactured Home Park (a/k/a “Sartell Manufactured Home Community”), located in the City of Sartell, County of Stearns.
5. Since its creation approximately 1970, all preceding owners of Sartell MHP operated it as a mobile home/manufactured home park. Since acquiring ownership in 2018, Petitioner has continued operating Sartell MHP as a manufactured home community.

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6. There are currently 162 lots within Sartell MHP.
7. Each lot contains a pad on which a manufactured home is situated and secured, as well as a driveway and a small yard/lawn.
8. Most manufactured homes in Sartell MHP are owned by the residents, who lease the lot from Sartell MHP, LLC on a month-to-month basis. The other homes are owned by Sartell MHP, and both the home and the lot are leased to the residents.
9. All residents of the homes situated on a lot within Sartell MHP are responsible for leveling and properly securing the home to the pad and lot, and also for proper installation, repair and replacement of all utility connections to the home.
10. When a homeowner/resident places a home in Sartell MHP, that home must be inspected by and receive a Certificate of Occupancy from the City of Sartell before it can be occupied. Electrical, plumbing and sewer connections are all inspected and certified as part of this process.
11. After the home is set on the pad, Sartell MHP encourages all residents to use certified and licensed professional contractors for any repairs, including electrical and plumbing repairs.

#### **D. Regulation of Sartell MHP**

12. The rental of lots within a manufactured home park is subject to Minn. Stat. Ch. 327, Minn. Stat. Ch. 327C, and also to the general landlord/tenant provisions of Minn. Stat. Ch. 504B.
13. The operation of a manufactured home park in Minnesota is subject to the provisions of Minn. Stat. §327.15 – 327.56.
14. All manufactured home parks in Minnesota must obtain, and each year renew, an annual license from the Minnesota Department of Health, as required in Minn. Stat. §327.15, Subd. 1.
15. Each year Stearns County Environmental Health Services, as agent for the Minnesota Department of Health, inspects Sartell MHP and notes any items needing repair to remain compliant with the provisions of Minn. Stat. Ch. 327, and all applicable Stearns County Ordinances pertaining to manufactured home communities.
16. Since acquiring the property in 2018, Sartell MHP, LLC has had no notices or requirements from Stearns County Environmental Health Services pertaining to sewage or wastewater leaks threatening the public or the natural resources of the State of Minnesota.
17. Minn. Stat. §327C.02, Subd. 1, requires that every agreement to rent a lot within a manufactured home park must be a written agreement signed by the park owner and the resident.

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18. Petitioner requires each potential resident in Sartell MHP to submit an application, permit background checks, and to sign a written lease agreement prior to moving a home into Sartell MHP, or moving into an existing home already located in Sartell MHP.

19. Petitioner requires, and clearly provides in the Lease, that each resident is responsible for monitoring, repairing, and replacing, if necessary, all such utility connections, leveling of the home if necessary, or other repairs relating to the home.

20. Minn. Stat. §327C.14, Subd. 1 prohibits any access by the park owner to a manufactured home unless necessary to prevent damage to the park or to respond to an emergency.

21. Minn. Stat. §327C.14, Subd. 2 provides, in part, that the park owner may come on to the lot of the resident if it is “necessary to respond to or prevent an emergency”, but otherwise may not come onto the lot “in any way that unreasonably disrupts the resident’s use and enjoyment of the lot.”

#### **E. Sartell MHP Sewer and Wastewater System**

22. Sartell MHP does not have its own above ground or subsurface sewage treatment system, nor does any home in Sartell MHP have its own subsurface sewage treatment system.

23. All sewage and wastewater generated from each home in Sartell MHP flows to and through the City of Sartell sewage system for treatment at a City owned or contracted facility which treats, stabilizes, or disposes of wastewater generated within the City of Sartell.

24. Sartell MHP does not collect, pump, treat, stabilize or dispose of sewage or wastewater, and therefore is not a “Wastewater Treatment Facility” as defined in Minn. Stat. §115.71, Subd. 6.

#### **F. Facts Leading to Administrative Penalty Order**

25. During July, August, and early September 2021, the resident of Lot 5 in Sartell MHP, and other neighbors, commented to Sartell MHP of a sewer smell near Lot 5.

26. The Community Manager and maintenance personnel for Petitioner walked the area numerous times but could find no leak or locate a sewer smell.

27. In September 2021, a call was made to Stearns County Environmental Health Services claiming that “sewage was running in the street” near Lot 5 in Sartell MHP.

28. Mr. John Tracy, of Stearns County Environmental Health Services, responded to the call, and along with the Community Manager walked the area near Lot 5 in Sartell MHP.



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29. No leak was found and they unable to locate a sewer smell.

30. The Minnesota Duty Officer for Respondent MPCA was also contacted and visited the park looking for a sewage leak or the source of any sewer smell.

31. The Minnesota Duty Officer was also unable to find a sewage leak or to locate any sewer smell.

32. Due to the inability of Sartell MHP, Stearns County, and the MPCA Duty Officer to locate a leak or a sewer smell, Petitioner requested that the resident of Lot 5 remove the skirting around the home to allow a visual inspection under the home.

33. The resident denied Petitioner's request to conduct the visual inspection under the home.

34. On or about September 20, 2021, the resident of Lot 5 called the office of Sartell MHP and stated that their sewer was "plugged".

35. Sartell MHP made another request of the resident to remove the skirting around the home to allow a visual inspection under the home. This time the resident consented and granted permission to Sartell MHP.

36. A visual inspection by maintenance staff of Sartell MHP, disclosed that the coupler or gasket, and the actual sewer line from the home to the conduit or pipe going to the underground sewer line, was disconnected and askew, resulting in some but not all of the wastewater discharged from the home to drip down the outside of the conduit or pipe and onto the ground.

37. Relying on the statement of the resident that the sewer was "plugged", Sartell MHP contacted Nelson's Sewer and Sanitation, a licensed plumber, who cleaned up the discharge of wastewater on the ground.

38. By using an in pipe camera system, Nelson's Sewer and Sanitation also performed an inspection of the underground sewer pipe serving the home on Lot 5 from the point of connection to the home to the point where the underground sewer pipe reached the street.

39. No blockage of any sort was located using the in pipe camera system.

40. After the camera inspection of the sewer pipes was completed, the sewer connection to the home on Lot 5 was properly repaired and re-connected.

41. On September 20, 2022, maintenance staff for Petitioner telephoned Justin Barrick at MPCA and informed him of the discharge under the home.

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42. On March 2, 2022, Sartell MHP received a Notice of Violation (“ March 2, 2022 NOV”) from Respondent alleging that Petitioner had violated Minnesota’s environmental requirements. A copy of the March 2, 2022 NOV is attached to this complaint as Exhibit B.

43. The March 2, 2022 NOV alleged 3 separate violations as follows:

- A. That Sartell MHP had violated Minn. Stat. §115.061 by failing to “immediately notify the Minnesota Duty Officer or the MPCA of a discharge of wastewater, which occurred on September 19, 2021, to the soil (unsaturated zone) under or around the trailer located at 5 Lowell Circle” within Sartell MHP.
- B. That Sartell MHP “allowed wastewater/sewage to be discharged to the unsaturated zone from under or around the trailer located at 5 Lowell Circle.”
- C. That Sartell MHP “operated a Type S wastewater collection system, and failed to have at least one person having full and active responsibility for its on-site operations of its system that was certified as a class S operator or higher.”

44. The March 22, 2022 NOV listed 6 Corrective Actions demanded by Respondent and required submission of 9 separate items pertaining to the sewer pipes located within Sartell MHP.

45. In correspondence sent by email on April 1, 2022, Petitioner responded to the March 22, 2022 NOV by providing information complying with a number of the Corrective Actions demanded by Respondent, and by providing nearly all of the information requested by Respondent.

46. Notably in this April 1, 2022 correspondence, Sartell MHP informed Respondent that Sartell MHP did not have an on-site treatment facility and that Sartell MHP was serviced by City of Sartell sewer lines.

47. On May 16, 2022, counsel for Petitioner corresponded with Respondent again denying any violations by Sartell MHP and specifically refuting the allegation of Respondent that Sartell MHP was a “Type S treatment facility”.

48. On June 15, 2022 Respondent MPCA provided additional comments regarding the March 22, 2022 NOV, essentially reiterating Respondent’s allegations that Sartell MHP was responsible for the release of wastewater, failed to report the release of wastewater as a responsible party, and that Sartell MHP needed to employ an operator with Type S qualifications to monitor its sewer conveyance pipes.

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49. By correspondence dated July 21, 2022, Petitioner again denied the allegations of Respondent and corrected the erroneous assertions of Respondent that, “the sewer backup in the release was caused by tree root intrusion into the sewer line impeding the flow of wastewater.”

50. Petitioner also again denied the allegation of Respondent that Sartell MHP is required to obtain the services of a Type S operator.

51. The Administrative Penalty Order attached as Exhibit A followed on September 26, 2022.

### **G. The Challenged Administrative Penalty Order**

52. On September 26, 2022, Petitioner received the APO from the MPCA. The APO alleges that Petitioner committed 3 violations:

- A. That Petitioner allowed wastewater/sewage to be discharged to the unsaturated zone from under the trailer of a resident in Sartell MHC located at 5 Lowell Circle, Sartell MN in violation of Minn. R. 7060.0600, Subp. 2;
- B. That Petitioner failed to immediately notify the Minnesota Duty Officer or the MPCA of a discharge of wastewater which occurred on September 19, 2021 to the soil (unsaturated zone) under the trailer located at 5 Lowell Circle, Sartell, MN in violation of Minn. Stat. §115.061(a); and
- C. That Petitioner operated a Type S wastewater collection system and failed to have at least one person responsible for that system certified as a class S operator or higher in violation of Minn. Stat. §115.73.

53. In the APO the MPCA listed 7 “Corrective Actions” which were required to be accomplished within 30 days, including a requirement that Petitioner submit a Sewer Conveyance Integrity Maintenance Plan the MPCA.

54. The MPCA also assessed a penalty of \$4,480.00 against Petitioner under Minn. Stat. §116.072. In assessing the penalty, the MPCA recited the statutory factors required to be considered in determining whether to issue the penalty and the amount of the penalty, but did not include any explanation of how the statutory factors were considered or how they were weighed by the MPCA in issuing the penalty. The APO stated that if the corrective actions were performed “to the satisfaction of the Commissioner” within 30 days, the penalty would be forgiven.

### **H. There Was No Violation of Minn. R. 7060.0600, Subp. 2**

55. The APO states that the basis for the alleged violation of Minn. R. 7060.0600, Subp. 2, was that Petitioner (incorrectly and improperly referred to as “Regulated Party”) allowed

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wastewater/sewage to be discharged to the unsaturated zone from under the trailer located at 5 Lowell Circle in Sartell MHP. The APO also alleges that Petitioner reported in its September 28, 2021 Minnesota Duty Officer Report (Report # 201743) that the cause of the discharge was due to a tree root that “got into the main system line and backed it up.”

56. However, a thorough investigation of the discharge, including a camera scoping of the entire sewer line from the home at 5 Lowell Circle to the street, revealed that there were no tree roots in the line. Rather, the source and cause of the discharge was the near complete separation of the sewer pipe coming from the home of the resident into the resident owned and maintained conduit line intended to carry the wastewater from the home into the underground sewer lines. This separation permitted wastewater to drip down the sides of the conduit line owned by the resident and onto the ground.

57. Under the terms of the Lease Agreement with all residents, and under the Rules and Regulations of Sartell MHP, maintenance and repair of all utility connections, specifically including sewer and water, is the responsibility of the resident from the home to the point of connection to the underground sewer or water lines owned and maintained by Petitioner.

58. In correspondence to Respondent dated July 21, 2022, Petitioner for the third time denied the allegations of the MPCA, and informed the MPCA that the cause of the discharge was not roots in the sewer line, but rather the failure of the resident to maintain and secure the pipes and conduits from the home to the point where the wastewater entered the underground sewer pipes owned by Petitioner.

59. In the July 21, 2022 correspondence to the MPCA, Petitioner once again reminded the MPCA that the party responsible for any sewage which has been discharged to the unsaturated zone is the party subject to the statutes and rules cited by the MPCA, and subject to enforcement action under those statutes and rules.

60. Because the Petitioner was not the party responsible for the discharge of any sewage, and in fact made multiple efforts to locate and correct the source of the sewer smell, Petitioner has not violated Minn. R. 7060.0600, Subp. 2, by “allowing” wastewater/sewage to be discharged to the unsaturated zone under the trailer located at 5 Lowell Circle, Sartell, MN.

**I. There Was No Violation of Minn. Stat. §115.061(a)**

61. The APO also alleges that Petitioner failed to immediately notify the Minnesota Duty Officer or the MPCA of the discharge of wastewater, in violation of Minn. Stat. §115.061.

62. Due to a misunderstanding between the Community Manager and the Maintenance Staff of Petitioner, there was a short 2 or 3 day delay in contacting the Minnesota Duty Officer to make an official report the discovery of the leak under the home at 5 Lowell Circle, Sartell, MN. That matter has been addressed by additional training by Petitioner.

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63. However, the Report made by the Minnesota Duty Officer clearly explains that the maintenance staff of Petitioner made a call to Respondent on September 20, 2022 and spoke with an MPCA officer.

64. Minn. Stat. §115.061(a) makes very clear that it is the duty of every person to notify the MPCA of any intentional or accidental discharge of “material under its control.”

65. Petitioner has explained to the MPCA on multiple occasions that the wastewater/sewage material that was discharged under 5 Lowell Circle, Sartell, MN, was not under the control of Petitioner, but rather was under the control of the resident, whose duty it was to maintain its sewer lines to the point at which the sewage entered the underground lines owned by Petitioner.

66. Under the clear wording of the statute, there can be no violation by Petitioner because Petitioner was not in control of the wastewater/sewage which was discharged to the unsaturated zone between the time it left the home at 5 Lowell Circle, Sartell, MN, and the time it entered the underground sewer lines owned by Petitioner.

#### **J. There Was No Violation of Minn. Stat. §115.73**

67. The final alleged violation in the APO was that Petitioner operated a Type S wastewater collection system and did not have a certified class S operator or higher responsible for its on-site operations.

68. The APO does not provide any explanation of why the MPCA believes the underground sewer lines of Petitioner constitute a type S treatment facility, but rather merely recites the language from Minn. R. 9400.0500, Subp. 4, which provides the definition for a Type S treatment facility, and the language from Minn. Stat. §115.73 which states the requirement of a certified operator for a water supply system or a wastewater treatment facility.

69. The APO also fails to provide any explanation of why the only equipment or material owned by Petitioner and for which it is responsible (underground pipes which allow gravity to move wastewater generated from the homes to the City of Sartell municipal sewer system) is classified as a type S treatment facility or a wastewater treatment facility.

70. For more than 50 years, this manufactured home community has operated without its own subsurface sewer system.

71. Since its creation in approximately 1970, the manufactured home community that is now known as Sartell MHP has required each home in the community to connect its sewer lines with underground pipes owned by Sartell MHP so the wastewater could be transported and treated by the City of Sartell municipal sewer system.

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72. Despite annual licensure requirements with the Minnesota Department of Health, and many inspection and permit requirements for installation and removal of homes from the manufactured home community, neither MPCA nor the County of Stearns Environmental Health Services has never required or even suggested that the underground pipes owned by Sartell MHC constituted a type S wastewater treatment facility.

73. When the original Violation Notice was received, Petitioner questioned whether the MPCA could attempt to enforce a new rule requiring operator certification for systems the MPCA had been aware of for decades, but never suggested that operator certification was required.

74. In response, Petitioner was informed that this was a “new area of emphasis” for the MPCA, and that the MPCA now enforcing this operator certification moving forward.

75. Despite multiple requests by Petitioner, the MPCA has failed to provide any documentation showing consistent and equal application of the new operator certification requirement against all owners of any sanitary sewer collection system serving at least 25 persons or 15 service connections year-round.

76. Consistent and equal enforcement by the MPCA would affect nearly all apartment buildings, condominiums, townhouse associations, nursing homes, dormitories, and all buildings with 5 or more separate residential units.

77. It is believed by Petitioner that the MPCA is taking this enforcement action solely against Petitioner, and is not pursuing operator certification requirements against the tens of thousands of other buildings, associations and facilities under the MPCA’s “new area of emphasis”.

78. The MPCA’s unlawful enforcement efforts, if successful, will cause substantial and ongoing expense and reporting requirements to Petitioner.

#### **K. The Administrative Penalty Order Should Be Rescinded**

79. The APO was improperly and unlawfully issued and should be dismissed or rescinded, in whole or in part for the reasons that follow, and for the reasons discussed above, which are incorporated by reference, though not specifically referred to below.

80. The APO should be summarily rescinded or dismissed because the factual assumptions of Respondent for the issuance of the APO has been proven by Petitioner to be incorrect and unfounded. Respondent has failed to describe with any particularity any specific instance or conduct of Petitioner establishing ownership of or control over the wastewater/sewage that was accidentally discharged from under the home located at 5 Lowell Circle, Sartell, MN.

Court File No. \_\_\_\_\_

81. The APO should be summarily rescinded or dismissed because Respondent has failed to establish a violation of Minn. Stat. §115.061, or a duty of Petitioner to make such a report. In fact, the Minnesota Duty Officer Report provided by Respondent clearly shows a report by Petitioner to the MPCA on September 20, 2021, despite any obligation of Petitioner to make such report.

82. The APO should be summarily rescinded or dismissed because the MPCA's enforcement action is being taken to improperly penalize only Petitioner, when the MPCA has informed Petitioner that this is a "new area of emphasis" but has taken no same or similar enforcement action against any of the **tens of thousands of other buildings and facilities** which would/should be subject to MPCA enforcement action if such enforcement action was consistent and equal.

83. The proposed penalty of \$4,480.00 must be rescinded because the statutory factors do not support imposing a penalty under these facts and circumstances. The allegations of violations by Petitioner, even if found to be accurate, were not willful, did not cause any damage to humans, animals, air, water, land, or other natural resources of the state; there is no history of past violations, and Petitioner did not economically benefit from the alleged violations. Additionally, Respondent failed to consider or explain consideration of the factors listed in Minn. Stat. §116.072, Subd. 2, when the penalty amount was determined.

84. Petitioner holds Respondent to its strict burdens of proof under Minn. Stat. §116.072, Subd. 7(b).

WHEREFORE, Petitioner requests an Order and Judgment from the Court vacating, rescinding and quashing the APO in awarding such other and further relief as the Court just and proper.

**Paul M. Zeig, PLC**



Dated: October 24, 2022.

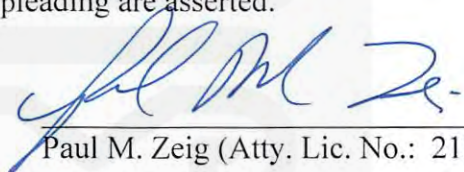
Paul M. Zeig  
Atty. Lic. No.: 2123925  
325 Main Street  
Suite 200  
Red Wing, MN 55066  
(651) 267-4166

Court File No. \_\_\_\_\_

**ACKNOWLEDGMENT PURSUANT TO MINN. STAT. §549.21**

Petitioner Sartell MHP, LLC hereby acknowledges, through its undersigned counsel, that costs, disbursements, and reasonable attorney in witness fees may be awarded to the party or parties upon whom the allegations in this pleading are asserted.

Dated: \_\_\_\_\_

10-24-22Paul M. Zeig (Atty. Lic. No.: 213925)

MINNESOTA  
JUDICIAL  
BRANCH



**EXHIBIT A**

September 26, 2022 Administrative Penalty Order



MINNESOTA  
JUDICIAL  
BRANCH



Marshall Office | 504 Fairgrounds Road | Suite 200 | Marshall, MN 56258-1688 | 507-537-7146  
800-657-3864 | Use your preferred relay service | [info.pca@state.mn.us](mailto:info.pca@state.mn.us) | Equal Opportunity Employer

September 26, 2022

**CERTIFIED MAIL NO. 7018 0360 0002 0888 6755**  
**RETURN RECEIPT REQUESTED**

Connie Dixon, Manager  
Sartell MHP, LLC  
106 2nd Street S  
Sartell, MN 56377-1916

**CERTIFIED MAIL NO. 7018 0360 0002 0888 6748**  
**RETURN RECEIPT REQUESTED**

David H Reynolds  
110 Northwest 2<sup>nd</sup> Street  
P.O. Box 457  
Cedaredge, CO 81413

RE: Administrative Penalty Order  
Sartell MHP LLC, Sartell, Stearns County

Dear Connie Dixon and David H Reynolds:

The Minnesota Pollution Control Agency (MPCA) is issuing the enclosed/attached Administrative Penalty Order (APO) to Sartell MHP, LLC for violations of Minnesota's environmental requirements. Please read the APO carefully. You must take action within 30 days after you receive this letter.

**You must:**

- Complete the corrective actions
- Document your completion of the corrective actions to the MPCA

The MPCA considered all the information you provided. However, we did not make changes to the violations listed in the Notice of Violation.

You have a right to formally dispute this action within 30 days after receiving the APO. Instructions are in the RIGHT TO REVIEW section of the APO.

On July 21, 2022, Paul Zeig, on behalf of Sartell MHP, LLC, requested a copy of all documents and relevant information the MPCA has regarding the alleged violations cited in the March 2, 2022, Notice of Violation. To obtain the requested information please submit an Information Request Form available here: [Information requests | Minnesota Pollution Control Agency \(state.mn.us\)](#).

Connie Dixon  
David H Reynolds  
Page 2  
September 26, 2022

The MPCA is committed to being open and transparent about compliance and enforcement matters that have been concluded. Generally, the contents of executed, negotiated enforcement actions, and closed administrative enforcement actions are public information. Twice a year, the MPCA issues an enforcement report that is posted on the Agency's website. In addition, all public enforcement actions with assessed penalties of \$10,000.00 or more are individually released to the media and the public.

If you have questions or need assistance, contact me by phone at 507-476-4274, or by email at [taylor.l.olson@state.mn.us](mailto:taylor.l.olson@state.mn.us).

Sincerely,

*Taylor Olson*

*This document has been electronically signed.*

Taylor Olson  
Environmental Specialist  
Municipal Division

TO:rjp

Enclosure/Attachment

cc: Shannon Smith, Impact MHC Management, LLC  
Payroll, Dilworth MHC, LLC  
Sartell MHP, LLC  
Corporation Service Company  
Impact MHC Management, LLC  
Ken Dale, Impact Communities  
Jean Coleman, Attorney MPCA (with attachments)  
Deborah Klooz, MPCA (with attachments)  
Holly Sandberg, MPCA (with attachments)  
Paul Scheirer, MPCA (with attachments)  
Mark Hugelback, MPCA (with attachments)  
Justin Barrick, MPCA (with attachments)  
Activity ID PEN20220001 @ 233940

**STATE OF MINNESOTA  
MINNESOTA POLLUTION CONTROL AGENCY**

**ADMINISTRATIVE PENALTY ORDER**

**Sartell MHP, LLC  
106 2nd Street S  
Sartell, MN 56377-1916**

**Complaint Investigation/Site Visit  
Sartell MHP, LLC, Sartell, Stearns County**

This Administrative Penalty Order (APO) is issued by the Minnesota Pollution Control Agency (MPCA) Commissioner pursuant to Minn. Stat. § 116.072 for the violations listed below. This APO requires Sartell MHP, LLC (Regulated Party) to take action to correct the violations.

\* \* \* \* \*

**VIOLATIONS**

**1. Minn. R. 7060.0600, STANDARDS.**

**Subp. 2. Prohibition against discharge into unsaturated zone.** No sewage, industrial waste, other waste, or other pollutants shall be allowed to be discharged to the unsaturated zone...

On September 28, 2021, the MPCA documented that the Regulated Party allowed wastewater/sewage to be discharged to the unsaturated zone from under the trailer located at 5 Lowell Circle within the Regulated Party's mobile home park (hereinafter referred to as the Facility). The Regulated Party reported within its September 28, 2021, Minnesota Duty Officer Report (Report #201743) that the cause of the discharge was due to a tree root that got into the main system line and backed it up.

**2. Minn. Stat. § 115.061, DUTY TO NOTIFY; AVOID WATER POLLUTION.**

(a) Except as provided in paragraph (b), it is the duty of every person to notify the agency immediately of the discharge, accidental or otherwise, of any substance or material under its control which, if not recovered, may cause pollution of waters of the state, and the responsible person shall recover as rapidly and as thoroughly as possible such substance or material and take immediately such other action as may be reasonably possible to minimize or abate pollution of waters of the state caused thereby.

On September 28, 2021, the MPCA documented that the Regulated Party failed to immediately notify the Minnesota Duty Officer or the MPCA of a discharge of wastewater, which occurred on September 19, 2021, to the soil (unsaturated zone) under the trailer located at 5 Lowell Circle. A discharge to the unsaturated zone has the potential to cause pollution to underground waters of the state. The Regulated Party first notified the Minnesota Duty Officer and the MPCA on September 28, 2021, (Report #201743) after the MPCA staff reminded the facility of the requirement to notify the Minnesota Duty Officer of the discharge.

In addition, the discharge of wastewater was not rapidly recovered by the Regulated Party, and the Regulated Party failed to take actions reasonably possible to prevent potential pollution of waters of the state and risk to human health when wastewater was allowed to remain on the soil surface under the trailer located at 5 Lowell Circle for an extended period of time (approximately three days).

The Regulated Party stated within its September 28, 2021, Minnesota Duty Officer report that the cause of the discharge was a backup in the sewer line because tree roots got into the main system line.

### 3. Minn. R. 9400.0500, CLASSIFICATION OF FACILITIES.

Subp. 4. Type S facility. A type S treatment facility means a system of collection, pumping, and conveyance facilities distinctly separate in operation from a facility which treats, stabilizes, or disposes of the wastewater collected, pumped, or conveyed.

#### Minn. Stat. § 115.73 CERTIFICATION REQUIRED.

A person may not operate a water supply system or wastewater treatment facility unless the system or facility maintains at least one person that:

- (1) is certified in a class equal to or higher than the class of the system or facility; and
- (2) has full and active responsibility for the daily on-site operation of the system or facility, or of a portion of the system or facility if an additional operator or operators with appropriate certification are responsible for the remaining portions.

On September 28, 2021, the MPCA documented that the Regulated Party operated a Type S wastewater collection system and failed to have at least one person having full and active responsibility for its on-site operations of its system that was certified as a class S operator or higher.

\*\*\*\*\*

#### CORRECTIVE ACTION REQUIRED

Pursuant to Minn. Stat. § 116.072, subd. 4, the Regulated Party is required to correct all the violations listed in this APO. The Regulated Party must document to the Commissioner, within 30 days after receipt of this APO and in writing that the Regulated Party has taken the corrective actions listed below, unless the Regulated Party seeks review of this APO as described below (Right to Review).

1. Within 10 days, post the Minnesota Duty Officer phone numbers in locations that are accessible to staff, residents, and others at your property to facilitate prompt and thorough reporting and recovery efforts in case of future releases. Submit to the MPCA labeled photos and a map of the locations of the posted notices.
  - a. Duty Officer information can be found at the following links:  
<https://www.pca.state.mn.us/sites/default/files/mndutyofficer-poster.pdf> and  
<https://dps.mn.gov/divisions/bca/bca-divisions/administrative/Pages/minnesota-duty-officer-program.aspx>

....This Corrective Action has been completed.

2. Within 30 days, submit a Release Response Plan to the MPCA. The Release Response Plan must provide guidance to anyone responding to a wastewater release at your property specifying the actions that are required to be taken to abate, recover, and treat (apply lime or spade the impacted area) the released wastewater, ensure public and resident safety (fence the impacted area to prevent access), and to properly report the release of wastewater to the Minnesota Duty Officer and the MPCA.

....This Corrective Action has been completed.

3. Within 30 days, submit to the MPCA a signed training roster demonstrating that all staff overseeing the Regulated Party's Facility have been trained on the Release Response Plan. The training roster shall include but not be limited to the names, titles (including relationship specifically to Sartell MHP, LLC), and signatures of staff receiving the training along with training content and date training was taken.

....This Corrective Action has been completed.

4. Within 30 days, provide contact information for Facility staff or other individuals located at the property who are responsible for contacting residents when immediate response to emergency situations, that may threaten human health or the environment, is required. Submit to the MPCA copies of the contact information and a list of the recipients.

....This Corrective Action has been completed.

5. Submit a Sewer Conveyance Integrity Maintenance Plan to the MPCA. The Plan shall document maintenance activities designed to avoid future sewer backups or breaks that includes, but is not limited to, the following:

- a. Routine sewer cleaning (specify frequency).
- b. A Capacity, Management, Operation, and Maintenance (CMOM) plan/checklist. An example checklist can be found at: <https://www3.epa.gov/npdes/pubs/cmomselfreview.pdf>.

....Within 30 days after receipt of this APO

6. Obtain the services of a class S-D or higher operator to have active responsibility for the Facility's on-site wastewater collection system operations and maintenance. The Regulated Party shall submit to the MPCA the contact information and certification credentials along with a copy of the contract detailing what services and frequency of on-site visits that will be expected. Information on wastewater certification is found here: <https://www.pca.state.mn.us/water/wastewater-operators-training-and-certification>.

....Within 30 days after receipt of this APO

7. Send a letter to all mobile home parks (MHP) (copy the MPCA on each letter) managed by Impact MHC Management, LLC in the state of Minnesota, describing the situation that lead to MPCA enforcement, notifying them that the MHP must employ or contract with a class S-D certified wastewater collection system operator to oversee the maintenance and operation of the MHP private wastewater collection system and what steps what the MHP should do to ensure compliance with Minn. Stat. § 115.73 and Minn. Rule 9400.0500.

....Within 30 days after receipt of this APO

\*\*\*\*\*

**PENALTY: \$4,480.00**

The Regulated Party is hereby assessed a penalty of \$4,480.00 for the violations cited above. In determining the amount of the penalty, the Commissioner considered whether the violations were willful, whether the Regulated Party gained economic benefit, whether there is a history of past violations, the number of violations, and the gravity of the violations, including the potential for damage to humans, animals, air, water, land, or other natural resources of the state.

If the Regulated Party performs and documents the corrective actions listed above to the satisfaction of the Commissioner, within 30 days after receipt of the APO, the penalty shall be forgiven.

If the Regulated Party fails to provide documentation of corrective actions, the penalty is due on the 31<sup>st</sup> day after receipt of this APO.

If the Regulated Party provides documentation of corrective action but the Commissioner determines the corrective action was not satisfactory, then the penalty will not be forgiven and will be due on the 21<sup>st</sup> day after the Regulated Party receives notice of the Commissioner's determination.

Payment of the penalty amount of \$4,480.00 is to be by check payable to the Minnesota Pollution Control Agency. The check should reference "Sartell MHP, LLC" in the memo line and be mailed to the Minnesota Pollution Control Agency, P.O. Box 64893, St. Paul, Minnesota, 55164-0893. To pay with Visa, MasterCard, American Express, or electronic check, visit <https://www.pca.state.mn.us/data/e-services>. To make an ACH or wire transfer payment, contact MPCA Fiscal Services at 651-757-2182.

\*\*\*\*\*

**RIGHT TO REVIEW**

Pursuant to Minn. Stat. § 116.072, subs. 6 and 7, the Regulated Party has a right to seek review of this APO. The following description is intended only to aid the Regulated Party's understanding of the review process. The Commissioner strongly advises the Regulated Party to review the law itself carefully before proceeding.

The Regulated Party has a right to have an expedited hearing before an administrative law judge or to have a district court judge review this APO or the Commissioner's determination that the Regulated Party's corrective action was unsatisfactory.

**EXPEDITED HEARING (Administrative Law Judge Hearing)** - To obtain an expedited hearing, the following steps must be taken in a timely manner:

- the Regulated Party must request review within 30 days after receipt of this APO or within 20 days after receipt of the Commissioner's determination that the Regulated Party's corrective action is unsatisfactory. The Regulated Party must ensure that any review request is received by the MPCA before 4:30 p.m. on the last day of the 30-day period. The 30-day period begins the first calendar day after the Regulated Party receives the APO or corrective action determination. If the 30-day period ends on a weekend or holiday, the 30-day period is extended to 4:30 p.m. on the next day the MPCA is open for business;
- the request must be in writing (email is acceptable);
- the request may be sent by email, U.S. mail or it may be delivered in person;

- the request must identify the APO or the corrective action determination that the Regulated Party wants to have reviewed and must specifically state the reasons why the Regulated Party wants the APO to be reviewed, including any facts upon which the Regulated Party relies;
- if sent by email, the Regulated Party must send the email to [appealrequest.MPCA@state.mn.us](mailto:appealrequest.MPCA@state.mn.us);
- if sent by mail or delivered in person, the Regulated Party must send or deliver the request to the MPCA at the following address: General Counsel, Legal Services Unit, Minnesota Pollution Control Agency, 520 Lafayette Road North, St. Paul, Minnesota 55155-4194; and
- to ensure expeditious processing of the request, please send or deliver copies of the request to: Taylor Olson, Minnesota Pollution Control Agency, at [taylor.l.olson@state.mn.us](mailto:taylor.l.olson@state.mn.us) or 504 Fairgrounds Road, Suite 200, Marshall, MN 56258 and to Manager, Natural Resources Division, Attorney General's Office, Bremer Tower, 445 Minnesota Street, Suite 900, St. Paul, Minnesota, 55101-2127.

The MPCA will schedule an expedited hearing at the Office of Administrative Hearings if the above steps are completed in the time frames indicated.

OR

COURT REVIEW (District Court Hearing) - As an alternative to the expedited hearing procedure described above, the Regulated Party may file a petition in district court. In this case, the following steps must be taken:

- the Regulated Party must file a petition in district court within 30 days after receipt of this APO or within 20 days after receipt of the Commissioner's determination that the Regulated Party's corrective action is unsatisfactory;
- the Regulated Party must also serve a copy of the petition on the MPCA at the following address: General Counsel, Legal Services Unit, Minnesota Pollution Control Agency, 520 Lafayette Road North, St. Paul, Minnesota 55155-4194;
- the Regulated Party must also serve a copy of the petition on the Minnesota Attorney General at the following address: Manager, Natural Resources Division, Attorney General's Office, Bremer Tower, 445 Minnesota Street, Suite 900, St. Paul, Minnesota 55101-2127;
- the petition must identify the APO or corrective action determination that is the subject of the Petition and state the specific grounds upon which the Regulated Party challenges this APO or determination, including the facts upon which the Regulated Party bases each claim that the Regulated Party makes; and
- the Regulated Party must file a proof of timely service on the MPCA and the Attorney General with the clerk of the district court.

In the case of either an expedited hearing or a district court review, if the Regulated Party's request is found to be frivolous, the Regulated Party may be required to pay the costs that the MPCA incurs in responding to the request for review.



This APO becomes a final order after 30 days unless the Regulated Party requests a hearing as provided above. If the Regulated Party fails to comply with the APO when it is a final order, the MPCA may file the APO in district court where it will become a final judgment against the Regulated Party without further notice or additional proceedings. The MPCA may enforce and collect the judgment or a district court order against the Regulated Party and require payment of unpaid penalties, monetary damages, attorney fees, costs, and interest. The Attorney General may petition the district court for entry of the final order as an order of the district court that may be enforced against the Regulated Party in the same manner as a judgment of the district court.

STATE OF MINNESOTA  
POLLUTION CONTROL AGENCY

September 26, 2022

*Date signed*

*Holly Sandberg*

*This document has been electronically signed.*

Holly Sandberg  
Supervisor  
North Central Regional Unit  
Municipal Division

**CERTIFIED MAIL NO. 7018 0360 0002 0888 6755  
RETURN RECEIPT REQUESTED**

**CERTIFIED MAIL NO. 7018 0360 0002 0888 6748  
RETURN RECEIPT REQUESTED**

Address questions and submittals requested above to:

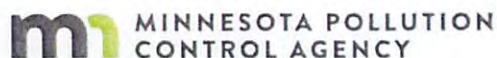
Taylor Olson  
Minnesota Pollution Control Agency  
504 Fairgrounds Road, Suite 200  
Marshall, MN 56258  
507-476-4274  
[taylor.l.olson@state.mn.us](mailto:taylor.l.olson@state.mn.us)

**EXHIBIT B**

March 2, 2022 Notice of Violation



MINNESOTA  
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Marshall Office | 504 Fairgrounds Road | Suite 200 | Marshall, MN 56258-1688 | 507-537-7146  
800-657-3864 | Use your preferred relay service | [info.pca@state.mn.us](mailto:info.pca@state.mn.us) | Equal Opportunity Employer

March 2, 2022

Connie Dixon  
Sartell MHP, LLC  
106 2<sup>nd</sup> Street South  
Sartell, MN 56377-1916

David H Reynolds  
110 Northwest 2<sup>nd</sup> Street  
P.O. Box 457  
Cedaredge, CO 81413

RE: Notice of Violation  
Sartell MHP, LLC, Sartell, Stearns County

Dear Connie Dixon and David H Reynolds:

Enclosed is a Notice of Violation (NOV) for alleged violations of Minnesota's environmental requirements.

The first section of the NOV cites the environmental requirements allegedly violated.

The second section contains the corrective actions you must complete to resolve the NOV. You must provide documentation that you completed each corrective action by the deadline specified in the NOV.

Respond in writing within ten days if you believe an alleged violation is incorrect.

If you have any questions or need assistance, contact me by phone at 507-476-4274 or by email at [taylor.l.olson@state.mn.us](mailto:taylor.l.olson@state.mn.us).

Sincerely,

*Taylor Olson*

This document has been electronically signed.

Taylor Olson  
Environmental Specialist  
Municipal Division

TO:mt

Enclosure/Attachment

cc: See Next Page

Connie Dixon and David H Reynolds

Page 2

March 2, 2022

cc: Shannon Smith, Impact MHC Management, LLC (w/enclosure)  
Payroll, Dilworth MHC, LLC (w/enclosure)  
Sartell MHP, LLC (w/enclosure)  
Corporation Service Company (w/enclosure)  
Impact MHC Management, LLC (w/enclosure)  
Jean Coleman, MPCA (w/attachment)  
Deborah Klooz, MPCA (w/attachment)  
Holly Sandberg, MPCA (w/attachment)  
Paul Scheirer, MPCA (w/attachment)  
Mark Hugeback, MPCA (w/attachment)  
Justin Barrick, MPCA (w/attachment)  
Activity ID NON20200001 @ 233940



MINNESOTA  
JUDICIAL  
BRANCH

**STATE OF MINNESOTA  
Minnesota Pollution Control Agency  
Municipal Division**

**NOTICE OF VIOLATION**

**In the Matter of:** Sartell MHP, LLC, Sartell, Stearns County

**To:** Connie Dixon  
Sartell MHP, LLC  
106 2<sup>nd</sup> Street South  
Sartell, MN 56377-1916

David H Reynolds  
110 Northwest 2<sup>nd</sup> Street  
P.O. Box 457  
Cedaredge, CO 81413

**PLEASE BE ADVISED**, that the Minnesota Pollution Control Agency (MPCA) has sufficient information to allege that Sartell MHP, LLC, (hereinafter Regulated Party) has violated the following provisions of state statutes and state rules at its facility located in Sartell, Stearns County, Minnesota.

**1. Minn. Stat. § 115.061, DUTY TO NOTIFY; AVOID WATER POLLUTION.**

(a) Except as provided in paragraph (b), it is the duty of every person to notify the agency immediately of the discharge, accidental or otherwise, of any substance or material under its control which, if not recovered, may cause pollution of waters of the state, and the responsible person shall recover as rapidly and as thoroughly as possible such substance or material and take immediately such other action as may be reasonably possible to minimize or abate pollution of waters of the state caused thereby.

On September 28, 2021, the MPCA documented that the Regulated Party failed to immediately notify the Minnesota Duty Officer or the MPCA of a discharge of wastewater, which occurred on September 19, 2021, to the soil (unsaturated zone) under or around the trailer located at 5 Lowell Circle within the Regulated Party's mobile home park (hereinafter referred to as the Facility). A discharge to the unsaturated zone has the potential to cause pollution to underground waters of the state. The Regulated Party first notified the Minnesota Duty Officer or the MPCA on September 28, 2021, (Report #201743) after the MPCA staff reminded the facility of the requirement to notify the Minnesota Duty Officer of the discharge.

In addition, the discharge of wastewater was not rapidly recovered and the Regulated Party failed to take actions reasonably possible to prevent potential pollution of waters of the state when wastewater was allowed to remain on the soil surface for an extended period of time (approximately three days).

The Regulated Party stated within its September 28, 2021, Minnesota Duty Officer report that the cause of the discharge was a backup in the sewer line because tree roots got into the main system line.

**2. Minn. R. 7060.0600, STANDARDS.**

Subp. 2. **Prohibition against discharge into unsaturated zone.** No sewage, industrial waste, other waste, or other pollutants shall be allowed to be discharged to the unsaturated zone...

On September 28, 2021, the MPCA documented that the Regulated Party allowed wastewater/sewage to be discharged to the unsaturated zone from under or around the trailer located at 5 Lowell Circle.

**3. Minn. R. 9400.0500, CLASSIFICATION OF FACILITIES.**

Subp. 4. Type S facility. A type S treatment facility means a system of collection, pumping, and conveyance facilities distinctly separate in operation from a facility which treats, stabilizes, or disposes of the wastewater collected, pumped, or conveyed.

**Minn. Stat. § 115.73 CERTIFICATION REQUIRED.**

A person may not operate a water supply system or wastewater treatment facility unless the system or facility maintains at least one person that:

- (1) is certified in a class equal to or higher than the class of the system or facility; and
- (2) has full and active responsibility for the daily on-site operation of the system or facility, or of a portion of the system or facility if an additional operator or operators with appropriate certification are responsible for the remaining portions.

On September 28, 2021, the MPCA documented that the Regulated Party operated a Type S wastewater collection system, and failed to have at least one person having full and active responsibility for its on-site operations of its system that was certified as a class S operator or higher.

**CORRECTIVE ACTION**

To address the alleged violations cited in this Notice of Violation (NOV), the Regulated Party is to complete the following actions:

1. Within 10 days, post the Minnesota Duty Officer phone numbers in locations that are accessible to staff, residents, and others at your property to facilitate prompt and thorough reporting and recovery efforts in case of future releases. Submit to the MPCA labeled photos and a map of the locations of the posted notices.
  - a. Duty Officer information can be found at the following links:  
<https://www.pca.state.mn.us/sites/default/files/mndutyofficer-poster.pdf>, and  
<https://dps.mn.gov/divisions/bca/bca-divisions/administrative/Pages/minnesota-duty-officer-program.aspx>
2. Within 30 days, submit a Release Response Plan to the MPCA. The Release Response Plan must provide guidance to anyone responding to a wastewater release at your property specifying the actions that are required to be taken to abate, recover, and treat (apply lime or spade the impacted area) the released wastewater, ensure public and resident safety (fence the impacted area to prevent access), and to properly report the release of wastewater to the Minnesota Duty Officer and the MPCA.

3. Within 30 days, submit to the MPCA a signed training roster demonstrating that all staff overseeing the Regulated Party's Facility have been trained on the Release Response Plan. The training roster shall include but not be limited to the names, titles (including relationship specifically to Sartell MHP, LLC), and signatures of staff receiving the training along with training content and date training was taken.
4. Within 30 days, provide contact information for Facility staff or other individuals located at the property who are responsible for contacting residents when immediate response to emergency situations, that may threaten human health or the environment, is required. Submit to the MPCA copies of the contact information and a list of the recipients.
5. Within 30 days, submit a Sewer Conveyance Integrity Maintenance Plan to the MPCA. The Plan shall document maintenance activities designed to avoid future sewer backups or breaks that includes, but is not limited to, the following:
  - a. Routine sewer cleaning (specify frequency).
  - b. A Capacity, Management, Operation, and Maintenance (CMOM) plan/checklist. An example checklist can be found at: <https://www3.epa.gov/npdes/pubs/cmomselfreview.pdf>.
6. Within 30 days, obtain the services of a class S-D or higher operator to have active responsibility for the Facility's on-site wastewater collection system operations and maintenance. The Regulated Party shall submit to the MPCA the contact information and certification credentials along with a copy of the contract detailing what services and frequency of on-site visits that will be expected. Information on wastewater certification is found here:  
<https://www.pca.state.mn.us/water/wastewater-operators-training-and-certification>.

In order to evaluate compliance with regulations, statutes, and rules, the MPCA needs more information. The MPCA is requesting the information below pursuant to Minn. Stat. § 116.07, subd. 9; Minn. Stat. § 116.091, subd. 1; Minn. Stat. § 115.03, subd. 1(h); and Minn. Stat. § 115.04, subd. 1.

**You must submit to the MPCA the following information within 15 days of the date of this letter:**

1. Submit a summary of any and all (including, but not limited to, those listed below) releases of wastewater, sewage, or other pollutants that have occurred on Sartell MHP, LLC, property dating from August 1, 2018, to present. This summary must include the quantity and duration of the wastewater release (including whether it involved a backup into a home) and the actions that were taken (including the name and contact information of any third party involved) to abate, recover, and protect human health and the environment from the release of wastewater, sewage, or other pollutants.
  - a. The MPCA acknowledges receipt of information dated April 24, 2020, concerning one specific incident - the March 28, 2020, unit #196 backup in which Roto Rooter was utilized. The MPCA also acknowledges receipt of a "Sewer Repairs" document received via email on June 16, 2020, covering events from August 1, 2018, through June 16, 2020, (Note – any sewer repairs occurring between June 16, 2020, and the date of this correspondence should be supplemented accordingly).
  - b. What was the cause for each of the following incidents noted by the Regulated Party in the "Sewer Repair" document:
    - I. September 5, 2018, Roto-Rooter "Main line repair."

- II. November 5, 2019, Roto-Rooter "Repaired plumbing under home" and "Ran cable to clear park main."
  - III. December 11, 2019, Roto-Rooter "Ran cable to clear line."
  - IV. January 14, 2020, Roto-Rooter "Clean out sewer drain."
  - V. February 27, 2020, Roto-Rooter "New sewer line, install clean out, Jett line."
  - VI. March 19, 2020, Roto-Rooter "Unclogged main sewer line."
  - VII. May 21, 2020, Nelson Sanitation & Rental Inc. "Root Cut/Jet Clean Sewer Line Problem Areas."
2. Submit a summary of any and all sewer collection system maintenance (e.g., pipe cleaning/jetting, root removal, etc.) installation, repair and/or plumbing work done at Sartell MHP, LLC, dating from August 1, 2018, to present and include the name of the plumber utilized to do the work and the plumber's contact information.
  3. Submit name, address, email, and phone contact information for the current owner of Sartell MHP, LLC, and its corresponding wastewater collection system.
  4. Submit a copy of the televising footage/records from the 2019 search for leaks and blockages referenced in the April 24, 2020, Request for Information (RFI) response.
  5. Submit copies of the televising footage/records from the May 21, 2020, Nelson Sanitation & Rental Inc. televising sewer line effort.
  6. Submit copies of any other televising footage/records not specifically requested above.
  7. Submit the location and address of homes impacted by tree roots growing into sewer laterals or lines as referenced in the April 24, 2020, RFI response.
  8. Submit the location (include a map) of homes upstream of areas of tree root intrusion into the sewer conveyance system and areas of infiltration and cracked pipe(s) identified via any previous efforts.
  9. Submit a map of the entire sewer conveyance system identifying the different pipe materials (e.g., vitrified clay, high-density polyethylene, etc.) comprising the system and where problematic areas of root intrusion or cracked pipes have previously been identified.

The MPCA will review the information you provide in order to determine compliance.



**NOTICE**

**THEREFORE**, you are hereby given notice that the MPCA has recorded and documented the above alleged violations. This NOV and your response does not preclude the MPCA from taking further action with respect to the above alleged violations. The MPCA reserves the right to seek any and all remedies available under Minn. Stat. §§ 115.071, 116.072, 116.073, and 609.671 and all applicable rules or permits for any violation cited in the NOV. If the Regulated Party believes the allegations in this NOV are incorrect, please respond in writing within ten days after receiving this NOV and explain any inaccuracies. If the Regulated Party does not respond, the MPCA will conclude that the alleged violations occurred as set forth in the NOV.

March 2, 2022

*Date signed*

**STATE OF MINNESOTA  
POLLUTION CONTROL AGENCY**

*Holly Sandberg*

*This document has been electronically signed.*

Holly Sandberg

Supervisor

North Central Regional Unit

Municipal Division

HS/TO:mt/svdw

Address questions and submittals requested above to:

Taylor Olson  
Minnesota Pollution Control Agency  
504 Fairgrounds Road, Suite 200  
Marshall, MN 56258  
Phone: 507-476-4274  
Email: [taylor.l.olson@state.mn.us](mailto:taylor.l.olson@state.mn.us)

# Exhibit E

Sunday, 14 April, 2019

IMPACT Communities Management

P.O. Box 457

Cedaredge, CO 81413

Subject: Sartell M.H.P.

ATTN: Impact communities Management.

As you being the New Owners of the Sartell M.H.P. I, ( As a resident of this Mobile Home Park ), having been trying to contact you by your Residential Help Line ( 866) 811-1414 in which all I receive is a voice message saying that the staff is currently with other callers, to leave a message and they will return my call. I am still waiting for them for the call back. I attempted to try your Email Address; [HELP8111414@gmail.com](mailto:HELP8111414@gmail.com) and I was informed that this address does not exist. When I went to the city directory of Cedaredge Co. for your phone number, The directory does not have your company listed. I hope that you receive my letter as I discovered that you share the same mail box with 249 other companies.

Even though we pay the one of the highest lot rent in the St. Cloud and Sartell area, Your Company informed us of a \$35.00 Lot rental increase per month. If you estimate that 150 Mobile Homes are occupied in the M.H.P. That would be a annual additional lot rental income of \$63,000.000 dollars for your company. In addition, Your Company is in the process of demolishing old mobile homes and replacing them with new homes while they are several other issues that I feel should be addressed of the condition of our Sartell M.H.P.

1<sup>st</sup> Issue: WATER AND SEWER MAINS; The water and sewer mains here are 40 to 50 years old and are prone to rupture and constant maintenance. My wife and I have been residents here since November of 2017 and the Park has had 4 water main ruptures during this time, with the water being shut off in the park for up to a week at a time, Resulting in several hundred people without water that we need for drinking, Personal Hygiene, cooking, laundry, dish washing, cleaning, etc.

Last winter, My wife I and several other residents had raw sewage backed up and back flow into our commodes and bathtubs on several occasions causing major health issues. We were informed by Park Management that we would need to contact and pay for the Roto Rooter

**EXHIBIT A**

service call ourselves unless this problem is the M.H.P. Fault. The soonest appointment on their schedule was 7 days out.

Roto Rooter made the service calls and we were informed by them that our sewer pipe had not frozen under our trailer. The Park's sewer main had frozen and was clogged with sewage for not having been serviced for years. The sewer main was snaked out 110 feet! We being the residents had to pay for the cleanup expenses and cleanup the raw sewage ourselves with no assistance nor reimbursement of expenses from Park Management. We happen to own a 2016 mobile home that is on a downgrade and in a flood zone that Park Management did not bother to inform us at the time of purchase. When is the last time your sewer main blueprints/map was updated? And why can't the residents have access to them?

2<sup>nd</sup> Issue: U.S. Mail delivery; Last month the residents mail was stopped by the U.S. P.O. In Sartell for a period of ten days because the residential mail pickup building was declared unsafe and a work hazard for postal carriers to dispatch and deliver mail to the building. The concrete interior floor of the building was flooded and frozen. The front of the building and the street were under water due to improper placement of storm sewer drains, potholes, street downgrade and snow piled behind and on the sides of the building. Some of us residents are senior citizens and veterans who are disabled that rely on the U.S. Mail for our medications. These medications include heart, high blood pressure, diabetic, seizures, anxiety, depression, etc.

3<sup>rd</sup> Issue: Street Condition; These are the worst streets that any other trailer park in the St. Cloud area. The Tarred Streets are deplorable! This is due to lack of proper road maintenance and inadequate storm sewer placement to allow for water drainage. You have more potholes at the Sartell M.H.P. Than the other 5 Mobile Home Parks in the St. Cloud area combined. I drove thru the other parks myself for comparison. You have potholes that have taken out part of the speed bumps in the park and some potholes are so broad and deep that they have destroy the street grading and redirected water off away from your storm sewers. Blocking the water to settle in the low part of the streets and the neighbors yards instead of the water flowing into the storm sewers. The roadbed has been exposed and damaged because of the unattended pot holes. The Residents Vehicles are being damage by driving over them. You can't drive around them because they are too many of them. The Park Management quick fix to this problem is not working. Manually filling each pothole with bagged tar filler just separates the old tar from the new tar resulting in bigger pot holes.

4<sup>th</sup> Issue: Park Management; The Management office at this trailer park was closed every day of last week. This seems to be a recurring incident. Do you have a full time manager that lives

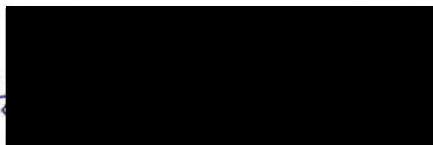
here? In the past, the office has been closed on the first of the month when lot rent is due. The residents are just suppose to use the drop box and maybe you will get a receipt later. The office is not even open during the assigned hours that is posted on the office door.

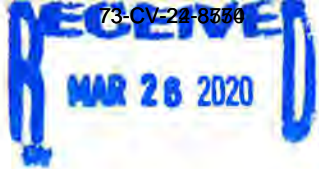
I can understand during inclement weather, p The district manager who resides in North Dakota cannot make it to the Sartell office, Never the less why do you not have a lot manager at the Sartell office with assigned hours? Last week several of my top trim pieces for my bottom skirting fell off exposing the insulation. ( The trim was improperly installed to begin with ), I could not even get the phone number of the company that installs the siding and skirting. According to your district manager I would need to contact the city and county inspector's office.

There are other issues to inform your company about. Such as Snow removal where the snow is plowed into the residents yards instead of being hauled out, and Park Management does not hold monthly community meetings to discuss residential and management issues. How can you conduct business when the office is closed?, You have no local manager. May I suggest that a community meeting be scheduled at the M.H.P. For your management team and the residents, for the purpose of addressing and resolving these and other issues that we residents may have. Perhaps a representative from the state, county and city to be present at the meeting would be in order.

The point is this: Who will look out for the best interest of the residents and the M.H.P.? There is a estimated 400 residents at Sartell M.H.P. Some of us are senior citizens, disabled, of poor health, veterans, and on a limited income. Some residents have families or are single and a lot of us are struggling just to make ends meet. Some residents are scared to complain for fear of eviction. So far all I have seen from your company is you collect the rent money. You insight into these issues would be appreciated.

Sincerely

A large black rectangular redaction box covering the signature area.A small black rectangular redaction box covering contact information.A long black rectangular redaction box covering the bottom of the page.



March 17<sup>th</sup> 2020.

Page 1.

Stearns County Environmental Services Department  
705 Courthouse Square Room 343, Saint Cloud, MN 56303  
Attention: Mr. John Tracy: ( Sanitarian ).

RE; Environmental Law Violations Complaint Against SARTELL MHP LLC  
106 2<sup>nd</sup> ST S  
SARTELL, MN 56377  
( Manufactured Home Park ).

Dear Mr: Tracy: My name is [REDACTED] [REDACTED] 100% Disabled American Veteran Who is Retired on a Fixed Income. My Partner is [REDACTED]. She is in poor health and I am the sole financial provider for us. In October 2017 We Purchased a 2016 Manufactured Home from Sartell M.H.P. And have resided there at [REDACTED]. We have personally encountered, experienced many Environmental and Health Violations pertaining to several Minnesota Rules and Regulations and Minnesota Statutes. These rules and regulations violations where some are repeated offenses, ( Since 2015 ), There is a number of other Regulations and Statues violations/offenses that have been Ignored and have been committed by Sartell M.H.P. Management staff . Maintenance Employees, and the owners, ( Names stated Below ), of Sartell M.H.P.

Therefore I Am Requesting, ( Sir ), to a file a Formal Complaint for violating environmental law and health violations with your Department ( And with Minnesota Department of Environmental Services ), against SARTELL M.H.P. L.L.C.  
Who is owned by IMPACT COMMUNITIES/ R. V. HORIZON INC./ Mr. Dave Reynolds.

In addition to the Formal Complaint Request, I am requesting that a PHASE 1 ENVIRONMENTAL STUDY/ASSESS,EMT and a Phase 2 Environmental Site, ( ESA) Report be conducted at the Sartell, M.H.P. Location Site and Grounds to determine if any contamination may be present from Raw Sewage leaking and Raw sewage deposits in the ground and on top of ground from sewer water as a result of Several Street and Yard Sewer Pipelines Ruptures that have occurred throughout the M.H.P. In the last 2 ½ years and this issue is still ongoing because the sewer lines are 40 to 50 years old and have not been properly serviced/maintain and inspected ever since R.V. Horizon has owned this M.H.P. The sewer lines that had been repaired and replaced because of the sewer pipe ruptures/collapsing have been made of clay or a thin plastic. That is the only time when the sewer lines have been worked on.

The reason I am requesting these tests be conducted is Today, currently there are health issues that have affected several Adult and Children that are residents of the M.H.P. That have been exposed to the sewer water and sewage leaks/deposits, ( Both inside of their bathroom and Outside on their property or neighbors property ). because of the negligence and actions of the Owners and the M.H.P. Staff and Employees.

These Residents of the Community, Adults and children,( Who some have been Medically Diagnosed ) are suffering from Lower Tract Respiratory Infections and other lung infections. ( Exposure to the Raw Sewage and sewer water can lead to a severe E coli infection and other GI -borne illnesses, including sepsis, blood infections, etc. ), That last sentence was a quotation from a Medical Doctor Report who the patient was a child park resident whose parents took him to their family physician because the child was ill. I have the Parents permission to use this information.

**EXHIBIT B**

Page 2.

Today-Weds. March 18<sup>th</sup> 2020. I and a another park resident, ( [REDACTED] ), check out some of the vacant lots in the Sartell M.H. Park Community. We discovered the following issues.

1. Lot #151: The Trailer was moved out and this spot is now a unsecured vacant lot, ( No security fencing around the vacant lot. ), There was raw sewage on the ground where the trailer was located and more dirt was covered over this spot and leveled out without any of the contaminated soil being removed/trucked out from the premises. The ground was discolored and you could still smell sewage. We took pictures. There is a sewer pipe sticking out of the ground by several inches. It is six inch diameter and may be the connection to the trailer sewer line. The pipe was partially covered with a broken top cap only covered half of the pipe end. Water run off from the vacant lot to the sidewalk showed a blue color film in water and smelled of sewage, etc.
2. Lot # 19: About the same condition as Lot # 151.
3. This vacant lot was in the process of Installing Large silver colored ground anchors for the Manufactured Home Site. There was no grade 5 rock, Just a pea size pink gravel/pebbles on the site. Again this site was unsecured and kids were playing on the vacant lot when we pulled up to it.
4. Lot # 180: The location of this Trailer/M. Home is adjacent to where the New M.P.H. Community Manager and new lot maintenance manager reside. ( [REDACTED] ). A old retired disabled veteran lives in # 180. There is a ruptured, leaking water main under his trailer that runs thru his yard and onto the street. ( Like a river. ), This water leak has been going on for 6 months! Nothing is being done to repair the leak because The M.H.P. And Impact Management will not move the trailer, Nor will they temporary move the resident The resident has no water pressure in his home and I would imagine that it is affecting the water pressure in the other homes in that section of the Motor Home Park. My friend Dale Moss checks on this resident several times weekly.
5. Lot # 196: A New Manufactured Home was moved into place on this lot within the last 4 months. It replace a smaller, older home that was previously at that location. The New Home is now about 3 feet from the sidewalk and maybe 5-6 feet from the edge of the street which happens to be in a middle of a turn causing a blind spot and narrowed street and striking the trailer with you vehicle hazard.
6. The Community Storm Shelter has no Emergency Access to the basement stairs because the garage machinery and equipment, etc, is blocking the Access lane. Even though they did paint the basement, It still has a overbearing moldy stench to the shelter and there is no handicapped access.
7. Very little progress has been made towards correcting the violations that are noted in the July 31<sup>st</sup> 2019 Stearns County Environmental Department Inspection Report. Apparently Sartell M.H.P. Management and Maintenance/ Impact Communities Management Inc./ R.V. Horizon Inc. will not claim responsibility for these violations.

**EXHIBIT B**

Page 3.

8. More Violations: On several occasions Manufactured Homes that are brought into the M.H.P. by the moving contractors are being move at late night. After Midnight. Waking up the Park's residents and damaging trees, driving their trailer over mine and other residents lawns and yard that causes damage. The moving crew are the ones who hook up the trailer sewer lines to the street sewer lines not State Licensed and certified professional Plumbers. I do not know if they use licensed Electricians to hook the utilities and wiring specifications. Oversize Manufactured homes are place in vacant lots where smaller, narrower homes were. Thus less clearance space between Homes. Two Street Lights on Lowell Lane have been out for 9 months now and they are still not fixed. Then there is the biggest environmental, health violation of all.
9. I, ( [REDACTED] ) do hereby state that The Sartell M.H.P. Storm Drain Sewers, Water and Sewer Pipes/Systems are not in compliant with City, County and State of Minnesota Code pertaining to Mn Statues and Regulations Environmental and Health Specifications.
10. Furthermore I am stating that the owners of Sartell M.H.P. , ( IMPACT COMMUNITIES MANAGEMENT/R.V.HORIZON INC. ( Filing status=Active. File # 497789100054. ), And Principal on Record for this Company is David H. Reynolds from Cedaredge Co. Who's Principal Address is 2345 Rice Street Suite 230 Roseville MN 55113. should be held accountable for the above stated violations and that they be responsible for a Permanent Fix to these violations In accordance with the MN. Statues, Regulations and Codes.
11. That The Owner's, Management of Sartell M.H.P. Are in violation of Minnesota Statutes # 115.06 Duty to Notify: Avoiding Water Pollution and failure to notify the Minnesota Duty Office of Raw Sewage Leak and Contaminated Water repeated occurrences.
12. History of Repeated Occurrences: (1.) June 26<sup>th</sup> 2018. St. Cloud Times Article. Water pipe line ruptured under Home 305 that leaves the Sartell M.H.P. Residents without water for nearly a week. There was more than 15 -20 homes with no water. The M.H.P. Has one main water line with feeder lines going to each mobile home. The Park cannot shut down water supply to each individual's home. At Best, The park is divided into 4 sections, where they can shut down each section. Residents complain of poor water quality, turning yellow and smells. The Park only issues 2-10 gallon jugs of drinking water per household. Area churches donate drinking water jugs to Park homes affected. Six portable sanitation units are distributed in the Park. After water service is restored, Fire hydrants are opened to flush out the lines. Our household switch over to Culligan Water for our drinking water.  
  
(2.) January 2019: Raw sewage backs up in both my bath tubs, commodes, and bathroom sinks. Leaving 2 inches deep of raw sewage in our main bathtub and raw sewage and contamination in the other bath room at our residence. I contact Park Manager's Office and the secretary explains to me that ( It is not the M.H.P. Responsibility ) and I Need to contact Roto Rooter myself, because if it is the trailer sewer line that is the problem for the sewage backup then I pay for the service call and work. The M.H.P. Will only pay if the Street Sewer is at fault. I am responsible for the cleanup and any futher expenses. They will not pay for a motel room. I called Roto Rooter office I need a several hundred dollar deposit to cover the service call and 1 hour of service fee and put on a 5 day wait list. Roto Rooter makes the service call and discovers that the Street Sewer Line is Plugged with raw sewage and they have to bring in a bigger service truck and equipment in order to finish the job. The Street is on a downgrade and I

**EXHIBIT B**



am at the end/bottom of the street.

Page 4

Roto Rooter snakes/clears out 110 feet of the sewer line before they run into blockage and tree roots Sartell M.H.P. Management tells them to stop there. I end up cleaning the bathrooms of sewage myself because I can not afford to pay for a cleanup service because of my limited income.

I get sick from the sewage cleanup and exposure and I am diagnosed at the St. Cloud V.A. Hospital Urgent care that I have a lung infection and a Lower tract respiratory infection. I am prescribe a Steroid/Antibiotic medication which spikes my blood sugar resulting in being hospitalized at the St. Cloud Hospital for 4-5 days trying to stabilize my Diabetes because I was going into a stage of Diabetic shock. I had to start taking insulin treatments. My Lung Infection is medically diagnosed as Aspergillosis: (Mold in lungs due to exposure of Raw sewage and contaminated polluted water.) Check FEMA reports on mold exposure and Health Issues.

Sartell M.H.P. Management never informed

The Minnesota Duty Officer of the Sewage leak and repair. Paul Nueman and his wife Kayla were Sartell M.H.P. Management team at that time.

13. Three more times my partner Fran and I have sewage backing up into our bathtubs and other Sewage related exposure/leak contamination. Several water line ruptures. 2 flash floods caused by Inadequate storm sewer drainage and this section of the park is a flood zone. My home sewer line was not correctly installed to the street sewer line at the time of hookup by Park Maintenance. The Trailer Line was not plum to code. The ground brace for the pipe was not set properly and the rubber coupling was not connected right, causing sewage back flow and sewer water leakage in the ground and rising to the surface of our yard. Sartell M.H.P. Management will not do anything to resolve these Issues and again The Minnesota Duty Officer is not Informed. I hire a professional plumber to repair My trailer sewer line and replace the rubber coupling, and have installed a anti-back flow valve and Access Cap. ( I have before and after pictures ). Sewer lines ruptures in the yard between Lot # 8 and Lot # 7. Also between Lot # 7 and Lot # 6 which are located at Lowell Circle. Ruptured sewer lines are made of clay. Heat riser valve is defective and my water pipes are frozen for 3 days before the Park maintenance finds out from Park Management about my complaint and replaces heat riser.

14. In April of 2019 I sent a letter to Impact Communities Management Corporate Office CO. Covering the Issues of the Sartell M.H.P. Park Management, Maintenance, Conditions of Storm Sewer Drainage, Ancient and Inadequate Water and Sewer Mains. Subpar Water pressure in the Park. Sewage and Contaminated Water Issues, No assigned/posted office hours, Snow Plow Issues, Lot Rent increases. Etc. Corporate Office never responded to my Letter.

15. There has been 7 changes of Park Managers, District Managers, Also several changes of Maintenance Personal since October 2017. The latest change came last month when they hired a Park Office Manager and her husband as Maintenance Manager whose attitude towards the residents is "If you don't like it here you can leave". Management does laid off the maintenance man who has work there for 20 some years. Park Management does have a newly remodel office and added a Community Clubhouse for rental events only. No Community meetings and No Residents Associations allowed at this M.H.P. No assigned office hours posted. There is over 400 residents in this Community. Citizens of Minnesota and America. Now because of Environmental and Health Violations are now infecting the health of babies, children, Disabled People, The Elderly, and Whole Families. Residents are intimidated and scared from

**EXHIBIT B**

complaining because they may be Evicted from the Park. As we face another Rent Increase and water meters are to be added soon.

Your Insight, Suggestions and Response to this complaint would be appreciated. Thank You:

Sincerely,

[Redacted signature]



[Redacted address line 1]

[Redacted address line 2]

March 20<sup>th</sup> 2020.

C.C. Self.  
C.C.I. U.S. SENATOR AMY KLOBUCHAR.

# Exhibit F

Sartell MHP, LLC  
106 2nd Street South, Office  
Sartell, MN 56377



## Sartell MHP, LLC

5/7/2020

Dear [REDACTED]

We wanted to inform you know we are installing the utility meters on each home for water and sewer usage. You will soon see a breakdown of your charges and usage on your monthly rent statement. The smart meters we are installing will send all the water readings directly through an online portal ensuring accuracy in your meter readings and your bills. Their smart meter technology allows us to notify you in a timely manner if any leaks have been flagged. The assistance of this technology will allow us to catch any necessary repairs as soon as a problem arises.

Please note that the meter installation is weather permitting. During installation water may be shut off for up to an hour and, if the individual home shut off valve is missing or broken, water may need to be turned off for a longer period to make the necessary repairs.

Currently we are in the process of auditing our utility rates to ensure our billing is accurate as possible. Your utility rates will be available at the community office prior to implementation.

We take pride in offering affordable housing and will continue to make Sartell MHP a great place to call home. We sincerely value you as a resident and hope that you will continue to make your home with us! If you have any questions or concerns, please feel free to call or come by the Office!

Respectfully,

Impact MHC Management, LLC

# Exhibit G

Sartell MHP, LLC  
106 2nd Street South, Office  
Sartell, MN 56377



## Sartell MHP, LLC

9/24/2020

Dear [REDACTED]

You will see a breakdown of your charges and usage on your monthly rent statement; there will be a \$2.50 Meter Service Charge per month effective 12/1/2020. The smart meters will send all the water readings directly through an online portal, ensuring accuracy in your meter readings and your bills. Their smart meter technology allows us to notify you in a timely manner if any leaks have been flagged. The assistance of this technology will allow us to catch any necessary repairs as soon as a problem arises.

We take pride in offering affordable housing and will continue to make Sartell MHP a great place to call home. We sincerely value you as a resident and hope that you will continue to make your home with us! If you have any questions or concerns, please feel free to call or come by the Office!

Respectfully,

Impact MHC Management, LLC

# Exhibit H

Sartell MHP, LLC  
106 2nd Street South, Office  
Sartell, MN 56377



Sartell MHP, LLC

5/11/2023

Dear [REDACTED]

Our goal is to provide you with the best housing value for your money. Each year we review our operating costs for the Community which can include utilities, insurance, property taxes, operation expenses, market trends, economic growth, and other factors. We also look at our current lot rental rates and compare them to rates in the surrounding market. After much deliberation, and a thorough review of all information the following changes will be made effective on 8/1/2023.

- Lot rent will be increased to \$559.00 from \$520.00
- Meter Rental Service Charge will be adjusted to \$0.00 from \$2.50
- Utility Service charge will be adjusted to \$5.00 from \$0.00
- Minnesota yearly Relocation fee will be \$15.00.

Just a reminder, if you have set a limit on your automatic payment, please log in to your Impact Club account and update your 'Max Amount.'

We take pride in offering affordable housing and will continue to make Sartell MHP, LLC a great place to call home. We sincerely value you as a resident and hope that you will continue to make your home with us! If you have any questions or concerns, please feel free to call or come by the Office!

Respectfully,

Sartell MHP, LLC  
320-253-1363



# paylease.com

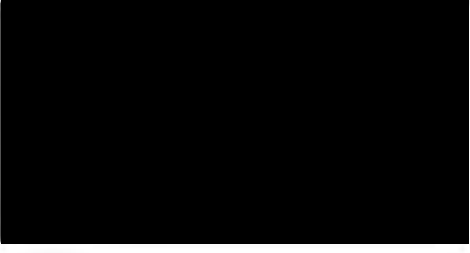


Billing Date 01/13/2024

Account Number [REDACTED]



Return Service Requested



### Pay Online!

See Reverse Side For Details

**\$601.63**  
Total amount due on  
02/01/2024

Billing Date 01/13/2024

Account Number [REDACTED]

Total Amount Due on  
02/01/2024 **\$601.63**

### Rental Charges

Outstanding Balance	\$0.00
Rent Charge	\$559.00
Utility: Trash Service	\$14.66
Utility: Service Fee	\$5.00

**Total Rental Charges \$578.66**

### Utility Charges & Fees

<b>Sewer Charges 12/01/2023 - 01/01/2024</b>			<b>\$14.95</b>
Sewer (1830 Gallons)	1830 (Gallons) x 0.00816		\$14.93
Sewer Base Fee			\$0.02
<b>Water Charges 12/01/2023 - 01/01/2024</b>			<b>\$8.02</b>
Water (1830 Gallons)	1830 (Gallons) x 0.00437		\$8.00
Water Base Fee			\$0.02

**Total Utility Charges and Fees \$22.97**

**Do You Have Questions  
About Your Bill?**  
For questions and support please  
contact:  
**Zego**  
**1-866-729-5327**  
**1-858-652-6333**  
<https://gozego.force.com/residents/sl>

**Resident Reminder** Thank you for your cooperation with our new billing program! You will now receive all charges on one convenient statement. Zego Resident Support can be reached at gozego.com or by calling 866-729-5327. Comments about or suggestions to improve your Community? Reach out to WIMNdistrictComments@impactmhc.com or 970-808-3892.  
**Service Requests** All service requests should be communicated to the management office.  
**Additional Information** City of Sartell is the retail public utility. The water and sewer charges on this bill is based on a submetered reading and is not from the public utility provider. This bill is rendered by Zego, LLC. To dispute this bill please contact your community managers listed above. The rates are: water base fee is \$0.02, water rate is \$0.00437 per Gallon, sewer base fee is \$0.02, sewer rate is \$0.00816 per Gallon.

Please detach and return this portion with your check.

### Fast and Easy Ways to Pay Your Bill



#### Pay with CashPay

Use your personal CashPay card to make an electronic transaction from one of the 25,000 CheckFreePay® locations nationwide including Walmart, Kmart, Kroger and more. Talk to your Property Manager to learn more.

**Payment Instructions** Please pay online at your property's website SartellMHP.com by clicking on Impact Club.  
**Late Payment Policy** The total rent due must be paid in full. All rent payments are due on the 1st, late fees will be added after the 5th of the month. Partial rent payments will not be accepted. Utility charges must be paid within 15 days of statement date.



Sartell MHP, LLC (Sartell MHP 2, LLC)

# Exhibit I



**Sartell MHP**  
106 2<sup>nd</sup> Street South  
Sartell , MN 56377  
Manager Phone: (302) 253-1363



7/25/2023

**LEASE SIGNATURES**

Dear Resident,

Minnesota House of Representatives has passed a law relating to your lease, it is now required that every resident has a copy of their signed lease, the community also has a copy of your signed lease on file.

If you are receiving this letter, we do not have a signed lease for you on file, we will need the signed lease on file to comply with the new legislation effective January 1,2024.

At this time, we advise you to contact the office to schedule your lease signing today. Thank you for your prompt attention to this matter,

Management  
Sartell MHP, LLC