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(Proposed)

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Minnesota Statutes on Receiverships and

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Assignments for the Benefit of Creditors

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CHAPTER 576
RECEIVERSHIPS

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1 **576.01 DEFINITIONS.**

2 (a) The definitions in this section apply throughout this chapter unless the context
3 requires otherwise.

4 (b) “Court” means the district court in which the receivership is pending.

5 (c) “Entity” means a person other than a natural person.

6 (d) “Executory contract” means a contract, including a lease, where the obligations of
7 both the respondent and the other party to the contract are unperformed to the extent that the
8 failure of either party to complete performance of its obligations would constitute a material
9 breach of the contract, thereby excusing the other party’s performance of its obligations under
10 the contract.

11 (e) “Foreign receiver” means a receiver appointed by any court in any foreign
12 jurisdiction.

13 (f) “Foreign jurisdiction” means any state or federal jurisdiction other than that of the
14 courts of this state.

15 (g) “General receiver” means the receiver appointed in a general receivership.

16 (h) “General receivership” means a receivership over all or substantially all of the
17 nonexempt property of a respondent for the purpose of liquidation and distribution to creditors
18 and other parties in interest, including, without limitation, a receivership resulting from the
19 appointment of a receiver pursuant to section 302A.753, 308A.945, 308B.935, 317A.753, or
20 322B.836.

21 (i) “Lien” means a charge against or interest in property to secure payment of a debt or
22 the performance of an obligation, including any mortgage or security interest.

1 (j) “Limited receiver” means the receiver appointed in a limited receivership.

2 (k) “Limited receivership” means a receivership other than a general receivership.

3 (l) “Party” means a person who is a party within the meaning of the Minnesota Rules of
4 Civil Procedure in the action in which a receiver is appointed.

5 (m) “Party in interest” includes the respondent, any equity security holder in the
6 respondent, any person with an ownership interest in or lien on receivership property, and, in a
7 general receivership, any creditor of the respondent.

8 (n) “Person” shall have the meaning set forth in section 645.44 and shall include limited
9 liability companies, limited liability partnerships and other entities recognized under the laws of
10 this state.

11 (o) “Property” includes all of respondent’s right, title, and interest, both legal and
12 equitable, in real and personal property, regardless of the manner by which any of the same were
13 or are acquired. Property includes any proceeds, products, offspring, rents, or profits of or from
14 the property. Property does not include: (1) any power that the respondent may exercise solely
15 for the benefit of another person, or (2) property impressed with a trust except to the extent that
16 the respondent has a residual interest.

17 (p) “Receiver” means a person appointed by the court as the court’s agent, and subject to
18 the court’s direction, to take possession of, manage, and, if authorized by this chapter or order of
19 the court, dispose of receivership property.

20 (q) “Receivership” means the case in which the receiver is appointed, and, as the context
21 requires, the proceeding in which the receiver takes possession of, manages, or disposes of the
22 respondent’s property.

1 (r) "Receivership property" means (1) in the case of a general receivership, all or
2 substantially all of the non-exempt property of the respondent, or (2) in the case of a limited
3 receivership, that property of the respondent identified in the order appointing the receiver, or in
4 any subsequent order.

5 (s) "Respondent" means the person over whose property the receiver is appointed.

6 (t) "State agent" and "state agency" means any office, department, division, bureau,
7 board, commission, or other agency of the state of Minnesota or of any subdivision thereof, or
8 any individual acting in an official capacity on behalf of any state agent or state agency.

9 (u) "Time of appointment" means the date and time specified in the first order of
10 appointment of a receiver or, if the date and time are not specified in the order of appointment,
11 the date and time that the court ruled on the motion for the appointment of a receiver. Time of
12 appointment does not mean any subsequent date or time including the execution of a written
13 order, the filing or docketing of a written order, or the posting of a bond.

14 (v) "Utility" means a person providing any service regulated by the public utilities
15 commission.

16 **576.02 APPLICABILITY OF CHAPTER AND OF COMMON LAW.**

17 (a) This chapter applies to receiverships provided for in section 576.05, subdivisions
18 1 through 5 and to receiverships:

19 (1) pursuant to section 193.147 in connection with a mortgage on an armory;

20 (2) pursuant to section 223.17, subdivision 8, paragraph (b) in connection with a defaulting
21 grain buyer;

- 1 (3) pursuant to section 232.22, subdivision 7, paragraph (c) in connection with a defaulting
2 public grain warehouse;
- 3 (4) pursuant to section 296A.22 in connection with nonpayment of tax;
- 4 (5) pursuant to section 302A.753, 308A.945, 308B.935, 317A.753, or 322B.836 in an action
5 relating to the dissolution of an entity and relating to, in like cases, property within the state of
6 foreign entities;
- 7 (6) pursuant to section 321.0703 in connection with the rights of a creditor of a partner or
8 transferee;
- 9 (7) pursuant to section 322.22 in connection with the rights of creditors of limited partners;
- 10 (8) pursuant to section 323A.0504 in connection with a partner's transferable interest;
- 11 (9) pursuant to section 453.55 in connection with bonds and notes;
- 12 (10) pursuant to section 453A.05 in connection with bonds and notes;
- 13 (11) pursuant to section 513.47 in connection with a proceeding for relief with respect to a
14 transfer fraudulent as to a creditor or creditors;
- 15 (12) pursuant to section 514.06 in connection with the severance of a building and resale;
- 16 (13) pursuant to section 515.23 in connection with an action by a unit owners' association to
17 foreclose a lien for nonpayment of delinquent assessments against condominium units;
- 18 (14) pursuant to section 518A.71 in connection with the failure to pay, or to provide security
19 for, maintenance or support payments ordered by a court;
- 20 (15) pursuant to section 559.17 in connection with assignments of rents, however, any
21 receiver appointed under section 559.17 shall be a limited receiver, and the court shall apply the
22 provisions of this chapter to the extent not inconsistent with section 559.17;

1 (16) pursuant to section 571.84 in connection with a garnishee in possession of property
2 subject to a garnishment proceeding;

3 (17) pursuant to section 575.05 in connection with property applied to judgment;

4 (18) pursuant to section 575.06 in connection with adverse claimants;

5 (19) pursuant to sections 582.05 through 582.10 in connection with mortgage foreclosures;
6 however, any receiver appointed under sections 582.05 through 582.10 shall be a limited
7 receiver, and the court shall apply the provisions of this chapter to the extent not inconsistent
8 with sections 582.05 through 582.10;

9 (20) pursuant to section 609.904 in connection with criminal penalties; or

10 (21) pursuant to section 609.907 in connection with preservation of property subject to
11 forfeiture.

12 (b) This chapter will not apply to any receivership in which the receiver is a state agency or
13 in which the receiver is appointed, controlled, or regulated by a state agency unless otherwise
14 provided by law.

15 (c) In receiverships not specifically referenced in paragraph (a) or (b), the court, in its
16 discretion, may apply provisions of this chapter to the extent not inconsistent with the statutes
17 establishing the receiverships.

18 (d) Unless explicitly displaced by this chapter, the provisions of other statutory law and the
19 principles of common law remain in full force and effect and supplement the provisions of this
20 chapter.

1 **576.03 POWERS OF THE COURT.**

2 The court has the exclusive authority to direct the receiver and the authority over all
3 receivership property wherever located including, without limitation, authority to determine all
4 controversies relating to the collection, preservation, improvement, disposition, and distribution
5 of receivership property, and all matters otherwise arising in or relating to the receivership, the
6 receivership property, the exercise of the receiver's powers, or the performance of the receiver's
7 duties.

8 **576.04 TYPES OF RECEIVERSHIPS.**

9 A receivership may be either a limited receivership or a general receivership. Any
10 receivership which is based upon the enforcement of an assignment of rents or leases, or the
11 foreclosure of a mortgage lien, judgment lien, mechanic's lien, or other lien pursuant to which
12 the respondent or any holder of a lien would have a statutory right of redemption, shall be a
13 limited receivership. If the order appointing the receiver does not specify whether the
14 receivership is a limited receivership or a general receivership, the receivership shall be a limited
15 receivership unless and until the court by later order designates the receivership as a general
16 receivership, notwithstanding that pursuant to section 576.05, subdivision 8, a receiver may have
17 control over all of the property of the respondent. At any time, the court may order a general
18 receivership to be converted to a limited receivership and a limited receivership to be converted
19 to a general receivership.

20 **576.05 APPOINTMENT OF RECEIVERS; RECEIVERSHIP NOT A TRUST.**

21 Subdivision 1. **No Necessity of Separate Action.** A receiver may be appointed under
22 this chapter whether or not the motion for appointment of a receiver is combined with, or is
23 ancillary to, an action seeking a money judgment.

1 Subd. 2. **Before Judgment.** Except where judgment for failure to answer may be had
2 without application to the court, a limited receiver may be appointed before judgment to protect
3 any party to an action who demonstrates an apparent right to property that is the subject of the
4 action and is in the possession of an adverse party, and that the property or its rents and profits
5 are in danger of loss or material impairment.

6 Subd. 3. **In a Judgment or after Judgment.** A limited or general receiver may be
7 appointed in a judgment or after judgment to carry the judgment into effect, to preserve property
8 pending an appeal, or when an execution has been returned unsatisfied and the judgment debtor
9 refuses to apply the property in satisfaction of the judgment.

10 Subd. 4. **Entities.** In addition to those situations specifically provided for in Minnesota
11 statutes, a limited or general receiver may be appointed when a corporation or other entity is
12 dissolved, insolvent, in imminent danger of insolvency, or has forfeited its corporate rights and
13 in like cases of the property within the state of foreign corporations and other entities.

14 Subd. 5. **Appointment of Receiver of Mortgaged Property.** (a) A limited receiver shall
15 be appointed at any time after the commencement of mortgage foreclosure proceedings under
16 chapter 580 or 581 and before the end of the period for redemption, if the mortgage being
17 foreclosed (i) secures an original principal amount of \$100,000 or more or is a lien upon
18 residential real estate containing more than four dwelling units and (ii) is not a lien upon property
19 that was entirely homesteaded, residential real estate containing four or fewer dwelling units
20 where at least one unit is homesteaded; or agricultural property. The foreclosing mortgagee or
21 the purchaser at foreclosure sale may at any time bring an action in the district court of the
22 county in which the mortgaged property or any part thereof is located for the appointment of a
23 receiver; provided, however, if the foreclosure is by action under chapter 581, a separate action

1 need not be filed. The court shall appoint a receiver upon a showing that the mortgagor has
2 breached a covenant contained in the mortgage relating to any of the following:

3 (1) application of tenant security deposits as required by section 504B.178;

4 (2) payment when due of prior or current real estate taxes or special assessments with
5 respect to the mortgaged property, or the periodic escrow for the payment of the taxes or special
6 assessments;

7 (3) payment when due of premiums for insurance of the type required by the mortgage, or
8 the periodic escrow for the payment of the premiums; or

9 (4) keeping of the covenants required of a landlord or licensor pursuant to section
10 504B.161, subdivision 1.

11 (b) The receiver shall be or shall retain an experienced property manager.

12 (c) The receiver shall collect the rents, profits, and all other income of any kind. The
13 receiver, after providing for payment of its reasonable fees and expenses, shall, to the extent
14 possible and in the order determined by the receiver to preserve the value of the mortgaged
15 property:

16 (1) manage the mortgaged property so as to prevent waste;

17 (2) execute contracts and leases within the period of the receivership, or beyond the period
18 of the receivership if approved by the court;

19 (3) pay the expenses listed in paragraph (a), clauses (1), (2), and (3);

20 (4) pay all expenses for normal maintenance of the mortgaged property; and

21 (5) perform the terms of any assignment of rents that complies with section 559.17,
22 subdivision 2.

1 (d) The purchaser at a foreclosure sale shall have the right, at any time and without
2 limitation as provided in section 582.03, to advance money to the receiver to pay any or all of the
3 expenses that the receiver should otherwise pay if cash were available from the mortgaged
4 property. Sums so advanced, with interest, shall be a part of the sum required to be paid to
5 redeem from the sale. The sums shall be proved by the affidavit of the purchaser, an agent, or
6 attorney, stating the expenses and describing the mortgaged property. The affidavit shall be
7 furnished to the sheriff in the manner of expenses claimed under section 582.03.

8 (e) Any sums collected that remain in the possession of the receiver at the termination of the
9 receivership shall, in the event the termination of the receivership is due to the reinstatement of
10 the mortgage debt or redemption of the mortgaged property by the mortgagor, be paid to the
11 mortgagor; and in the event termination of the receivership occurs at the end of the period of
12 redemption without redemption by the mortgagor or any other party entitled to redeem, interest
13 accrued upon the sale price pursuant to section 580.23 or section 581.10 shall be paid to the
14 purchaser at the foreclosure sale. Any net sum remaining shall be paid to the mortgagor, except
15 if the receiver was enforcing an assignment of rents that complies with section 559.17,
16 subdivision 2, in which case any net sum remaining shall be paid pursuant to the terms of the
17 assignment.

18 (f) This subdivision shall apply to all mortgages executed on or after August 1, 1977, and to
19 amendments or modifications thereto, and to amendments or modifications made on or after
20 August 1, 1977, to mortgages executed before August 1, 1977, if the amendment or modification
21 is duly recorded and is for the principal purpose of curing a default.

22 Subd. 6. **Other cases.** A receiver may be appointed in other cases as are now provided by
23 law, or in accord with existing practice, except as otherwise prescribed.

1 **Subd. 7. Motion for Appointment of Receiver.** The court may appoint a receiver upon a
2 motion with notice to the respondent, to all other parties in the action, and to parties in interest
3 and other persons as the court may require. Notice shall also be given to any judgment creditor
4 who is seeking the appointment of a receiver in any other action. A motion to appoint a general
5 receiver shall be treated as a dispositive motion. The court may appoint a receiver ex parte or on
6 shortened notice on a temporary basis if it is clearly shown that an emergency exists requiring
7 the immediate appointment of a receiver. In that event, the court shall set a hearing as soon as
8 practicable and at the subsequent hearing, the burdens of proof shall be as would be applicable to
9 a motion made on notice that is not expedited.

10 **Subd. 8. Description of Receivership Property.** The order appointing the receiver or
11 subsequent order shall describe the receivership property with particularity appropriate to the
12 circumstances. If the order does not so describe the receivership property, until further order of
13 the court, the receiver shall have control over all of the respondent's non-exempt property.

14 **Subd. 9. Receivership Not a Trust.** The order appointing the receiver does not create a
15 trust as defined by Minnesota law.

16 **576.06 ELIGIBILITY OF RECEIVER.**

17 **Subdivision 1. Who May Serve as Receiver.** Unless otherwise prohibited by law or prior
18 order, any person, whether or not a resident of this state, may serve as a receiver, provided that
19 the court, in its order appointing the receiver, makes written conclusions based in the record that
20 the person proposed as receiver:

21 (1) is qualified to serve as receiver and as an officer of the court; and

22 (2) is independent as to the parties and the underlying dispute.

1 Subd. 2. **Considerations Regarding Qualifications.** In determining whether a proposed
2 receiver is qualified to serve as receiver and as an officer of the court, the court shall consider
3 any relevant information, including whether:

4 (1) the proposed receiver has knowledge and experience sufficient to perform the duties of
5 receiver;

6 (2) the proposed receiver has the financial ability to post the bond required by section
7 576.07;

8 (3) the proposed receiver has been previously disqualified from serving as receiver or is
9 controlled by a person previously disqualified from serving as receiver and the reasons for
10 disqualification;

11 (4) the proposed receiver has been convicted of a felony or other crime involving moral
12 turpitude or is controlled by a person who has been convicted of a felony or other crime
13 involving moral turpitude; and

14 (5) the proposed receiver has been found liable in a civil court for fraud, breach of fiduciary
15 duty, civil theft, or similar misconduct, or is controlled by a person who has been found liable in
16 a civil court for fraud, breach of fiduciary duty, civil theft, or similar misconduct.

17 Subd. 3. **Considerations Regarding Independence.** (a) In determining whether a
18 proposed receiver is independent as to the parties and the underlying dispute the court shall
19 consider any relevant information, including:

20 (1) the nature and extent of any relationship that the proposed receiver has to the parties and
21 the property proposed as receivership property including, without limitation whether the

1 proposed receiver is a party to the action, a family member of a party to the action, or an
2 officer, director, member, employee or owner of or controls, a party to the action;

3 (2) whether the proposed receiver has any interest materially adverse to the interests of any
4 of the parties to the action;

5 (3) whether the proposed receiver has any material financial or pecuniary interest, other
6 than receiver compensation allowed by court order, in the outcome of the underlying dispute,
7 including any proposed contingent or success fee compensation arrangement; and

8 (4) is a debtor, secured or unsecured creditor, lienor of, or holder of any equity interest in,
9 any of the parties to the action or the receivership property.

10 (b) In evaluating all information, the court may exercise its discretion and need not consider
11 any single item of information to be determinative of independence. Without limiting the
12 generality of the preceding sentence, the proposed receiver shall not be disqualified solely
13 because the proposed receiver was appointed receiver in other unrelated matters involving any of
14 the parties to the matter in which the appointment is sought, or the proposed receiver has been
15 engaged by any of the parties to the action in matters unrelated to the underlying action.

16 Subd. 4. **Information Provided to Court.** The proposed receiver, the parties, and
17 prospective parties in interest may provide any information relevant to the qualifications,
18 independence, and the selection of the receiver.

19 **576.07 BOND.**

20 After appointment, every receiver shall give a bond in the sum, nature, and with the
21 conditions that the court shall order in its discretion consistent with section 574.11. Unless
22 otherwise ordered by the court, the receiver's bond shall be conditioned on the receiver's faithful

1 discharge of its duties in accordance with the orders of the court and the laws of this state. The
2 receiver shall execute a bond with a surety authorized to write bonds in the state of Minnesota.

3 **576.08 IMMUNITY; DISCOVERY FROM RECEIVER.**

4 (a) The receiver shall be entitled to all defenses and immunities provided at common law for
5 acts or omissions within the scope of the receiver's appointment.

6 (b) No person other than a successor receiver duly appointed by the court shall have a right
7 of action against a receiver to recover receivership property or the value thereof.

8 (c) A party or party in interest may conduct discovery of the receiver concerning any matter
9 relating to the receiver's administration of the receivership property after obtaining an order
10 authorizing the discovery.

11 **576.09 POWERS AND DUTIES OF RECEIVERS GENERALLY.**

12 Subdivision 1. **Powers.** (a) A receiver, whether general or limited, shall have the following
13 powers in addition to those specifically conferred by this chapter or otherwise by statute, rule, or
14 order of the court:

15 (1) the power to collect, control, manage, conserve, and protect receivership property;

16 (2) the power to incur and pay expenses incidental to the receiver's exercise of the powers
17 or otherwise in the performance of the receiver's duties;

18 (3) the power to assert rights, claims, causes of action, or defenses that relate to receivership
19 property; and

20 (4) the power to seek and obtain instruction from the court with respect to any matter
21 relating to the receivership property, the exercise of the receiver's powers, or the performance of
22 the receiver's duties.

1 (b) In addition to the powers provided in paragraph (a), a general receiver shall have the
2 power:

3 (1) to (i) assert any rights, claims, causes of action, or defenses of the respondent to the
4 extent any rights, claims, causes of action, or defenses are receivership property; (ii) maintain in
5 the receiver's name or in the name of the respondent any action to enforce any right, claim, cause
6 of action, or defense; and (iii) intervene in actions in which the respondent is a party for the
7 purpose of exercising the powers under this clause or requesting transfer of venue of the action to
8 the court;

9 (2) to pursue any claim or remedy that may be asserted by a creditor of the respondent under
10 sections 513.41 through 513.51;

11 (3) to compel any person, including the respondent and any party, by subpoena pursuant to
12 Rule 45 of the Minnesota Rules of Civil Procedure, to give testimony or to produce and permit
13 inspection and copying of designated books, documents, electronically stored information, or
14 tangible things with respect to receivership property or any other matter that may affect the
15 administration of the receivership;

16 (4) to operate any business constituting receivership property in the ordinary course of the
17 business, including the use, sale, or lease of property of the business or otherwise constituting
18 receivership property, and the incurring and payment of expenses of the business or other
19 receivership property;

20 (5) if authorized by an order of the court following notice and a hearing, to use, improve,
21 sell, or lease receivership property other than in the ordinary course of business; and

1 (6) if appointed pursuant to section 302A.753, 308A.945, 308B.935, 317A.753, or
2 322B.836, to exercise all of the powers and authority provided by the section or order of the
3 court.

4 Subd. 2. **Duties.** A receiver, whether general or limited, shall have the duties specifically
5 conferred by this chapter or otherwise by statute, rule, or order of the court.

6 Subd. 3. **Modification of Powers and Duties.** Except as otherwise provided in this chapter,
7 the court may modify the powers and duties of a receiver provided by this section.

8 **576.10 RECEIVER AS LIEN CREDITOR; REAL ESTATE RECORDING;**
9 **SUBSEQUENT SALES OF REAL ESTATE.**

10 Subdivision 1. **Receiver as Lien Creditor.** As of the time of appointment, the receiver
11 shall have the powers and priority as if it were a creditor that obtained a judicial lien at the time
12 of appointment pursuant to sections 548.09 and 550.10 on all of the receivership property,
13 subject to satisfying the recording requirements as to real property described in subdivision 2 of
14 this section.

15 Subd. 2. **Real Estate Recording.** If any interest in real estate is included in the receivership
16 property, a notice of lis pendens shall be recorded as soon as practicable with the county recorder
17 or registrar of titles, as appropriate, of the county in which the real property is located. The
18 priority of the receiver as lien creditor against real property shall be from the time of recording of
19 the notice of lis pendens, except as to persons with actual or implied knowledge of the
20 appointment under section 507.34.

21 Subd. 3. **Subsequent Sales of Real Estate.** The notice of lis pendens, a court order
22 authorizing the receiver to sell real property certified by the court administrator, and a deed
23 executed by the receiver recorded with the county recorder or registrar of titles, as appropriate, of

1 the county in which the real property is located, and upon execution of the deed by the receiver
2 shall be prima facie evidence of the authority of the receiver to sell and convey the real property
3 described in the deed. The court may also require a motion for an order for sale of the real
4 property or a motion for an order confirming sale of the real property.

5 **576.11 DUTIES OF RESPONDENT.**

6 The respondent shall:

7 (1) assist and cooperate fully with the receiver in the administration of the receivership and
8 the receivership property and the discharge of the receiver's duties, and comply with all orders of
9 the court;

10 (2) immediately upon the receiver's appointment, deliver to the receiver all of the
11 receivership property in the respondent's possession, custody, or control, including, but not
12 limited to, all books and records, electronic data, passwords, access codes, statements of
13 accounts, deeds, titles or other evidence of ownership, financial statements, and all other papers
14 and documents related to the receivership property; and

15 (3) supply to the receiver information as requested relating to the administration of the
16 receivership and the receivership property, including information necessary to complete any
17 reports or other documents that the receiver may be required to file.

18 (4) remain responsible for the filing of all tax returns, including those returns applicable to
19 periods which include those in which the receivership is in effect.

20 **576.12 EMPLOYMENT AND COMPENSATION OF PROFESSIONALS.**

21 Subdivision 1. **Employment.** (a) To represent or assist the receiver in carrying out the
22 receiver's duties, the receiver may employ attorneys, accountants, appraisers, auctioneers, and
23 other professionals that do not hold or represent an interest adverse to the receivership.

1 (b) This section does not require prior court approval for the retention of professionals.
2 However, any professional to be retained shall provide the receiver with a disclosure of any
3 potential conflicts of interest, and the professional or the receiver shall file with the court a notice
4 of the retention and of the proposed compensation. Any party in interest may bring a motion for
5 disapproval of any retention within 21 days after the filing of the notice of retention.

6 (c) A person is not disqualified for employment under this section solely because of the
7 person's employment by, representation of, or other relationship with the receiver, respondent, a
8 creditor, or other party in interest if the court determines that the employment is appropriate.

9 Subd. 2. **Compensation.** (a) The receiver and any professional retained by the receiver shall
10 be paid by the receiver from the receivership property in the same manner as other expenses of
11 administration and without separate orders, but subject to the procedures, safeguards, and
12 reporting that the court may order.

13 (b) Except to the extent fees and expenses have been approved by the court, or as to parties
14 in interest who are deemed to have waived the right to object, any interim payments of fees and
15 expenses to the receiver are subject to approval in connection with the receiver's final report
16 pursuant to section 576.18.

17 **576.13 SCHEDULES OF PROPERTY AND CLAIMS.**

18 (a) The court may order the respondent or a general receiver to file under oath to the best of
19 its actual knowledge:

20 (1) a schedule of all receivership property and exempt property of the respondent,
21 describing, as of the time of appointment: (i) the location of the property and, if real property, a
22 legal description thereof; (ii) a description of all liens to which the property is subject; and
23 (iii) an estimated value of the property; and

1 (2) a schedule of all creditors and taxing authorities and regulatory authorities which
2 supervise the respondent, their mailing addresses, the amount and nature of their claims, whether
3 the claims are secured by liens of any kind, and whether the claims are disputed.

4 (b) The court may order inventories and appraisals if appropriate to the receivership.

5 **576.14 NOTICE.**

6 In a general receivership, unless the court orders otherwise, the receiver shall give notice of
7 the receivership to all creditors and other parties in interest actually known to the receiver by
8 mail or other means of transmission within 21 days after the time of appointment. The notice of
9 the receivership shall include the time of appointment and the names and addresses of the
10 respondent, the receiver, and the receiver's attorney, if any.

11 **576.15 NOTICES, MOTIONS, AND ORDERS.**

12 Subdivision 1. **Notice of Appearance.** Any party in interest may make an appearance in a
13 receivership by filing a written notice of appearance, including the name, mailing address, fax
14 number, e-mail address, if any, and the telephone number of the party in interest and its attorney,
15 if any, and by serving a copy on the receiver and the receiver's attorney, if any. It is not
16 necessary for a party in interest to be joined as a party to be heard in the receivership. A proof of
17 claim does not constitute a written notice of appearance.

18 Subd. 2. **Master Service List.** From time to time the receiver shall file an updated master
19 service list consisting of the names, mailing addresses, and, where available, fax numbers and the
20 e-mail addresses of the respondent, the receiver, all persons joined as parties in the receivership,
21 all persons known by the receiver to have asserted any ownership or lien in receivership
22 property, all persons who have filed a notice of appearance in accordance with this section, and
23 their attorneys, if any.

1 Subd. 3. **Motions.** Except as otherwise provided in this chapter, an order shall be sought
2 by a motion brought in compliance with the Minnesota Rules of Civil Procedure and the General
3 Rules of Practice for the District Courts.

4 Subd. 4. **Persons Served.** Except as otherwise provided in this chapter, a motion shall be
5 served as provided in the Minnesota Rules of Civil Procedure, unless the Court orders otherwise,
6 on all persons on the master service list, all persons who have asserted an ownership interest or
7 lien in receivership property that is the subject of the motion, all persons who are identified in the
8 motion as directly affected by the relief requested, and other persons as the court may direct.

9 Subd. 5. **Service on State Agency.** Any request for relief against a state agency shall be
10 served as provided in the Minnesota Rules of Civil Procedure, unless the Court orders otherwise,
11 on the specific state agency and on the office of the Attorney General.

12 Subd. 6. **Order without Hearing.** Where a provision in this chapter, an order issued in the
13 receivership, or a court rule requires an objection or other response to a motion or application
14 within a specific time, and no objection or other response is interposed, the court may grant the
15 relief requested without a hearing.

16 Subd. 7. **Order upon Application.** Where a provision of this chapter permits, as to
17 administrative matters, or where it otherwise appears that no party in interest would be materially
18 prejudiced, the court may issue an order ex parte or based on an application without a motion,
19 notice, or a hearing.

20 Subd. 8. **Persons Bound by Orders of the Court.** Except as to persons entitled to be
21 served pursuant to Subdivision 4 and who were not served, an order of the court binds parties in
22 interest and all persons who file notices of appearance, submit proofs of claim, receive written
23 notice of the receivership, receive notice of any motion in the receivership, or who have actual

1 knowledge of the receivership whether they are joined as parties or received notice of the
2 specific motion or order.

3 **576.16 RECORDS; INTERIM REPORTS.**

4 Subdivision 1. **Preparation and Retention of Records.** The receiver shall prepare and
5 retain appropriate business records, including records of all cash receipts and disbursements and
6 of all receipts and distributions or other dispositions of receivership property. After due
7 consideration of issues of confidentiality, the records may be provided by the receiver to parties
8 in interest or shall be provided as ordered by the court.

9 Subd. 2. **Interim Reports.** (a) The court may order the receiver to prepare and file interim
10 reports addressing:

11 (1) the activities of the receiver since the last report;

12 (2) cash receipts and disbursements, including payments made to professionals retained by
13 the receiver;

14 (3) receipts and dispositions of receivership property; and

15 (4) other matters.

16 (b) The order may provide for the delivery of the receiver's interim reports to persons on the
17 master service list and to other persons and may provide a procedure for objection to the interim
18 reports, and may also provide that the failure to object constitutes a waiver of objection to
19 matters addressed in the interim reports.

1 **576.17 REMOVAL OF RECEIVERS.**

2 Subdivision 1. **Removal of Receiver.** The court may remove the receiver if: (1) the
3 receiver fails to execute and file the bond required by section 576.07; (2) the receiver resigns,
4 refuses, or fails to serve for any reason; or (3) for other good cause.

5 Subd. 2. **Successor Receiver.** Upon removal of the receiver, if the court determines that
6 further administration of the receivership is required, the court shall appoint a successor receiver.
7 Upon executing and filing a bond under section 576.07, the successor receiver shall immediately
8 succeed the receiver so removed and shall assume the duties of receiver.

9 Subd. 3. **Report and Discharge of Removed Receiver.** Within 14 days after removal, the
10 receiver so removed shall file with the court and serve a report pursuant to section 576.18,
11 subdivision 3 for matters up to the date of the removal. Upon approval of the report, the court
12 may enter an order pursuant to section 576.18 discharging the removed receiver.

13 **576.18 TERMINATION OF RECEIVERSHIPS; FINAL REPORT.**

14 Subdivision 1. **Termination of Receivership.** The court may discharge a receiver and
15 terminate the receivership. If the court determines that the appointment of the receiver was
16 procured in bad faith, the court may assess against the person who procured the receiver's
17 appointment: (1) all of the receiver's fees and expenses and other costs of the receivership, and
18 (2) any other sanctions the court deems appropriate.

19 Subd. 2. **Request for Discharge.** Upon distribution or disposition of all receivership
20 property, or the completion of the receiver's duties, the receiver shall file a final report and shall
21 request that the court approve the final report and discharge the receiver.

22 Subd. 3. **Contents of Final Report.** The final report, which may incorporate by reference
23 interim reports, shall include, in addition to any matters required by the court in the case:

- 1 (1) a description of the activities of the receiver in the conduct of the receivership;
- 2 (2) a schedule of all receivership property at the commencement of the receivership and any
3 receivership property added thereafter;
- 4 (3) a list of expenditures, including all payments to professionals retained by receiver;
- 5 (4) a list of any unpaid expenses incurred during the receivership;
- 6 (5) a list of all dispositions of receivership property;
- 7 (6) a list of all distributions made or proposed to be made; and
- 8 (7) if not done separately, a motion or application for approval of the payment of fees and
9 expenses of the receiver.

10 Subd. 4. **Notice of Final Report.** The receiver shall give notice of the filing of the final
11 report and request for discharge to all persons who have filed notices of appearance. If there is
12 no objection within 21 days, the court may enter an order approving the final report and
13 discharging the receiver without the necessity of a hearing.

14 Subd. 5. **Effect of Discharge.** A discharge removes all authority of the receiver, excuses
15 the receiver from further performance of any duties, and discharges any lis pendens recorded by
16 the receiver.

17 **576.19 ACTIONS BY OR AGAINST THE RECEIVER OR RELATING TO**
18 **RECEIVERSHIP PROPERTY.**

19 Subdivision 1. **Actions by or Against Receiver.** The receiver may sue in the receiver's
20 capacity and, subject to other sections of this chapter and all immunities provided at common
21 law, may be sued in that capacity.

1 Subd. 2. **Venue.** Unless applicable law requires otherwise or the court orders otherwise, an
2 action by or against the receiver or relating to the receivership or receivership property shall be
3 commenced in the court and assigned to the judge before whom the receivership is pending.

4 Subd. 3. **Joinder.** Subject to other sections of this chapter, a limited or general receiver
5 may be joined or substituted as a party in any action or other proceeding that relates to
6 receivership property that was pending at the time of appointment. Subject to other sections of
7 this chapter, a general receiver may be joined or substituted as a party in any action or other
8 proceeding that was pending at the time of appointment in which the respondent is a party.
9 Actions pending in other courts of this state may be transferred to the court upon the receiver's
10 motion for change of venue made in the court in which the action is pending.

11 Subd. 4. **Effect of Judgments.** A judgment entered subsequent to the time of appointment
12 against a receiver or the respondent shall not constitute a lien on receivership property, nor shall
13 any execution issue thereon. Upon submission of a certified copy of the judgment in accordance
14 with section 576.29, the amount of the judgment shall be treated as an allowed claim in a general
15 receivership. A judgment against a limited receiver shall have the same effect as a judgment
16 against the respondent, except that the judgment shall be enforceable against receivership
17 property only to the extent ordered by the court.

18 **576.20 TURNOVER OF PROPERTY.**

19 Subdivision 1. **Demand by Receiver.** Except as expressly provided in this section, and
20 unless otherwise ordered by the court, upon demand by a receiver, any person shall turn over any
21 receivership property that is within the possession or control of that person. Unless ordered by
22 the court, a person in possession of receivership property pursuant to a valid lien perfected prior
23 to the time of appointment is not required to turn over receivership property.

1 **Subd. 2. Motion by Receiver.** A receiver may seek to compel turnover of receivership
2 property by motion in the receivership. If there exists a bona fide dispute with respect to the
3 existence or nature of the receiver’s or the respondent’s interest in the property, turnover shall be
4 sought by means of an action under section 576.19. In the absence of a bona fide dispute with
5 respect to the receiver’s or the respondent’s right to possession of receivership property, the
6 failure to relinquish possession and control to the receiver may be punishable as contempt of the
7 court.

8 **576.21 ANCILLARY RECEIVERSHIPS.**

9 **Subdivision 1. Ancillary Receiverships in Foreign Jurisdictions.** A receiver appointed by
10 a court of this state may, without first seeking approval of the court, apply in any foreign
11 jurisdiction for appointment as receiver with respect to any receivership property which is
12 located within the foreign jurisdiction.

13 **Subd. 2. Ancillary Receiverships in the Courts of This State.** (a) A foreign receiver may
14 obtain appointment by a court of this state as a receiver in an ancillary receivership with respect
15 to any property located in or subject to the jurisdiction of the court if (1) the foreign receiver
16 would be eligible to serve as receiver under section 576.06, and (2) the appointment is in
17 furtherance of the foreign receiver’s possession, control, or disposition of property subject to the
18 foreign receivership and in accordance with orders of the foreign jurisdiction.

19 (b) The courts of this state may enter any order necessary to effectuate orders entered by the
20 foreign jurisdiction’s receivership proceeding. Unless the court orders otherwise, a receiver
21 appointed in an ancillary receivership in this state shall have the powers and duties of a limited
22 receiver as set forth in this chapter and shall otherwise comply with the provisions of this chapter
23 applicable to limited receivers.

1 **576.22 STAYS.**

2 Subdivision 1. **Custodia Legis.** All receivership property is under the control and
3 supervision of the court appointing the receiver.

4 Subd. 2. **Stay by Court Order.** In addition to any stay provided in this section, the court
5 may order a stay or stays to protect receivership property and to facilitate the administration of
6 the receivership.

7 Subd. 3. **Stay in All Receiverships.** Except as otherwise ordered by the court, the entry of
8 an order appointing a receiver shall operate as a stay, applicable to all persons, of:

9 (1) any act to obtain possession of receivership property, or to interfere with or exercise
10 control over receivership property, other than the commencement or continuation of a judicial,
11 administrative, or other action or proceeding, including the issuance or use of process, to enforce
12 any lien having priority over the rights of the receiver in receivership property; and

13 (2) any act to create or perfect any lien against receivership property, except by exercise of a
14 right of setoff, to the extent that the lien secures a claim that arose before the time of
15 appointment.

16 Subd. 4. **Limited Additional Stay in General Receiverships.** (a) Except as otherwise
17 ordered by the court, in addition to the stay provided in Subdivision 3, the entry of an order
18 appointing a general receiver shall operate as a stay, applicable to all persons, of:

19 (1) the commencement or continuation of a judicial, administrative, or other action or
20 proceeding, including the issuance or use of process, against the respondent or the receiver that
21 was or could have been commenced before the time of appointment, or to recover a claim against
22 the respondent that arose before the time of appointment;

1 (2) the commencement or continuation of a judicial, administrative, or other action or
2 proceeding, including the issuance or use of process, to enforce any lien having priority over the
3 rights of the receiver in receivership property.

4 (b) As to the acts specified in this subdivision, the stay shall expire 30 days after the time of
5 appointment unless, before the expiration of the 30-day period, the receiver or other party in
6 interest files a motion seeking an order of the court extending the stay and before the expiration
7 of an additional 30 days following the 30-day period, the court orders the stay extended.

8 Subd. 5. **Modification of Stay.** The court may modify any stay provided in this section
9 upon the motion of any party in interest affected by the stay.

10 Subd. 6. **Inapplicability of Stay.** The entry of an order appointing a receiver does not
11 operate as a stay of:

12 (1) the commencement or continuation of a criminal proceeding against the respondent;

13 (2) the commencement or continuation of an action or proceeding by a governmental unit to
14 enforce its police or regulatory power;

15 (3) the enforcement of a judgment, other than a money judgment, obtained in an action or
16 proceeding by a governmental unit to enforce its police or regulatory power, or with respect to
17 any licensure of the respondent;

18 (4) the establishment by a governmental unit of any tax liability and any appeal thereof;

19 (5) the commencement or continuation of an action or proceeding to establish paternity; to
20 establish or modify an order for alimony, maintenance, or support; or to collect alimony,
21 maintenance, or support under any order of a court;

22 (6) the exercise of a right of setoff;

1 (7) any act to maintain or continue the perfection of a lien on, or otherwise preserve or
2 protect rights in, receivership property, but only to the extent that the act was necessary to
3 preserve or protect the lien or other rights as they existed as of the time of the appointment. If
4 the act would require seizure of receivership property or commencement of an action prohibited
5 by a stay, the continued perfection shall instead be accomplished by filing a notice in the court
6 before which the receivership is pending and by serving the notice upon the receiver and
7 receiver's attorney, if any, within the time fixed by law for seizure or commencement of the
8 action;

9 (8) the commencement of a bankruptcy case under federal bankruptcy laws; or

10 (9) any other exception as provided in 11 U.S.C. § 362(b) as to the automatic stay in federal
11 bankruptcy cases to the extent not inconsistent with any provision in this section.

12 **576.23 UTILITY SERVICE.**

13 A utility providing service to receivership property may not alter, refuse, or discontinue
14 service to the receivership property without first giving the receiver 21 days written notice of any
15 default and any intention to alter, refuse, or discontinue service to receivership property. The
16 court may prohibit the alteration, refusal, or discontinuance of utility service if the receiver
17 furnishes adequate assurance of payment for service to be provided after the time of
18 appointment.

19 **576.24 RECEIVERSHIP FINANCING.**

20 (a) Without necessity of a court order, the receiver may obtain unsecured credit and incur
21 unsecured debt on behalf of the receivership, and the amounts shall be allowable as expenses of
22 the receivership under section 576.31, subdivision 1, clause (2).

1 (b) Without necessity of a court order, the receiver may obtain secured financing on behalf
2 of the receivership from any secured party under a financing facility existing at the time of the
3 appointment.

4 (c) The court may authorize the receiver to obtain credit or incur indebtedness and the court
5 may authorize the receiver to mortgage, pledge, hypothecate, or otherwise encumber receivership
6 property as security for repayment of any indebtedness.

7 **576.25 EXECUTORY CONTRACTS.**

8 Subdivision 1. **Performance by Receiver.** Unless a court orders otherwise, a receiver
9 succeeds to all of the rights and duties of the respondent under any executory contract. The court
10 may condition the continued performance by the receiver on terms that are appropriate under the
11 circumstances. Performance of an executory contract shall create a claim against the
12 receivership to the extent of the value of the performance received by the receivership after the
13 time of appointment. The claim shall not constitute a personal obligation of the receiver.

14 Subd. 2. **Assignment and Delegation by Receiver.** For good cause, the court may
15 authorize a receiver to assign and delegate an executory contract to a third party under the same
16 circumstances and under the same conditions as the respondent was permitted to do so pursuant
17 to the terms of the executory contract and applicable law immediately before the time of
18 appointment.

19 Subd. 3. **Termination by Receiver.** For good cause, the court may authorize the receiver to
20 terminate an executory contract. The receiver's right to possess or use property pursuant to the
21 executory contract shall terminate at the termination of the executory contract. Except as to the
22 claim against the receivership under subdivision 1, the termination shall create a claim equal to
23 the damages, if any, for a breach of contract as if the breach of contract had occurred

1 immediately before the time of appointment. Any claim arising under this section for
2 termination of an executory contract shall be presented or filed in the same manner as other
3 claims in the receivership no later than the later of (1) the time set for filing of claims in the
4 receivership or (2) 28 days after the notice by the receiver of the termination of the executory
5 contract.

6 **576.26 SALES FREE AND CLEAR OF LIENS IN GENERAL RECEIVERSHIPS.**

7 Subdivision 1. **Sales Free and Clear of Liens.** (a) The court may order that a general
8 receiver's sale of receivership property is free and clear of all liens, except any lien for unpaid
9 real estate taxes or assessments and liens arising under federal law, and may be free of (i) the
10 rights of redemption of the respondent if the rights of redemption are receivership property and
11 (ii) the rights of redemption of the holders of any liens, regardless of whether the sale will
12 generate proceeds sufficient to fully satisfy all liens on the property, unless either:

13 (1) the property is (i) real property classified as agricultural land under section 273.13,
14 subdivision 23, or the property is a homestead under section 510.01; and (ii) each of the owners
15 of the property has not consented to the sale following the time of appointment; or

16 (2) any owner of the property or holder of a lien on the property serves and files a timely
17 objection and the court determines that the amount likely to be realized from the sale by the
18 objecting person is less than the objecting person would realize within a reasonable time in the
19 absence of the sale.

20 (b) The receiver shall have the burden of proof to establish that the amount likely to be
21 realized by the objecting person from the sale is equal to or more than the objecting person
22 would realize within a reasonable time in the absence of the sale.

1 (c) Upon any sale free and clear of liens authorized by this section, all liens encumbering
2 the property conveyed shall transfer and attach to the proceeds of the sale, net of reasonable
3 expenses approved by the court incurred in the disposition of the property, in the same order,
4 priority, and validity as the liens had with respect to the property immediately before the sale.
5 The court may authorize the receiver to satisfy, in whole or in part, any ownership interest or lien
6 out of the proceeds of the sale if the ownership interest or lien of any party in interest would not
7 thereby be impaired.

8 Subd. 2. **Co-Owned Property.** If any receivership property includes an interest as a co-
9 owner of property, the receiver shall have the rights and powers afforded by applicable state or
10 federal law of the respondent, including but not limited to any rights of partition, but may not sell
11 the property free and clear of the co-owner's interest in the property.

12 Subd. 3. **Right to Credit Bid.** A creditor with a claim secured by a valid and perfected lien
13 against the property to be sold may bid on the property at a sale and may offset against the
14 purchase price part or all of the amount secured by its lien, provided that the creditor tenders
15 cash sufficient to satisfy in full the reasonable expenses, approved by the court, incurred in the
16 disposition of the property and all liens payable out of the proceeds of sale having priority over
17 the lien of that creditor.

18 Subd. 4. **Effect of Appeal.** The reversal or modification on appeal of an authorization to sell
19 property under this section does not affect the validity of a sale to a person that purchased the
20 property in good faith, whether or not the person knew of the pendency of the appeal, unless the
21 authorization and sale is stayed pending the appeal.

1 **576.27 ABANDONMENT OF PROPERTY.**

2 The court may authorize the receiver to abandon any receivership property that is
3 burdensome or is not of material value to the receivership. Property that is abandoned is no
4 longer receivership property.

5 **576.28 LIENS AGAINST AFTER-ACQUIRED PROPERTY.**

6 Except as otherwise provided for by statute, property that becomes receivership property
7 after the time of appointment is subject to a lien to the same extent as it would have been in the
8 absence of the receivership.

9 **576.29 CLAIMS PROCESS.**

10 Subdivision 1. **Recommendation of Receiver.** In a general receivership, and in a limited
11 receivership if the circumstances require, the receiver shall submit to the court a recommendation
12 concerning a claims process appropriate to the particular receivership.

13 Subd. 2. **Order Establishing Process.** In a general receivership and, if the court orders, in
14 a limited receivership, the court shall establish the claims process to be followed in the
15 receivership addressing whether proofs of claim will be required, the form of any proofs of
16 claim, the place where the proofs of claim must be submitted, the deadline or deadlines for
17 submitting the proofs of claim and other matters bearing on the claims process.

18 Subd. 3. **Alternative Procedures.** The court may authorize proofs of claim to be filed with
19 the receiver rather than the court. The court may authorize the receiver to treat claims as allowed
20 claims based on the amounts established in the books and records of the respondent or the
21 schedule of claims filed pursuant to section 576.13, without necessity of formal proofs of claim.

1 **576.30 OBJECTION TO AND ALLOWANCE OF CLAIMS.**

2 Subdivision 1. **Objections and Allowance.** The receiver or any party in interest may file a
3 motion objecting to a claim and stating the grounds for the objection. The court may order that a
4 copy of the objection be served on the persons on the master mailing list at least 30 days prior to
5 the hearing. Claims allowed by court order, and claims properly submitted and not disallowed
6 by the court shall be allowed claims and shall be entitled to share in distributions of receivership
7 property in accordance with the priorities provided by this chapter or otherwise by law.

8 Subd. 2. **Examination of Claims.** If the claims process does not require proofs of claim to
9 be filed with the court, at any time after expiration of the claim-filing period and upon 14 days
10 written notice to the receiver, any party in interest shall have the right to examine:

11 (1) all claims filed with the receiver; and

12 (2) all books and records in the receiver's possession that provided the receiver the basis for
13 concluding that creditors identified therein are entitled to participate in any distributions of
14 receivership property without having to file claims.

15 Subd. 3. **Estimation of Claims.** For the purpose of allowance of claims, the court may
16 estimate:

17 (1) any contingent or unliquidated claim, the fixing or liquidation of which would unduly
18 delay the administration of the receivership; or

19 (2) any right to payment arising from a right to an equitable remedy.

1 **576.31 PRIORITY OF CLAIMS.**

2 Subdivision 1. **Priorities.** Allowed claims shall receive distribution under this chapter in
3 the following order of priority and, except as set forth in clause (1), on a pro rata basis:

4 (1) claims secured by liens on receivership property, which liens are valid and perfected
5 before the time of appointment, to the extent of the proceeds from the disposition of the
6 collateral in accordance with their respective priorities under otherwise applicable law, subject
7 first to reimbursing the receiver for the reasonable and necessary expenses of preserving,
8 protecting, or disposing of the collateral, including allowed fees and reimbursement of
9 reasonable expenses of the receiver and professionals;

10 (2) actual, necessary costs and expenses incurred during the receivership, other than those
11 expenses allowable under clause (1), including allowed fees and reimbursement of reasonable
12 expenses of the receiver and professionals employed by the receiver under section 576.12;

13 (3) claims for wages, salaries, or commissions, including vacation, severance, and sick leave
14 pay, or contributions to an employee benefit plan, earned by the claimant within the 90 days
15 before the time of appointment or the cessation of the respondent's business, whichever occurs
16 first, but only to the extent of the dollar amount in effect in 11 U.S.C. § 507(4);

17 (4) allowed unsecured claims, to the extent of the dollar amount in effect in
18 11 U.S.C. § 507(7) for each individual, arising from the deposit with the respondent, before the
19 time of appointment of the receiver, of money in connection with the purchase, lease, or rental of
20 property or the purchase of services for personal, family, or household use by individuals that
21 were not delivered or provided;

22 (5) claims for arrears in amounts owing pursuant to a support order as defined in section
23 518A.26, subdivision 3;

1 (6) unsecured claims of governmental units for taxes that accrued before the time of
2 appointment of the receiver;

3 (7) all other unsecured claims due as of the time of appointment, including the balance due
4 the holders of secured claims to the extent not satisfied under clause (1); then

5 (8) interest pursuant to section 576.32.

6 Subd. 2. **Payments to Respondent.** If all of the amounts payable under subdivision 1 have
7 been paid in full, any remaining receivership property shall be returned to the respondent.

8 **576.32 INTEREST ON UNSECURED CLAIMS.**

9 To the extent that funds are available to pay holders of allowed unsecured claims in full for
10 the amounts due as of the time of appointment, each holder shall also be entitled to receive
11 interest, calculated from the time of appointment, at the rate set forth in the agreement
12 evidencing the claim, or if no rate is provided, at the judgment rate that would be payable as of
13 the time of appointment; provided however, that no holder shall be entitled to interest on that
14 portion, if any, of its unsecured claim that is itself interest calculated from the time of
15 appointment. If there are not sufficient funds in the receivership to pay in full the interest owed
16 to all the holders, then the interest shall be paid pro rata.

17 **576.33 DISTRIBUTIONS.**

18 Subdivision 1. **Proposed Distributions.** Before any interim or final distribution is made,
19 the receiver shall file a distribution schedule listing the proposed distributions. The distribution
20 schedule may be filed at any time during the case or may be included in the final report.

21 Subd. 2. **Notice.** The receiver shall give notice of the filing of the distribution schedule to
22 all persons on the master mailing list or that have filed proofs of claim. If there is no objection

1 within 21 days after the notice, the court may enter an order authorizing the receiver to make the
2 distributions described in the distribution schedule without the necessity of a hearing.

3 Subd. 3. **Other Distributions.** In the order appointing the receiver or in subsequent orders,
4 the court may authorize distribution of receivership property to persons with ownership interests
5 or liens.

1

CHAPTER 577

2

ASSIGNMENTS FOR THE BENEFIT OF CREDITORS

3

| | | | |
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4

1 **577.01 DEFINITIONS.**

2 (a) The definitions in this section and in section 576.01 apply throughout this chapter unless
3 the context requires otherwise.

4 (b) “Assignee” means the person to whom the assignment property is assigned.

5 (c) “Assignment property” means the property assigned pursuant to the provisions of this
6 chapter.

7 (d) “Assignor” means the person who assigns the assignment property.

8 (e) “Time of assignment” means the date and time endorsed by the court administrator
9 pursuant to section 577.04.

10 **577.02 REQUISITES.**

11 A person may execute a written assignment of property to one or more assignees for the
12 benefit of creditors in conformity with the provisions of this chapter. Every assignment for the
13 benefit of creditors subject to this chapter made by an assignor of the whole or any part of the
14 assignor’s property, real or personal, for the benefit of creditors, shall be: (1) to a resident of the
15 state eligible to be a receiver under section 576.06, in writing, subscribed and acknowledged by
16 the assignor, and (2) filed by the assignor or the assignee with the court administrator of the
17 district court of the county in which the assignor, or one of the assignors if there is more than
18 one, resides, or in which the principal place of business of an assignor engaged in business is
19 located. The district court shall have supervision over the assignment property and of all
20 proceedings under this chapter.

21 **577.03 FORM OF ASSIGNMENT.**

22 An assignment for the benefit of creditors under this chapter shall be signed by the assignor
23 and duly acknowledged in the same manner as conveyances of real property before a notary

1 public of this state, shall include an acceptance of the assignment by the assignee, and shall be in
2 substantially the following form:

3 ASSIGNMENT

4 THIS ASSIGNMENT is made this ___ day of _____, _____, by
5 and between _____, with a principal place of business at _____
6 _____ (hereinafter "assignor"), and _____, whose address is _____
7 _____ (hereinafter "assignee").

8 WHEREAS, the assignor has been engaged in the business of _____
9 _____.

10 WHEREAS, the assignor is indebted to creditors and is unable to pay
11 debts as they become due, and is desirous of providing for the payment of debts,
12 so far as it is possible by an assignment of property for that purpose.

13 NOW, THEREFORE, the assignor, in consideration of the assignee's
14 acceptance of this assignment, and for other good and valuable consideration,
15 hereby assigns to the assignee, and the assignee's successors and assigns,
16 assignor's property, except the property as is exempt by law from levy and sale
17 under an execution (and then only to the extent of the exemption), including but
18 not limited to, all real property, fixtures, goods, stock, inventory, equipment,
19 furniture, furnishings, accounts receivable, general intangibles, bank deposits,
20 cash, promissory notes, cash value and proceeds of insurance policies, claims, and
21 demands belonging to the assignor, wherever the property may be located
22 (hereinafter collectively the "assignment property"), which property is set forth on
23 Schedule A annexed hereto.

1 A list of the creditors of the assignor is set forth in Schedule B annexed
2 hereto.

3 By making this assignment, the assignor consents to the appointment of
4 the assignee as a general receiver with respect to the assignment property in
5 accordance with chapters 576 and 577 of the Minnesota Statutes.

6 The assignee shall take possession of and administer the assignment
7 property and shall liquidate the assignment property with reasonable dispatch,
8 collect all claims and demands hereby assigned as and to the extent they may be
9 collectible, and pay and discharge all reasonable expenses, costs, and
10 disbursements in connection with the execution and administration of this
11 assignment from the proceeds of the liquidations and collections in accordance
12 with chapters 576 and 577 of the Minnesota Statutes.

13 The assignee shall then pay and discharge in full, to the extent that funds
14 are available from the assignment property after payment of expenses, costs, and
15 disbursements, all of the debts and liabilities now due from the assignor, including
16 interest on the debts and liabilities in full, in accordance with chapters 576 and
17 577 of the Minnesota Statutes.

18 In the event that all debts and liabilities are paid in full, the remainder of
19 the assignment property shall be returned to the assignor.

20 To accomplish the purposes of this assignment, the assignor hereby
21 irrevocably appoints the assignee as the assignor's true and lawful attorney-in-
22 fact, with full power and authority to do all acts and things which may be
23 necessary to execute and fulfill the assignment hereby created, to the same extent

1 as the acts and things might be done by assignor in the absence of this assignment,
2 including, but not limited to, the power to demand and recover from all persons
3 all assignment property; to sue for the recovery of assignment property; to
4 execute, acknowledge, and deliver all necessary deeds, instruments, and
5 conveyances, and to grant and convey any or all of the real or personal property of
6 the assignment property pursuant thereto; and to appoint one or more attorneys to
7 assist the assignee in carrying out the assignee's duties hereunder.

8 The assignor hereby authorizes the assignee to sign the name of the
9 assignor to any check, draft, promissory note, or other instrument in writing
10 which is payable to the order of the assignor, or to sign the name of the assignor
11 to any instrument in writing, whenever it shall be necessary to do so, to carry out
12 the purposes of this assignment.

13 The assignor declares, under penalty of perjury under the laws of the state
14 of Minnesota, that the attached schedules of the property of the assignor and
15 creditors are true and complete to the best of the assignor's knowledge.

16 The assignee hereby accepts the assignment property and agrees faithfully
17 and without delay to carry out the assignee's duties under the foregoing
18 assignment.

19 _____
20 Assignor Assignee
21 _____
22 Dated: _____ Dated: _____

23 **577.04 DUTY OF COURT ADMINISTRATOR.**

24 The court administrator shall endorse the day, hour, and minute of the filing of the
25 assignment. The assignment shall be entered in the court administrator's register, and all papers

1 filed and orders made in the matter of the assignment shall be noted therein as in the case of a
2 civil action.

3 **577.05 ASSIGNEE AS LIEN CREDITOR; REAL ESTATE RECORDING.**

4 Subdivision 1. **Assignee as Lien Creditor.** As of the filing of the assignment, the assignee
5 shall have the powers and priority of a creditor that obtained a judicial lien at the time of
6 assignment pursuant to sections 548.09 and 550.10 on all of the assignment property subject to
7 satisfying the recording requirements as to real property described in subdivision 2 of this
8 section.

9 Subd. 2. **Real Estate Recording.** If any interest in real estate is included in the assignment
10 property, the assignment shall be effective as a deed and a notice of a lis pendens shall be
11 recorded as soon as practicable with the county recorder or registrar of titles, as appropriate, of
12 the county in which the real property is located. The priority of the assignee as lien creditor
13 against real property shall be from the time of recording of the notice of lis pendens, except as to
14 persons with actual or implied knowledge of the assignment under section 507.34. The
15 assignment executed by the assignor and certified by the court administrator and a deed executed
16 by the assignee shall be recorded with the county recorder or registrar of titles, as appropriate, of
17 the county in which the real property is located, and upon execution of the deed by the assignee
18 shall be prima facie evidence of the authority of the assignee to convey the real property
19 described in the assignment.

20 **577.06 NOTICE.**

21 The assignee shall give notice of the assignment to all creditors and other parties in
22 interest actually known to the assignee by mail or other means of transmission within 21 days

1 after the time of assignment. The notice of the assignment shall include the time of assignment
2 and the names and addresses of the assignor, the assignee, and the assignee's attorney, if any.

3 **577.07 REMOVAL OF ASSIGNEE.**

4 The court may remove the assignee and appoint another assignee pursuant to section
5 576.17, subdivision 1. The order of removal and appointment shall transfer all of the assignment
6 property to the new assignee, and with respect to real property may be recorded in the same
7 manner as the initial assignment.

8 **577.08 APPLICATION OF CHAPTER GOVERNING RECEIVERSHIPS.**

9 Except as otherwise provided in this chapter, an assignee shall be treated as a general
10 receiver, the assignment property shall be treated as receivership property, and all proceedings
11 following the filing of the assignment shall be governed by sections 576.01 through 576.33.

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