

State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. **382**

- 02/07/2011 Authored by null
The bill was read for the first time and referred to the Committee on Civil Law
- 02/17/2011 Adoption of Report: Pass and re-referred to the Committee on Judiciary Policy and Finance
- 03/21/2011 Adoption of Report: Pass and Read Second Time
- 04/04/2011 Calendar For The Day, Amended
Read Third Time as Amended
- 04/05/2011 Passed by the House as Amended and transmitted to the Senate to include Floor Amendments

1.1 A bill for an act
 1.2 relating to commerce; amending statutes regarding receiverships, assignments for
 1.3 the benefit of creditors, and nonprofit corporations; amending Minnesota Statutes
 1.4 2010, sections 302A.753, subdivisions 2, 3; 302A.755; 302A.759, subdivision
 1.5 1; 302A.761; 308A.945, subdivisions 2, 3; 308A.951; 308A.961, subdivision
 1.6 1; 308A.965; 308B.935, subdivisions 2, 3; 308B.941; 308B.951, subdivision
 1.7 1; 308B.955; 316.11; 317A.255, subdivision 1; 317A.753, subdivisions 3, 4;
 1.8 317A.755; 317A.759, subdivision 1; 322B.836, subdivisions 2, 3; 322B.84;
 1.9 462A.05, subdivision 32; 469.012, subdivision 2i; 540.14; 559.17, subdivision
 1.10 2; 576.04; 576.06; 576.08; 576.09; 576.11; 576.121; 576.123; 576.144; 576.15;
 1.11 576.16; proposing coding for new law in Minnesota Statutes, chapters 576; 577;
 1.12 repealing Minnesota Statutes 2010, sections 302A.759, subdivision 2; 308A.961,
 1.13 subdivision 2; 308B.951, subdivisions 2, 3; 317A.759, subdivision 2; 576.01;
 1.14 577.01; 577.02; 577.03; 577.04; 577.05; 577.06; 577.08; 577.09; 577.10.

1.15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.16 **ARTICLE 1**

1.17 **RECEIVERSHIPS**

1.18 Section 1. **[576.21] DEFINITIONS.**

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

1.21 (b) "Court" means the district court in which the receivership is pending unless
 1.22 the context requires otherwise.

1.23 (c) "Entity" means a person other than a natural person.

1.24 (d) "Executory contract" means a contract, including a lease, where the obligations
 1.25 of both the respondent and the other party to the contract are unperformed to the extent
 1.26 that the failure of either party to complete performance of its obligations would constitute

2.1 a material breach of the contract, thereby excusing the other party's performance of its
2.2 obligations under the contract.

2.3 (e) "Foreign receiver" means a receiver appointed in any foreign jurisdiction.

2.4 (f) "Foreign jurisdiction" means any state or federal jurisdiction other than that of
2.5 this state.

2.6 (g) "General receiver" means the receiver appointed in a general receivership.

2.7 (h) "General receivership" means a receivership over all or substantially all of
2.8 the nonexempt property of a respondent for the purpose of liquidation and distribution
2.9 to creditors and other parties in interest, including, without limitation, a receivership
2.10 resulting from the appointment of a receiver pursuant to section 302A.753, 308A.945,
2.11 308B.935, 317A.753, or 322B.836.

2.12 (i) "Lien" means a charge against or interest in property to secure payment of a debt
2.13 or the performance of an obligation, including any mortgage or security interest.

2.14 (j) "Limited receiver" means the receiver appointed in a limited receivership.

2.15 (k) "Limited receivership" means a receivership other than a general receivership.

2.16 (l) "Party" means a person who is a party within the meaning of the Minnesota Rules
2.17 of Civil Procedure in the action in which a receiver is appointed.

2.18 (m) "Party in interest" includes the respondent, any equity security holder in the
2.19 respondent, any person with an ownership interest in or lien on receivership property, and,
2.20 in a general receivership, any creditor of the respondent.

2.21 (n) "Person" has the meaning given it in section 645.44 and shall include limited
2.22 liability companies, limited liability partnerships, and other entities recognized under
2.23 the laws of this state.

2.24 (o) "Property" means all of respondent's right, title, and interest, both legal and
2.25 equitable, in real and personal property, regardless of the manner by which any of the
2.26 same were or are acquired. Property includes, but is not limited to, any proceeds, products,
2.27 offspring, rents, or profits of or from the property. Property does not include: (1) any power
2.28 that the respondent may exercise solely for the benefit of another person, or (2) property
2.29 impressed with a trust except to the extent that the respondent has a residual interest.

2.30 (p) "Receiver" means a person appointed by the court as the court's agent, and
2.31 subject to the court's direction, to take possession of, manage, and, if authorized by this
2.32 chapter or order of the court, dispose of receivership property.

2.33 (q) "Receivership" means the case in which the receiver is appointed, and, as the
2.34 context requires, the proceeding in which the receiver takes possession of, manages,
2.35 or disposes of the respondent's property.

3.1 (r) "Receivership property" means (1) in the case of a general receivership, all
3.2 or substantially all of the nonexempt property of the respondent, or (2) in the case of a
3.3 limited receivership, that property of the respondent identified in the order appointing
3.4 the receiver, or in any subsequent order.

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

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

3.9 (u) "Time of appointment" means the date and time specified in the first order
3.10 of appointment of a receiver or, if the date and time are not specified in the order of
3.11 appointment, the date and time that the court ruled on the motion for the appointment of
3.12 a receiver. Time of appointment does not mean any subsequent date or time, including
3.13 the execution of a written order, the filing or docketing of a written order, or the posting
3.14 of a bond.

3.15 (v) "Utility" means a person providing any service regulated by the Public Utilities
3.16 Commission.

3.17 **Sec. 2. [576.22] APPLICABILITY OF CHAPTER AND OF COMMON LAW.**

3.18 (a) This chapter applies to receiverships provided for in section 576.25, subdivisions
3.19 2 to 6, and to receiverships:

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

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

3.23 (3) pursuant to section 232.22, subdivision 7, paragraph (c), in connection with a
3.24 defaulting public grain warehouse;

3.25 (4) pursuant to section 296A.22, in connection with nonpayment of tax;

3.26 (5) pursuant to section 302A.753, 308A.945, 308B.935, 317A.753, or 322B.836,
3.27 in an action relating to the dissolution of an entity and relating to, in like cases, property
3.28 within the state of foreign entities;

3.29 (6) pursuant to section 321.0703, in connection with the rights of a creditor of a
3.30 partner or transferee;

3.31 (7) pursuant to section 322.22, in connection with the rights of creditors of limited
3.32 partners;

3.33 (8) pursuant to section 323A.0504, in connection with a partner's transferable
3.34 interest;

3.35 (9) pursuant to section 453.55, in connection with bonds and notes;

4.1 (10) pursuant to section 453A.05, in connection with bonds and notes;

4.2 (11) pursuant to section 513.47, in connection with a proceeding for relief with
4.3 respect to a transfer fraudulent as to a creditor or creditors;

4.4 (12) pursuant to section 514.06, in connection with the severance of a building
4.5 and resale;

4.6 (13) pursuant to section 515.23, in connection with an action by a unit owners'
4.7 association to foreclose a lien for nonpayment of delinquent assessments against
4.8 condominium units;

4.9 (14) pursuant to section 518A.71, in connection with the failure to pay, or to provide
4.10 security for, maintenance or support payments;

4.11 (15) pursuant to section 559.17, in connection with assignments of rents; however,
4.12 any receiver appointed under section 559.17 shall be a limited receiver, and the court shall
4.13 apply the provisions of this chapter to the extent not inconsistent with section 559.17;

4.14 (16) pursuant to section 571.84, in connection with a garnishee in possession of
4.15 property subject to a garnishment proceeding;

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

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

4.18 (19) pursuant to sections 582.05 to 582.10, in connection with mortgage
4.19 foreclosures; however, any receiver appointed under sections 582.05 to 585.10 shall be a
4.20 limited receiver, and the court shall apply the provisions of this chapter to the extent not
4.21 inconsistent with sections 582.05 to 582.10;

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

4.23 (21) pursuant to section 609.907, in connection with preservation of property
4.24 subject to forfeiture.

4.25 (b) This chapter does not apply to any receivership in which the receiver is a state
4.26 agency or in which the receiver is appointed, controlled, or regulated by a state agency
4.27 unless otherwise provided by law.

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

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

4.34 **Sec. 3. [576.23] POWERS OF THE COURT.**

5.1 The court has the exclusive authority to direct the receiver and the authority over
5.2 all receivership property wherever located including, without limitation, authority
5.3 to determine all controversies relating to the collection, preservation, improvement,
5.4 disposition, and distribution of receivership property, and all matters otherwise arising
5.5 in or relating to the receivership, the receivership property, the exercise of the receiver's
5.6 powers, or the performance of the receiver's duties.

5.7 Sec. 4. **[576.24] TYPES OF RECEIVERSHIPS.**

5.8 A receivership may be either a limited receivership or a general receivership.
5.9 Any receivership which is based upon the enforcement of an assignment of rents or
5.10 leases, or the foreclosure of a mortgage lien, judgment lien, mechanic's lien, or other lien
5.11 pursuant to which the respondent or any holder of a lien would have a statutory right of
5.12 redemption, shall be a limited receivership. If the order appointing the receiver does
5.13 not specify whether the receivership is a limited receivership or a general receivership,
5.14 the receivership shall be a limited receivership unless and until the court by later order
5.15 designates the receivership as a general receivership, notwithstanding that pursuant to
5.16 section 576.25, subdivision 8, a receiver may have control over all the property of the
5.17 respondent. At any time, the court may order a general receivership to be converted to a
5.18 limited receivership and a limited receivership to be converted to a general receivership.

5.19 Sec. 5. **[576.25] APPOINTMENT OF RECEIVERS; RECEIVERSHIP NOT A**
5.20 **TRUST.**

5.21 Subdivision 1. **No necessity of separate action.** A receiver may be appointed under
5.22 this chapter whether or not the motion for appointment of a receiver is combined with, or
5.23 is ancillary to, an action seeking a money judgment.

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

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

5.33 Subd. 4. **Entities.** In addition to those situations specifically provided for in statute,
5.34 a limited or general receiver may be appointed when a corporation or other entity is

6.1 dissolved, insolvent, in imminent danger of insolvency, or has forfeited its corporate rights
6.2 and in like cases of the property within the state of foreign corporations and other entities.

6.3 Subd. 5. **Appointment of receiver of mortgaged property.** (a) A limited
6.4 receiver shall be appointed at any time after the commencement of mortgage foreclosure
6.5 proceedings under chapter 580 or 581 and before the end of the period for redemption, if
6.6 the mortgage being foreclosed:

6.7 (1) secures an original principal amount of \$100,000 or more or is a lien upon
6.8 residential real estate containing more than four dwelling units; and

6.9 (2) is not a lien upon property that was entirely homesteaded, residential real
6.10 estate containing four or fewer dwelling units where at least one unit is homesteaded;
6.11 or agricultural property.

6.12 The foreclosing mortgagee or the purchaser at foreclosure sale may at any time bring an
6.13 action in the district court of the county in which the mortgaged property or any part
6.14 thereof is located for the appointment of a receiver; provided, however, if the foreclosure
6.15 is by action under chapter 581, a separate action need not be filed.

6.16 (b) The court shall appoint a receiver upon a showing that the mortgagor has
6.17 breached a covenant contained in the mortgage relating to any of the following:

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

6.19 (2) payment when due of prior or current real estate taxes or special assessments
6.20 with respect to the mortgaged property or the periodic escrow for the payment of the
6.21 taxes or special assessments;

6.22 (3) payment when due of premiums for insurance of the type required by the
6.23 mortgage or the periodic escrow for the payment of the premiums; or

6.24 (4) keeping of the covenants required of a landlord or licensor pursuant to section
6.25 504B.161, subdivision 1.

6.26 (c) The receiver shall be or shall retain an experienced property manager.

6.27 (d) The receiver shall collect the rents, profits, and all other income of any kind.

6.28 The receiver, after providing for payment of its reasonable fees and expenses, shall, to
6.29 the extent possible and in the order determined by the receiver to preserve the value of
6.30 the mortgaged property:

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

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

6.34 (3) pay the expenses listed in paragraph (b), clauses (1) to (3);

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

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

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

7.11 (f) Any sums collected that remain in the possession of the receiver at the
7.12 termination of the receivership shall, in the event the termination of the receivership is
7.13 due to the reinstatement of the mortgage debt or redemption of the mortgaged property by
7.14 the mortgagor, be paid to the mortgagor; and in the event termination of the receivership
7.15 occurs at the end of the period of redemption without redemption by the mortgagor
7.16 or any other party entitled to redeem, interest accrued upon the sale price pursuant to
7.17 section 580.23 or 581.10 shall be paid to the purchaser at the foreclosure sale. Any net
7.18 sum remaining shall be paid to the mortgagor, except if the receiver was enforcing an
7.19 assignment of rents that complies with section 559.17, subdivision 2, in which case any
7.20 net sum remaining shall be paid pursuant to the terms of the assignment.

7.21 (g) This subdivision applies to all mortgages executed on or after August 1, 1977,
7.22 and to amendments or modifications thereto, and to amendments or modifications made on
7.23 or after August 1, 1977, to mortgages executed before August 1, 1977, if the amendment
7.24 or modification is duly recorded and is for the principle purpose of curing a default.

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

7.27 Subd. 7. **Motion for appointment of receiver.** The court may appoint a receiver
7.28 upon a motion with notice to the respondent, to all other parties in the action, and to
7.29 parties in interest and other persons as the court may require. Notice shall also be given
7.30 to any judgment creditor who is seeking the appointment of a receiver in any other
7.31 action. A motion to appoint a general receiver shall be treated as a dispositive motion.
7.32 The court may appoint a receiver ex parte or on shortened notice on a temporary basis
7.33 if it is clearly shown that an emergency exists requiring the immediate appointment of
7.34 a receiver. In that event, the court shall set a hearing as soon as practicable and at the
7.35 subsequent hearing, the burdens of proof shall be as would be applicable to a motion made
7.36 on notice that is not expedited.

8.1 Subd. 8. **Description of receivership property.** The order appointing the receiver
8.2 or subsequent order shall describe the receivership property with particularity appropriate
8.3 to the circumstances. If the order does not so describe the receivership property, until
8.4 further order of the court, the receiver shall have control over all of the respondent's
8.5 nonexempt property.

8.6 Subd. 9. **Receivership not a trust.** The order appointing the receiver does not
8.7 create a trust.

8.8 **Sec. 6. [576.26] ELIGIBILITY OF RECEIVER.**

8.9 Subdivision 1. **Who may serve as receiver.** Unless otherwise prohibited by law or
8.10 prior order, any person, whether or not a resident of this state, may serve as a receiver,
8.11 provided that the court, in its order appointing the receiver, makes written conclusions
8.12 based in the record that the person proposed as receiver:

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

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

8.15 Subd. 2. **Considerations regarding qualifications.** (a) In determining whether a
8.16 proposed receiver is qualified to serve as receiver and as an officer of the court, the court
8.17 shall consider any relevant information, including, but not limited to, whether:

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

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

8.22 (3) the proposed receiver or any insider of the proposed receiver has been previously
8.23 disqualified from serving as receiver and the reasons for disqualification;

8.24 (4) the proposed receiver or any insider of the proposed receiver has been convicted
8.25 of a felony or other crime involving moral turpitude; and

8.26 (5) the proposed receiver or any insider of the proposed receiver has been found
8.27 liable in a civil court for fraud, breach of fiduciary duty, civil theft, or similar misconduct.

8.28 (b) For the purposes of this subdivision, "insider" includes:

8.29 (1) if the proposed receiver is a corporation, an officer or director of the corporation,
8.30 or a person in control of the proposed receiver; and

8.31 (2) if the proposed receiver is a partnership, a general or limited partner of the
8.32 partnership, or a person in control of the proposed receiver.

8.33 Subd. 3. **Considerations regarding independence.** (a) In determining whether a
8.34 proposed receiver is independent as to the parties and the underlying dispute, the court
8.35 shall consider any relevant information, including, but not limited to:

9.1 (1) the nature and extent of any relationship that the proposed receiver has to the
9.2 parties and the property proposed as receivership property including, without limitation,
9.3 whether the proposed receiver is a party to the action, a family member of a party to
9.4 the action, or an officer, director, member, employee, or owner of or controls a party
9.5 to the action;

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

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

9.11 (4) whether the proposed receiver is a debtor, secured or unsecured creditor, lienor
9.12 of, or holder of any equity interest in, any of the parties to the action of the receivership
9.13 property.

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

9.21 Subd. 4. **Information provided to court.** The proposed receiver, the parties, and
9.22 prospective parties in interest may provide any information relevant to the qualifications,
9.23 independence, and the selection of the receiver.

9.24 **Sec. 7. [576.27] BOND.**

9.25 After appointment, a receiver shall give a bond in the sum, nature, and with the
9.26 conditions that the court shall order in its discretion consistent with section 574.11. Unless
9.27 otherwise ordered by the court, the receiver's bond shall be conditioned on the receiver's
9.28 faithful discharge of its duties in accordance with the orders of the court and the laws of
9.29 this state. The receiver shall execute a bond with a surety authorized to write bonds in
9.30 the state.

9.31 **Sec. 8. [576.28] IMMUNITY; DISCOVERY FROM RECEIVER.**

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

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

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

10.6 **Sec. 9. [576.29] POWERS AND DUTIES OF RECEIVERS; GENERALLY.**

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

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

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

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

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

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

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

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

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

10.34 (4) to operate any business constituting receivership property in the ordinary course
10.35 of the business, including the use, sale, or lease of property of the business or otherwise

11.1 constituting receivership property, and the incurring and payment of expenses of the
11.2 business or other receivership property;

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

11.6 (6) if appointed pursuant to section 302A.753, 308A.945, 308B.935, 317A.753, or
11.7 322B.836, to exercise all of the powers and authority provided by the section or order of
11.8 the court.

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

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

11.13 Sec. 10. **[576.30] RECEIVER AS LIEN CREDITOR; REAL ESTATE**
11.14 **RECORDING; SUBSEQUENT SALES OF REAL ESTATE.**

11.15 Subdivision 1. **Receiver as lien creditor.** As of the time of appointment, the
11.16 receiver shall have the powers and priority as if it were a creditor that obtained a judicial
11.17 lien at the time of appointment pursuant to sections 548.09 and 550.10 on all of the
11.18 receivership property, subject to satisfying the recording requirements as to real property
11.19 described in subdivision 2.

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

11.26 Subd. 3. **Subsequent sales of real estate.** The notice of lis pendens, a court order
11.27 authorizing the receiver to sell real property certified by the court administrator, and
11.28 a deed executed by the receiver recorded with the county recorder or registrar of titles,
11.29 as appropriate, of the county in which the real property is located, and upon execution
11.30 of the deed by the receiver shall be prima facie evidence of the authority of the receiver
11.31 to sell and convey the real property described in the deed. The court may also require a
11.32 motion for an order for sale of the real property or a motion for an order confirming
11.33 sale of the real property.

11.34 Sec. 11. **[576.31] DUTIES OF RESPONDENT.**

12.1 The respondent shall:

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

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

12.10 (3) supply to the receiver information as requested relating to the administration
12.11 of the receivership and the receivership property, including information necessary to
12.12 complete any reports or other documents that the receiver may be required to file; and

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

12.15 Sec. 12. **[576.32] EMPLOYMENT AND COMPENSATION OF**
12.16 **PROFESSIONALS.**

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

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

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

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

13.1 (b) Except to the extent fees and expenses have been approved by the court, or as
13.2 to parties in interest who are deemed to have waived the right to object, any interim
13.3 payments of fees and expenses to the receiver are subject to approval in connection with
13.4 the receiver's final report pursuant to section 576.38.

13.5 Sec. 13. **[576.33] SCHEDULES OF PROPERTY AND CLAIMS.**

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

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

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

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

13.16 Sec. 14. **[576.34] NOTICE.**

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

13.22 Sec. 15. **[576.35] NOTICES, MOTIONS, AND ORDERS.**

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

13.29 Subd. 2. **Master service list.** From time to time the receiver shall file an updated
13.30 master service list consisting of the names, mailing addresses, and, where available, fax
13.31 numbers and e-mail addresses of the respondent, the receiver, all persons joined as parties
13.32 in the receivership, all persons known by the receiver to have asserted any ownership

14.1 or lien in receivership property, all persons who have filed a notice of appearance in
14.2 accordance with this section, and their attorneys, if any.

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

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

14.12 Subd. 5. **Service on state agency.** Any request for relief against a state agency shall
14.13 be served as provided in the Minnesota Rules of Civil Procedure, unless the court orders
14.14 otherwise, on the specific state agency and on the Office of the Attorney General.

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

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

14.23 Subd. 8. **Persons bound by orders of the court.** Except as to persons entitled to be
14.24 served pursuant to subdivision 4 and who were not served, an order of the court binds
14.25 parties in interest and all persons who file notices of appearance, submit proofs of claim,
14.26 receive written notice of the receivership, receive notice of any motion in the receivership,
14.27 or who have actual knowledge of the receivership whether they are joined as parties or
14.28 received notice of the specific motion or order.

14.29 **Sec. 16. [576.36] RECORDS; INTERIM REPORTS.**

14.30 Subdivision 1. **Preparation and retention of records.** The receiver shall prepare
14.31 and retain appropriate business records, including records of all cash receipts and
14.32 disbursements and of all receipts and distributions or other dispositions of receivership
14.33 property. After due consideration of issues of confidentiality, the records may be provided
14.34 by the receiver to parties in interest or shall be provided as ordered by the court.

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

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

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

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

15.7 (4) other matters.

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

15.12 **Sec. 17. [576.37] REMOVAL OF RECEIVERS.**

15.13 Subdivision 1. **Removal of receiver.** The court may remove the receiver if: (1) the
15.14 receiver fails to execute and file the bond required by section 576.27; (2) the receiver
15.15 resigns, refuses, or fails to serve for any reason; or (3) for other good cause.

15.16 Subd. 2. **Successor receiver.** Upon removal of the receiver, if the court determines
15.17 that further administration of the receivership is required, the court shall appoint a
15.18 successor receiver. Upon executing and filing a bond under section 576.27, the successor
15.19 receiver shall immediately succeed the receiver so removed and shall assume the duties of
15.20 receiver.

15.21 Subd. 3. **Report and discharge of removed receiver.** Within 14 days after
15.22 removal, the receiver so removed shall file with the court and serve a report pursuant to
15.23 section 576.38, subdivision 3, for matters up to the date of the removal. Upon approval
15.24 of the report, the court may enter an order pursuant to section 576.38 discharging the
15.25 removed receiver.

15.26 **Sec. 18. [576.38] TERMINATION OF RECEIVERSHIPS; FINAL REPORT.**

15.27 Subdivision 1. **Termination of receivership.** The court may discharge a receiver
15.28 and terminate the receivership. If the court determines that the appointment of the receiver
15.29 was procured in bad faith, the court may assess against the person who procured the
15.30 receiver's appointment:

15.31 (1) all of the receiver's fees and expenses and other costs of the receivership; and

15.32 (2) any other sanctions the court deems appropriate.

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

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

16.7 (1) a description of the activities of the receiver in the conduct of the receivership;

16.8 (2) a schedule of all receivership property at the commencement of the receivership
16.9 and any receivership property added thereafter;

16.10 (3) a list of expenditures, including all payments to professionals retained by the
16.11 receiver;

16.12 (4) a list of any unpaid expenses incurred during the receivership;

16.13 (5) a list of all dispositions of receivership property;

16.14 (6) a list of all distributions made or proposed to be made; and

16.15 (7) if not done separately, a motion or application for approval of the payment of
16.16 fees and expenses of the receiver.

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

16.21 Subd. 5. **Effect of discharge.** A discharge removes all authority of the receiver,
16.22 excuses the receiver from further performance of any duties, and discharges any lis
16.23 pendens recorded by the receiver.

16.24 Sec. 19. **[576.39] ACTIONS BY OR AGAINST RECEIVER OR RELATING TO**
16.25 **RECEIVERSHIP PROPERTY.**

16.26 Subdivision 1. **Actions by or against receiver.** The receiver may sue in the
16.27 receiver's capacity and, subject to other sections of this chapter and all immunities
16.28 provided at common law, may be sued in that capacity.

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

16.33 Subd. 3. **Joinder.** Subject to section 576.42, a limited or general receiver may be
16.34 joined or substituted as a party in any action or other proceeding that relates to receivership
16.35 property that was pending at the time of appointment. Subject to other sections of this

17.1 chapter, a general receiver may be joined or substituted as a party in any action or other
17.2 proceeding that was pending at the time of appointment in which the respondent is a party.
17.3 Pending actions may be transferred to the court upon the receiver's motion for change of
17.4 venue made in the court in which the action is pending.

17.5 Subd. 4. **Effect of judgments.** A judgment entered subsequent to the time of
17.6 appointment against a receiver or the respondent shall not constitute a lien on receivership
17.7 property, nor shall any execution issue thereon. Upon submission of a certified copy of the
17.8 judgment in accordance with section 576.49, the amount of the judgment shall be treated
17.9 as an allowed claim in a general receivership. A judgment against a limited receiver shall
17.10 have the same effect as a judgment against the respondent, except that the judgment shall
17.11 be enforceable against receivership property only to the extent ordered by the court.

17.12 Sec. 20. **[576.40] TURNOVER OF PROPERTY.**

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

17.19 Subd. 2. **Motion by receiver.** A receiver may seek to compel turnover of
17.20 receivership property by motion in the receivership. If there exists a bona fide dispute
17.21 with respect to the existence or nature of the receiver's or the respondent's interest in the
17.22 property, turnover shall be sought by means of an action under section 576.39. In the
17.23 absence of a bona fide dispute with respect to the receiver's or the respondent's right to
17.24 possession of receivership property, the failure to relinquish possession and control to the
17.25 receiver may be punishable as contempt of the court.

17.26 Sec. 21. **[576.41] ANCILLARY RECEIVERSHIPS.**

17.27 Subdivision 1. **Ancillary receiverships in foreign jurisdictions.** A receiver
17.28 appointed by a court of this state may, without first seeking approval of the court, apply
17.29 in any foreign jurisdiction for appointment as receiver with respect to any receivership
17.30 property which is located within the foreign jurisdiction.

17.31 Subd. 2. **Ancillary receiverships in the courts of this state.** (a) A foreign receiver
17.32 may obtain appointment by a court of this state as a receiver in an ancillary receivership
17.33 with respect to any property located in or subject to the jurisdiction of the court if (1)
17.34 the foreign receiver would be eligible to serve as receiver under section 576.26, and

18.1 (2) the appointment is in furtherance of the foreign receiver's possession, control, or
18.2 disposition of property subject to the foreign receivership and in accordance with orders of
18.3 the foreign jurisdiction.

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

18.9 Sec. 22. **[576.42] STAYS.**

18.10 Subdivision 1. **Control of property.** All receivership property is under the control
18.11 and supervision of the court appointing the receiver.

18.12 Subd. 2. **Stay by court order.** In addition to any stay provided in this section,
18.13 the court may order a stay or stays to protect receivership property and to facilitate the
18.14 administration of the receivership.

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

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

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

18.25 Subd. 4. **Limited additional stay in general receiverships.** (a) Except as otherwise
18.26 ordered by the court, in addition to the stay provided in subdivision 3, the entry of an order
18.27 appointing a general receiver shall operate as a stay, applicable to all persons, of:

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

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

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

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

19.8 Subd. 6. **Inapplicability of stay.** The entry of an order appointing a receiver does
19.9 not operate as a stay of:

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

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

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

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

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

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

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

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

19.32 (9) any other exception as provided in United States Code, title 11, section 326(b),
19.33 as to the automatic stay in federal bankruptcy cases to the extent not inconsistent with any
19.34 provision in this section.

19.35 Sec. 23. **[576.43] UTILITY SERVICE.**

20.1 A utility providing service to receivership property may not alter, refuse, or
20.2 discontinue service to the receivership property without first giving the receiver 21 days'
20.3 written notice of any default and any intention to alter, refuse, or discontinue service to
20.4 receivership property. The court may prohibit the alteration, refusal, or discontinuance
20.5 of utility service if the receiver furnishes adequate assurance of payment for service to
20.6 be provided after the time of appointment.

20.7 Sec. 24. **[576.44] RECEIVERSHIP FINANCING.**

20.8 (a) Without necessity of a court order, the receiver may obtain unsecured credit and
20.9 incur unsecured debt on behalf of the receivership, and the amounts shall be allowable as
20.10 expenses of the receivership under section 576.51, subdivision 1, clause (2).

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

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

20.17 Sec. 25. **[576.45] EXECUTORY CONTRACTS.**

20.18 Subdivision 1. **Performance by receiver.** Unless a court orders otherwise, a
20.19 receiver succeeds to all of the rights and duties of the respondent under any executory
20.20 contract. The court may condition the continued performance by the receiver on terms
20.21 that are appropriate under the circumstances. Performance of an executory contract shall
20.22 create a claim against the receivership to the extent of the value of the performance
20.23 received by the receivership after the time of appointment. The claim shall not constitute a
20.24 personal obligation of the receiver.

20.25 Subd. 2. **Assignment and delegation by receiver.** For good cause, the court may
20.26 authorize a receiver to assign and delegate an executory contract to a third party under
20.27 the same circumstances and under the same conditions as the respondent was permitted
20.28 to do so pursuant to the terms of the executory contract and applicable law immediately
20.29 before the time of appointment.

20.30 Subd. 3. **Termination by receiver.** For good cause, the court may authorize
20.31 the receiver to terminate an executory contract. The receiver's right to possess or use
20.32 property pursuant to the executory contract shall terminate at the termination of the
20.33 executory contract. Except as to the claim against the receivership under subdivision 1,
20.34 the termination shall create a claim equal to the damages, if any, for a breach of contract as

21.1 if the breach of contract had occurred immediately before the time of appointment. Any
21.2 claim arising under this section for termination of an executory contract shall be presented
21.3 or filed in the same manner as other claims in the receivership no later than the later of:
21.4 (1) the time set for filing of claims in the receivership; or (2) 28 days after the notice by
21.5 the receiver of the termination of the executory contract.

21.6 Sec. 26. **[576.46] SALES FREE AND CLEAR OF LIEN IN GENERAL**
21.7 **RECEIVERSHIPS.**

21.8 Subdivision 1. Sales free and clear of liens. (a) The court may order that a general
21.9 receiver's sale of receivership property is free and clear of all liens, except any lien for
21.10 unpaid real estate taxes or assessments and liens arising under federal law, and may be free
21.11 of the rights of redemption of the respondent if the rights of redemption are receivership
21.12 property and the rights of redemption of the holders of any liens, regardless of whether the
21.13 sale will generate proceeds sufficient to fully satisfy all liens on the property, unless either:

21.14 (1) the property is (i) real property classified as agricultural land under section
21.15 273.13, subdivision 23, or the property is a homestead under section 510.01; and (ii)
21.16 each of the owners of the property has not consented to the sale following the time
21.17 of appointment; or

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

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

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

21.32 Subd. 2. Co-owned property. If any receivership property includes an interest as a
21.33 co-owner of property, the receiver shall have the rights and powers afforded by applicable
21.34 state or federal law of the respondent, including but not limited to any rights of partition,
21.35 but may not sell the property free and clear of the co-owner's interest in the property.

22.1 Subd. 3. **Right to credit bid.** A creditor with a claim secured by a valid and
22.2 perfected lien against the property to be sold may bid on the property at a sale and may
22.3 offset against the purchase price part or all of the amount secured by its lien, provided that
22.4 the creditor tenders cash sufficient to satisfy in full the reasonable expenses, approved
22.5 by the court, incurred in the disposition of the property and all liens payable out of the
22.6 proceeds of sale having priority over the lien of that creditor.

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

22.11 Sec. 27. **[576.47] ABANDONMENT OF PROPERTY.**

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

22.15 Sec. 28. **[576.48] LIENS AGAINST AFTER-ACQUIRED PROPERTY.**

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

22.19 Sec. 29. **[576.49] CLAIMS PROCESS.**

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

22.23 Subd. 2. **Order establishing process.** In a general receivership and, if the court
22.24 orders, in a limited receivership, the court shall establish the claims process to be followed
22.25 in the receivership addressing whether proofs of claim must be submitted, the form of
22.26 any proofs of claim, the place where the proofs of claim must be submitted, the deadline
22.27 or deadlines for submitting the proofs of claim, and other matters bearing on the claims
22.28 process.

22.29 Subd. 3. **Alternative procedures.** The court may authorize proofs of claim to be
22.30 filed with the receiver rather than the court. The court may authorize the receiver to treat
22.31 claims as allowed claims based on the amounts established in the books and records of the
22.32 respondent or the schedule of claims filed pursuant to section 576.33, without necessity of
22.33 formal proofs of claim.

23.1 Sec. 30. **[576.50] OBJECTION TO AND ALLOWANCE OF CLAIMS.**

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

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

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

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

23.17 Subd. 3. **Estimation of claims.** For the purpose of allowance of claims, the court
23.18 may estimate:

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

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

23.22 Sec. 31. **[576.51] PRIORITY OF CLAIMS.**

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

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

23.32 (2) actual, necessary costs and expenses incurred during the receivership, other than
23.33 those expenses allowable under clause (1), including allowed fees and reimbursement of
23.34 reasonable expenses of the receiver and professionals employed by the receiver under
23.35 section 576.32;

24.1 (3) claims for wages, salaries, or commissions, including vacation, severance, and
24.2 sick leave pay, or contributions to an employee benefit plan, earned by the claimant within
24.3 the 90 days before the time of appointment or the cessation of the respondent's business,
24.4 whichever occurs first, but only to the extent of the dollar amount in effect in United
24.5 States Code, title 11, section 507(4);

24.6 (4) allowed unsecured claims, to the extent of the dollar amount in effect in United
24.7 States Code, title 11, section 507(7) for each individual, arising from the deposit with the
24.8 respondent, before the time of appointment of the receiver, of money in connection with
24.9 the purchase, lease, or rental of property or the purchase of services for personal, family,
24.10 or household use by individuals that were not delivered or provided;

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

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

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

24.17 (8) interest pursuant to section 576.52.

24.18 Subd. 2. **Payments to respondent.** If all of the amounts payable under subdivision
24.19 1 have been paid in full, any remaining receivership property shall be returned to the
24.20 respondent.

24.21 **Sec. 32. [576.52] INTEREST ON UNSECURED CLAIMS.**

24.22 To the extent that funds are available to pay holders of allowed unsecured claims in
24.23 full or the amounts due as of the time of appointment, each holder shall also be entitled
24.24 to receive interest, calculated from the time of appointment, at the rate set forth in the
24.25 agreement evidencing the claim, or if no rate is provided, at the judgment rate that would
24.26 be payable as of the time of appointment; provided however, that no holder shall be entitled
24.27 to interest on that portion, if any, of its unsecured claim that is itself interest calculated
24.28 from the time of appointment. If there are not sufficient funds in the receivership to pay in
24.29 full the interest owed to all the holders, then the interest shall be paid pro rata.

24.30 **Sec. 33. [576.53] DISTRIBUTIONS.**

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

25.1 Subd. 2. **Notice.** The receiver shall give notice of the filing of the distribution
25.2 schedule to all persons on the master mailing list or that have filed proofs of claim. If there
25.3 is no objection within 21 days after the notice, the court may enter an order authorizing
25.4 the receiver to make the distributions described in the distribution schedule without the
25.5 necessity of a hearing.

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

25.9 **ARTICLE 2**

25.10 **ASSIGNMENTS FOR THE BENEFITS OF CREDITORS**

25.11 Section 1. **[577.11] DEFINITIONS.**

25.12 (a) The definitions in this section and in section 576.21 apply throughout this chapter
25.13 unless the context requires otherwise.

25.14 (b) "Assignee" means the person to whom the assignment property is assigned.

25.15 (c) "Assignment property" means the property assigned pursuant to the provisions
25.16 of this chapter.

25.17 (d) "Assignor" means the person who assigns the assignment property.

25.18 (e) "Time of assignment" means the date and time endorsed by the court
25.19 administrator pursuant to section 577.14.

25.20 Sec. 2. **[577.12] REQUISITES.**

25.21 A person may execute a written assignment of property to one or more assignees for
25.22 the benefit of creditors in conformity with the provisions of this chapter. Every assignment
25.23 for the benefit of creditors subject to this chapter made by an assignor of the whole or any
25.24 part of the assignor's property, real or personal, for the benefit of creditors, shall be: (1) to
25.25 a resident of the state eligible to be a receiver under section 576.26, in writing, subscribed
25.26 and acknowledged by the assignor, and (2) filed by the assignor or the assignee with the
25.27 court administrator of the district court of the county in which the assignor, or one of the
25.28 assignors if there is more than one, resides, or in which the principal place of business of
25.29 an assignor engaged in business is located. The district court shall have supervision over
25.30 the assignment property and of all proceedings under this chapter.

25.31 Sec. 3. **[577.13] FORM OF ASSIGNMENT.**

25.32 An assignment for the benefit of creditors under this chapter shall be signed by the
25.33 assignor and duly acknowledged in the same manner as conveyances of real property

26.1 before a notary public of the state, shall include an acceptance of the assignment by the
26.2 assignee, and shall be in substantially the following form:

26.3 ASSIGNMENT

26.4 THIS ASSIGNMENT is made this day of,, by and between
26.5, with a principal place of business at (hereinafter "assignor"), and,
26.6 whose address is (hereinafter "assignee").

26.7 WHEREAS, the assignor has been engaged in the business of
26.8

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

26.12 NOW, THEREFORE, the assignor, in consideration of the assignee's acceptance
26.13 of this assignment, and for other good and valuable consideration, hereby assigns to
26.14 the assignee, and the assignee's successors and assigns, the assignor's property, except
26.15 the property as is exempt by law from levy and sale under an execution (and then only
26.16 to the extent of the exemption), including but not limited to all real property, fixtures,
26.17 goods, stock, inventory, equipment, furniture, furnishings, accounts receivable, general
26.18 intangibles, bank deposits, cash, promissory notes, cash value and proceeds of insurance
26.19 policies, claims, and demands belonging to the assignor, wherever the property may be
26.20 located (hereinafter collectively the "assignment property"), which property is set forth
26.21 on Schedule A attached hereto.

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

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

26.26 The assignee shall take possession of and administer the assignment property
26.27 and shall liquidate the assignment property with reasonable dispatch, collect all claims
26.28 and demands hereby assigned as and to the extent they may be collectible, and pay
26.29 and discharge all reasonable expenses, costs, and disbursements in connection with the
26.30 execution and administration of this assignment from the proceeds of the liquidations and
26.31 collections in accordance with Minnesota Statutes, chapters 576 and 577.

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

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

27.3 To accomplish the purposes of this assignment, the assignor hereby irrevocably
27.4 appoints the assignee as the assignor's true and lawful attorney-in-fact, with full power
27.5 and authority to do all acts and things which may be necessary to execute and fulfill the
27.6 assignment hereby created, to the same extent as the acts and things might be done by
27.7 the assignor in the absence of this assignment, including, but not limited to, the power
27.8 to demand and recover from all persons all assignment property; to sue for the recovery
27.9 of assignment property; to execute, acknowledge, and deliver all necessary deeds,
27.10 instruments, and conveyances, and to grant and convey any or all of the real or personal
27.11 property of the assignment property pursuant thereto; and to appoint one or more attorneys
27.12 to assist the assignee in carrying out the assignee's duties hereunder.

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

27.17 The assignor declares, under penalty of perjury under the laws of the state of
27.18 Minnesota, that the attached schedules of the property or the assignor and creditors are
27.19 true and complete to the best of the assignor's knowledge.

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

27.22
27.23 Assignor
27.24 Dated:
27.24 Assignee
Dated:

27.25 **Sec. 4. [577.14] DUTY OF COURT ADMINISTRATOR.**

27.26 The court administrator shall endorse the day, hour, and minute of the filing of the
27.27 assignment. The assignment shall be entered in the court administrator's register, and all
27.28 papers filed and orders made in the matter of the assignment shall be noted therein as in
27.29 the case of a civil action.

27.30 **Sec. 5. [577.15] ASSIGNEE AS LIEN CREDITOR; REAL ESTATE**
27.31 **RECORDING.**

27.32 Subdivision 1. **Assignee as lien creditor.** As of the filing of the assignment, the
27.33 assignee shall have the powers and priority of a creditor that obtained a judicial lien at
27.34 the time of assignment pursuant to sections 548.09 and 550.10 on all of the assignment

28.1 property subject to satisfying the recording requirements as to real property described in
28.2 subdivision 2.

28.3 Subd. 2. **Real estate recording.** If any interest in real estate is included in the
28.4 assignment property, the assignment shall be effective as a deed, and a notice of a lis
28.5 pendens shall be recorded as soon as practicable with the county recorder or registrar of
28.6 titles, as appropriate, of the county in which the real property is located. The priority of
28.7 the assignee as lien creditor against real property shall be from the time of recording of
28.8 the notice of lis pendens, except as to persons with actual or implied knowledge of the
28.9 assignment under section 507.34. The assignment executed by the assignor and certified
28.10 by the court administrator and a deed executed by the assignee shall be recorded with the
28.11 county recorder or registrar of titles, as appropriate, of the county in which the real property
28.12 is located, and upon execution of the deed by the assignee shall be prima facie evidence of
28.13 the authority of the assignee to convey the real property described in the assignment.

28.14 Sec. 6. **[577.16] NOTICE.**

28.15 The assignee shall give notice of the assignment to all creditors and other parties
28.16 in interest actually known to the assignee by mail or other means of transmission within
28.17 21 days after the time of assignment. The notice of the assignment shall include the
28.18 time of assignment and the names and addresses of the assignor, the assignee, and the
28.19 assignee's attorney, if any.

28.20 Sec. 7. **[577.17] REMOVAL OF ASSIGNEE.**

28.21 The court may remove the assignee and appoint another assignee by application of
28.22 the standards and procedures under section 576.37. The order of removal and appointment
28.23 shall transfer all of the assignment property to the new assignee, and with respect to real
28.24 property may be recorded in the same manner as the initial assignment.

28.25 Sec. 8. **[577.18] APPLICATION OF CHAPTER GOVERNING**
28.26 **RECEIVERSHIPS.**

28.27 Except as otherwise provided in this chapter, an assignee shall be treated as a
28.28 general receiver, the assignment property shall be treated as receivership property, and all
28.29 proceedings following the filing of the assignment shall be governed by sections 576.21
28.30 to 576.53.

28.31 Sec. 9. **REPEALER.**

29.1 Minnesota Statutes 2010, sections 577.01; 577.02; 577.03; 577.04; 577.05; 577.06;
 29.2 577.08; 577.09; and 577.10, are repealed.

29.3 ARTICLE 3

29.4 CONFORMING AMENDMENTS

29.5 Section 1. Minnesota Statutes 2010, section 302A.753, subdivision 2, is amended to
 29.6 read:

29.7 Subd. 2. **Action after hearing.** After a full hearing has been held, upon whatever
 29.8 notice the court directs to be given to all parties to the proceedings and to any other parties
 29.9 in interest designated by the court, the court may appoint a receiver to collect the corporate
 29.10 assets, including all amounts owing to the corporation by subscribers on account of any
 29.11 unpaid portion of the consideration for the issuance of shares. In addition to the powers set
 29.12 forth in chapter 576, a receiver has authority, subject to the order of the court, to continue
 29.13 the business of the corporation and to sell, lease, transfer, or otherwise dispose of all or
 29.14 any of the property and assets of the corporation either at public or private sale.

29.15 Sec. 2. Minnesota Statutes 2010, section 302A.753, subdivision 3, is amended to read:

29.16 Subd. 3. **Discharge of obligations.** The assets of the corporation or the proceeds
 29.17 resulting from a sale, lease, transfer, or other disposition shall be applied in the ~~following~~
 29.18 ~~order of priority to the payment and discharge or:~~

29.19 ~~(a) the costs and expenses of the proceedings, including attorneys' fees and~~
 29.20 ~~disbursements;~~

29.21 ~~(b) debts, taxes and assessments due the United States, the state of Minnesota and~~
 29.22 ~~their subdivisions, and other states and their subdivisions, in that order;~~

29.23 ~~(c) claims duly proved and allowed to employees under the provisions of the~~
 29.24 ~~Workers' Compensation Act; provided, that claims under this clause shall not be allowed if~~
 29.25 ~~the corporation carried workers' compensation insurance, as provided by law, at the time~~
 29.26 ~~the injury was sustained;~~

29.27 ~~(d) claims, including the value of all compensation paid in any medium other than~~
 29.28 ~~money, duly proved and allowed to employees for services performed within three months~~
 29.29 ~~preceding the appointment of the receiver, if any; and~~

29.30 ~~(e) other claims duly proved and allowed~~ set forth in section 576.51.

29.31 Sec. 3. Minnesota Statutes 2010, section 302A.755, is amended to read:

29.32 **302A.755 QUALIFICATIONS OF RECEIVERS; POWERS.**

30.1 Subdivision 1. **Qualifications.** ~~A receiver shall be a natural person or a domestic~~
30.2 ~~corporation or a foreign corporation authorized to transact business in this state. Any~~
30.3 person qualified under section 576.26 may be appointed as receiver. A receiver shall
30.4 give bond as directed by the court with the sureties required by the court required by
30.5 section 576.27.

30.6 Subd. 2. **Powers.** A receiver may sue and defend ~~in all courts~~ actions as receiver
30.7 of the corporation. The court appointing the receiver has exclusive jurisdiction ~~of over~~
30.8 the corporation and its property, the receiver, and all receivership property pursuant to
30.9 section 576.23.

30.10 Sec. 4. Minnesota Statutes 2010, section 302A.759, subdivision 1, is amended to read:

30.11 Subdivision 1. **Manner and form.** In proceedings referred to in section 302A.751 to
30.12 dissolve a corporation, the court may require all creditors and claimants of the corporation
30.13 to file their claims ~~under oath with the court administrator or with the receiver in a form~~
30.14 prescribed by the court pursuant to section 576.49. The receiver or any party in interest
30.15 may object to any claim pursuant to section 576.50.

30.16 Sec. 5. Minnesota Statutes 2010, section 302A.761, is amended to read:

30.17 **302A.761 DISCONTINUANCE OF DISSOLUTION PROCEEDINGS.**

30.18 The involuntary or supervised voluntary dissolution of a corporation shall be
30.19 discontinued at any time during the dissolution proceedings when it is established that
30.20 cause for dissolution no longer exists. When this is established, the court shall dismiss the
30.21 proceedings and direct the receiver, if any, to redeliver to the corporation all its remaining
30.22 property and assets and to file a final report pursuant to section 576.38, subdivision 3.

30.23 Sec. 6. Minnesota Statutes 2010, section 308A.945, subdivision 2, is amended to read:

30.24 Subd. 2. **Action after hearing.** After a hearing is completed, on notice the court
30.25 directs to be given to parties to the proceedings and to other parties in interest designated
30.26 by the court, the court may appoint a receiver to collect the cooperative's assets, including
30.27 amounts owing to the cooperative by subscribers on account of an unpaid portion of the
30.28 consideration for the issuance of shares. In addition to the powers set forth in chapter 576,
30.29 a receiver has authority, subject to the order of the court, to continue the business of the
30.30 cooperative and to sell, lease, transfer, or otherwise dispose of the property and assets of
30.31 the cooperative either at public or private sale.

30.32 Sec. 7. Minnesota Statutes 2010, section 308A.945, subdivision 3, is amended to read:

31.1 Subd. 3. **Discharge of obligations.** The assets of the cooperative or the proceeds
 31.2 resulting from a sale, lease, transfer, or other disposition shall be applied in the ~~following~~
 31.3 order of priority ~~or:~~

31.4 ~~(1) the costs and expenses of the proceedings, including attorneys' fees and~~
 31.5 ~~disbursements;~~

31.6 ~~(2) debts, taxes and assessments due the United States, the state of Minnesota and~~
 31.7 ~~their subdivisions, and other states and their subdivisions, in that order;~~

31.8 ~~(3) claims duly proved and allowed to employees under the provisions of the~~
 31.9 ~~Workers' Compensation Act except that claims under this clause may not be allowed~~
 31.10 ~~if the cooperative has carried workers' compensation insurance, as provided by law, at~~
 31.11 ~~the time the injury was sustained;~~

31.12 ~~(4) claims, including the value of all compensation paid in a medium other than~~
 31.13 ~~money, proved and allowed to employees for services performed within three months~~
 31.14 ~~preceding the appointment of the receiver, if any; and~~

31.15 ~~(5) other claims proved and allowed set forth in section 576.51.~~

31.16 Sec. 8. Minnesota Statutes 2010, section 308A.951, is amended to read:

31.17 **308A.951 RECEIVER QUALIFICATIONS AND POWERS.**

31.18 Subdivision 1. **Qualifications.** ~~A receiver must be a natural person or a domestic~~
 31.19 ~~corporation or a foreign corporation authorized to transact business in this state. Any~~
 31.20 ~~person qualified under section 576.26 may be appointed as a receiver. A receiver must~~
 31.21 ~~give a bond as directed by the court with the sureties required by the court required by~~
 31.22 ~~section 576.27.~~

31.23 Subd. 2. **Powers.** A receiver may sue and defend ~~in all courts~~ actions as receiver
 31.24 of the cooperative. The court appointing the receiver has exclusive jurisdiction ~~of over~~
 31.25 ~~the cooperative and its property, the receiver, and all receivership property pursuant to~~
 31.26 ~~section 576.23.~~

31.27 Sec. 9. Minnesota Statutes 2010, section 308A.961, subdivision 1, is amended to read:

31.28 Subdivision 1. **Filing under oath.** In proceedings to dissolve a cooperative, the
 31.29 court may require all creditors and claimants of the cooperative to file their claims ~~under~~
 31.30 ~~oath with the court administrator or with the receiver in a form prescribed by the court~~
 31.31 ~~pursuant to section 576.49. The receiver or any party in interest may object to any claims~~
 31.32 ~~pursuant to section 576.50.~~

32.1 Sec. 10. Minnesota Statutes 2010, section 308A.965, is amended to read:

32.2 **308A.965 DISCONTINUANCE OF COURT-SUPERVISED DISSOLUTION**
 32.3 **PROCEEDINGS.**

32.4 The involuntary or supervised voluntary dissolution of a cooperative may be
 32.5 discontinued at any time during the dissolution proceedings if it is established that cause
 32.6 for dissolution does not exist. The court shall dismiss the proceedings and direct the
 32.7 receiver, if any, to redeliver to the cooperative its remaining property and assets and to file
 32.8 a final report pursuant to section 576.38, subdivision 3.

32.9 Sec. 11. Minnesota Statutes 2010, section 308B.935, subdivision 2, is amended to read:

32.10 Subd. 2. **Action after hearing.** After a hearing is completed, upon notice to parties
 32.11 to the proceedings and to other parties in interest designated by the court, the court may
 32.12 appoint a receiver to collect the cooperative's assets, including amounts owing to the
 32.13 cooperative by subscribers on account of an unpaid portion of the consideration for the
 32.14 issuance of shares. In addition to the powers set forth in chapter 576, a receiver has
 32.15 authority, subject to the order of the court, to continue the business of the cooperative and
 32.16 to sell, lease, transfer, or otherwise dispose of the property and assets of the cooperative
 32.17 either at public or private sale.

32.18 Sec. 12. Minnesota Statutes 2010, section 308B.935, subdivision 3, is amended to read:

32.19 Subd. 3. **Discharge of obligations.** The assets of the cooperative or the proceeds
 32.20 resulting from a sale, lease, transfer, or other disposition shall be applied in the ~~following~~
 32.21 order of priority:

32.22 ~~(1) the costs and expense of the proceedings, including attorney fees and~~
 32.23 ~~disbursements;~~

32.24 ~~(2) debts, taxes, and assessments due the United States, this state, and other states~~
 32.25 ~~in that order;~~

32.26 ~~(3) claims duly proved and allowed to employees under the provisions of the~~
 32.27 ~~Workers' Compensation Act except that claims under this clause may not be allowed if~~
 32.28 ~~the cooperative carried workers' compensation insurance, as provided by law, at the time~~
 32.29 ~~the injury was sustained;~~

32.30 ~~(4) claims, including the value of all compensation paid in a medium other than~~
 32.31 ~~money, proved and allowed to employees for services performed within three months~~
 32.32 ~~preceding the appointment of the receiver, if any; and~~

32.33 ~~(5) other claims proved and allowed~~ set forth in section 576.51.

33.1 Sec. 13. Minnesota Statutes 2010, section 308B.941, is amended to read:

33.2 **308B.941 RECEIVER QUALIFICATIONS AND POWERS.**

33.3 Subdivision 1. **Qualifications.** ~~A receiver shall be a natural person or a domestic~~
33.4 ~~business entity or a foreign business entity authorized to transact business in this state.~~
33.5 Any person qualified under section 576.26 may be appointed as a receiver. A receiver
33.6 shall give a bond as ~~directed by the court with the sureties required by the court~~ required
33.7 by section 576.27.

33.8 Subd. 2. **Powers.** A receiver may sue and defend ~~in all courts~~ actions as receiver
33.9 of the cooperative. The court appointing the receiver has exclusive jurisdiction ~~of over~~
33.10 the cooperative ~~and its property,~~ the receiver, and all receivership property pursuant to
33.11 section 576.23.

33.12 Sec. 14. Minnesota Statutes 2010, section 308B.951, subdivision 1, is amended to read:

33.13 Subdivision 1. **Filing under oath.** In proceedings to dissolve a cooperative, the
33.14 court may require all creditors and claimants of the cooperative to file their claims ~~under~~
33.15 ~~oath with the court administrator or with the receiver in a form prescribed by the court~~
33.16 pursuant to section 576.49. The receiver or any party in interest may object to any claim
33.17 pursuant to section 576.50.

33.18 Sec. 15. Minnesota Statutes 2010, section 308B.955, is amended to read:

33.19 **308B.955 DISCONTINUANCE OF COURT-SUPERVISED DISSOLUTION**
33.20 **PROCEEDINGS.**

33.21 The involuntary or supervised voluntary dissolution of a cooperative may be
33.22 discontinued at any time during the dissolution proceedings if it is established that cause
33.23 for dissolution does not exist. The court shall dismiss the proceedings and direct the
33.24 receiver, if any, to redeliver to the cooperative its remaining property and assets and to file
33.25 a final report pursuant to section 576.38, subdivision 3.

33.26 Sec. 16. Minnesota Statutes 2010, section 316.11, is amended to read:

33.27 **316.11 RECEIVER, APPOINTMENT, DUTIES.**

33.28 In any action or proceeding to dissolve a corporation, the court, at any time before
33.29 judgment, or within three years after judgment, of dissolution, may appoint a receiver to
33.30 take charge of its estate and effects and to collect the debts and property due and belonging
33.31 to it, with, in addition to the powers set forth in chapter 576, power to prosecute and
33.32 defend actions in its name or otherwise, to appoint agents, and do all other acts necessary

34.1 to the final settlement of the unfinished business of the corporation which it might do if in
 34.2 being. The power of such receiver shall continue so long as the court deems necessary
 34.3 for such purposes. The receiver shall pay all debts due from the corporation, if the funds
 34.4 in hand are sufficient therefor; and, if not, ~~shall distribute the same ratably among the~~
 34.5 ~~creditors who prove their debts, in the manner directed by the court; and, if there be any~~
 34.6 ~~balance after the payment of the debts, the receiver shall distribute and pay the same to~~
 34.7 ~~and among those who are justly entitled thereto, as having been stockholders or members.~~
 34.8 ~~Every receiver appointed under the provisions of this section shall give bond in such~~
 34.9 ~~amount as the court shall require, with sureties approved by it~~ the assets of the corporation
 34.10 or the proceeds resulting from a sale, lease, transfer, or other disposition shall be applied
 34.11 in the order of priority set forth in section 576.51. After payment of the expenses of
 34.12 the receivership and claims of creditors duly proved, the remaining assets, if any, shall
 34.13 be distributed to the shareholders in accordance with section 302A.551, subdivision 4.
 34.14 Every receiver appointed under the provisions of this section shall give bond as required
 34.15 by section 576.27 in such amount as the court shall require, with sureties approved by it.

34.16 Sec. 17. Minnesota Statutes 2010, section 317A.255, subdivision 1, is amended to read:

34.17 Subdivision 1. **Conflict; procedure when conflict arises.** (a) A contract or other
 34.18 transaction between a corporation and: (1) its director or a member of the family of its
 34.19 director; (2) a director of a related organization, or a member of the family of a director
 34.20 of a related organization; or (3) an organization in or of which the corporation's director,
 34.21 or a member of the family of its director, is a director, officer, or legal representative or
 34.22 has a material financial interest; is not void or voidable because the director or the other
 34.23 individual or organization are parties or because the director is present at the meeting of
 34.24 the members or the board or a committee at which the contract or transaction is authorized,
 34.25 approved, or ratified, if a requirement of paragraph (b) is satisfied.

34.26 (b) A contract or transaction described in paragraph (a) is not void or voidable if:

34.27 (1) the contract or transaction was, and the person asserting the validity of the
 34.28 contract or transaction has the burden of establishing that the contract or transaction was,
 34.29 fair and reasonable as to the corporation when it was authorized, approved, or ratified;

34.30 (2) the material facts as to the contract or transaction and as to the director's interest
 34.31 are fully disclosed or known to the members and the contract or transaction is approved
 34.32 in good faith by two-thirds of the members entitled to vote, not counting any vote that
 34.33 the interested director might otherwise have, or the unanimous affirmative vote of all
 34.34 members, whether or not entitled to vote;

35.1 (3) the material facts as to the contract or transaction and as to the director's interest
 35.2 are fully disclosed or known to the board or a committee, and the board or committee
 35.3 authorizes, approves, or ratifies the contract or transaction in good faith by a majority of
 35.4 the directors or committee members currently holding office, provided that the interested
 35.5 director or directors may not vote and are not considered present for purposes of a quorum.
 35.6 If, as a result, the number of remaining directors is not sufficient to reach a quorum,
 35.7 a quorum for the purpose of considering the contract or transaction is the number of
 35.8 remaining directors or committee members, ~~not counting any vote that the interested~~
 35.9 ~~director might otherwise have, and not counting the director in determining the presence~~
 35.10 ~~of a quorum;~~ or

35.11 (4) the contract or transaction is a merger or consolidation described in section
 35.12 317A.601.

35.13 Sec. 18. Minnesota Statutes 2010, section 317A.753, subdivision 3, is amended to read:

35.14 Subd. 3. **Action after hearing.** After a full hearing has been held, upon whatever
 35.15 notice the court directs to be given to the parties to the proceedings and to other parties in
 35.16 interest designated by the court, the court may appoint a receiver to collect the corporate
 35.17 assets. In addition to the powers set forth in chapter 576, a receiver has authority, subject to
 35.18 the order of the court, to continue the business of the corporation and to sell, lease, transfer,
 35.19 or otherwise dispose of all or any of the assets of the corporation at a public or private sale.

35.20 Sec. 19. Minnesota Statutes 2010, section 317A.753, subdivision 4, is amended to read:

35.21 Subd. 4. **Discharge of obligations.** The assets of the corporation or the proceeds
 35.22 resulting from a sale, lease, transfer, or other disposition must be applied in the ~~following~~
 35.23 order of priority ~~to the payment and discharge of:~~

35.24 ~~(1) the costs and expenses of the dissolution proceedings, including attorneys fees~~
 35.25 ~~and disbursements;~~

35.26 ~~(2) debts, taxes, and assessments due the United States, the state of Minnesota and~~
 35.27 ~~their subdivisions, and other states and their subdivisions, in that order;~~

35.28 ~~(3) claims duly proved and allowed to employees under the Workers' Compensation~~
 35.29 ~~Act, provided that claims under this clause are not allowed if the corporation carried~~
 35.30 ~~workers' compensation insurance, as provided by law, at the time the injury was sustained;~~

35.31 ~~(4) claims, including the value of compensation paid in a medium other than money,~~
 35.32 ~~duly proved and allowed to employees for services performed within three months~~
 35.33 ~~preceding the appointment of the receiver, if any; and~~

35.34 ~~(5) other claims duly proved and allowed set forth in section 576.51.~~

36.1 Sec. 20. Minnesota Statutes 2010, section 317A.755, is amended to read:

36.2 **317A.755 QUALIFICATIONS OF RECEIVERS; POWERS.**

36.3 Subdivision 1. **Qualifications.** ~~A receiver must be a natural person or a domestic~~
36.4 ~~corporation or a foreign corporation authorized to transact business in this state. Any~~
36.5 person qualified under section 576.26 may be appointed as a receiver. A receiver shall
36.6 give bond as directed by the court with the sureties required by the court required by
36.7 section 576.27.

36.8 Subd. 2. **Powers.** A receiver may sue and defend ~~in courts~~ all actions as receiver
36.9 of the corporation. The court appointing the receiver has exclusive jurisdiction ~~of over~~
36.10 the corporation ~~and its property~~, the receiver, and all receivership property pursuant to
36.11 section 576.23.

36.12 Sec. 21. Minnesota Statutes 2010, section 317A.759, subdivision 1, is amended to read:

36.13 Subdivision 1. **Filing may be required.** In a proceeding under section 317A.751 to
36.14 dissolve a corporation, the court may require creditors and claimants of the corporation
36.15 to file their claims ~~under oath with the court administrator or with the receiver in a form~~
36.16 ~~prescribed by the court~~ pursuant to section 576.49. The receiver or any party in interest
36.17 may object to any claim pursuant to section 576.50.

36.18 Sec. 22. Minnesota Statutes 2010, section 322B.836, subdivision 2, is amended to read:

36.19 Subd. 2. **Action after hearing.** After a full hearing has been held, upon whatever
36.20 notice the court directs to be given to all parties to the proceedings and to any other parties
36.21 in interest designated by the court, the court may appoint a receiver to collect the limited
36.22 liability company assets, including all amounts owing to the limited liability company
36.23 by persons who have made contribution agreements and by persons who have made
36.24 contributions by means of enforceable promises of future performance. In addition to the
36.25 powers set forth in chapter 576, a receiver has authority, subject to the order of the court,
36.26 to continue the business of the limited liability company and to sell, lease, transfer, or
36.27 otherwise dispose of all or any of the property and assets of the limited liability company
36.28 either at public or private sale.

36.29 Sec. 23. Minnesota Statutes 2010, section 322B.836, subdivision 3, is amended to read:

36.30 Subd. 3. **Discharge of obligations upon liquidation.** If the court determines that
36.31 the limited liability company is to be dissolved with winding up to be accomplished by
36.32 liquidation, then the assets of the limited liability company or the proceeds resulting

37.1 from a sale, lease, transfer, or other disposition must be applied in the ~~following~~ order of
 37.2 priority ~~to the payment and discharge or:~~

37.3 ~~(1) the costs and expenses of the proceedings, including attorneys' fees and~~
 37.4 ~~disbursements;~~

37.5 ~~(2) debts, taxes, and assessments due the United States, the state of Minnesota and~~
 37.6 ~~their subdivisions, and other states and their subdivisions, in that order;~~

37.7 ~~(3) claims duly proved and allowed to employees under the provisions of chapter~~
 37.8 ~~176; provided, that claims under this clause shall not be allowed if the limited liability~~
 37.9 ~~company carried workers' compensation insurance, as provided by law, at the time the~~
 37.10 ~~injury was sustained;~~

37.11 ~~(4) claims, including the value of all compensation paid in any medium other than~~
 37.12 ~~money, duly proved and allowed to employees for services performed within three months~~
 37.13 ~~preceding the appointment of the receiver, if any; and~~

37.14 ~~(5) other claims duly proved and allowed set forth in section 576.51.~~

37.15 Sec. 24. Minnesota Statutes 2010, section 322B.84, is amended to read:

37.16 **322B.84 QUALIFICATIONS OF RECEIVERS AND POWERS.**

37.17 Subdivision 1. **Qualifications.** ~~A receiver shall be a natural person or a domestic or~~
 37.18 ~~foreign organization authorized to transact business in this state. Any person qualified~~
 37.19 ~~under section 576.26 may be appointed as a receiver. A receiver shall give bond as~~
 37.20 ~~directed by the court with the sureties required by the court required by section 576.27.~~

37.21 Subd. 2. **Powers.** A receiver may sue and defend ~~in all courts~~ actions as receiver of
 37.22 the limited liability company. The court appointing the receiver has exclusive jurisdiction
 37.23 ~~of over~~ the limited liability company and its property, the receiver, and all receivership
 37.24 property pursuant to section 576.23.

37.25 Sec. 25. Minnesota Statutes 2010, section 462A.05, subdivision 32, is amended to read:

37.26 Subd. 32. **Appointment of receivers.** The agency may obtain the appointment of
 37.27 receivers or assignments of rents and profits under sections 559.17 and ~~576.01~~ 576.25,
 37.28 subdivision 5, except that the limitation relating to the minimum amounts of the original
 37.29 principal balances of mortgages contained in sections ~~576.01, subdivision 2~~ 576.25,
 37.30 subdivision 5, paragraph (a), clause (i), and 559.17, subdivision 2, clause (2), shall
 37.31 be inapplicable to it.

37.32 Sec. 26. Minnesota Statutes 2010, section 469.012, subdivision 2i, is amended to read:

38.1 Subd. 2i. **Receivers, assignment of rent as security.** An authority may secure a
 38.2 mortgage or loan for a rental housing project by obtaining the appointment of receivers or
 38.3 assignments of rents and profits under sections 559.17 and ~~576.01~~ 576.25, subdivision
 38.4 5, except that the limitation relating to the minimum amounts of the original principal
 38.5 balances of mortgages specified in sections 559.17, subdivision 2, clause (2); and ~~576.01,~~
 38.6 ~~subdivision 2~~ 576.25, subdivision 5, paragraph (a), clause (1), does not apply.

38.7 Sec. 27. Minnesota Statutes 2010, section 540.14, is amended to read:

38.8 **540.14 ACTIONS AGAINST RECEIVERS; TRIAL; JUDGMENT, HOW**
 38.9 **SATISFIED.**

38.10 Except as limited in chapters 576 and 577, any receiver, assignee, or other person
 38.11 appointed by a court to hold or manage property under its direction, may be sued on
 38.12 account of any acts or transactions in carrying on the business connected with such
 38.13 property without prior leave of court.

38.14 Such action may be brought in any county in which it could have been brought
 38.15 against the person or corporation represented by such receiver or other person, shall be
 38.16 tried in the same manner and subject to the same rules of procedure, and any judgment
 38.17 recovered therein against such receiver or other person shall be paid by the receiver or
 38.18 other person as a part of the expenses of managing such property.

38.19 Sec. 28. Minnesota Statutes 2010, section 559.17, subdivision 2, is amended to read:

38.20 Subd. 2. **Assignment; conditions.** A mortgagor may assign, as additional security
 38.21 for the debt secured by the mortgage, the rents and profits from the mortgaged real
 38.22 property, if the mortgage:

38.23 (1) was executed, modified or amended subsequent to August 1, 1977;

38.24 (2) secured an original principal amount of \$100,000 or more or is a lien upon
 38.25 residential real estate containing more than four dwelling units; and

38.26 (3) is not a lien upon property which was:

38.27 (i) entirely homesteaded as agricultural property; or

38.28 (ii) residential real estate containing four or fewer dwelling units where at least
 38.29 one of the units is homesteaded. The assignment may be enforced, but only against the
 38.30 nonhomestead portion of the mortgaged property, as follows:

38.31 (a) if, by the terms of an assignment, a receiver is to be appointed upon the
 38.32 occurrence of some specified event, and a showing is made that the event has occurred,
 38.33 the court shall, without regard to waste, adequacy of the security, or solvency of the
 38.34 mortgagor, appoint a receiver who shall, with respect to the excess cash remaining after

39.1 application as provided in section ~~576.01, subdivision 2~~ 576.25, subdivision 5, apply it as
 39.2 prescribed by the assignment. If the assignment so provides, the receiver shall apply the
 39.3 excess cash in the manner set out herein from the date of appointment through the entire
 39.4 redemption period from any foreclosure sale. Subject to the terms of the assignment, the
 39.5 receiver shall have the powers and duties as set forth in section ~~576.01, subdivision 2~~
 39.6 576.25, subdivision 5; or

39.7 (b) if no provision is made for the appointment of a receiver in the assignment or
 39.8 if by the terms of the assignment a receiver may be appointed, the assignment shall be
 39.9 binding upon the assignor unless or until a receiver is appointed without regard to waste,
 39.10 adequacy of the security or solvency of the mortgagor, but only in the event of default in
 39.11 the terms and conditions of the mortgage, and only in the event the assignment requires
 39.12 the holder thereof to first apply the rents and profits received as provided in section
 39.13 ~~576.01, subdivision 2~~ 576.25, subdivision 5, in which case the same shall operate against
 39.14 and be binding upon the occupiers of the premises from the date of recording by the
 39.15 holder of the assignment in the office of the county recorder or the office of the registrar of
 39.16 titles for the county in which the property is located of a notice of default in the terms
 39.17 and conditions of the mortgage and service of a copy of the notice upon the occupiers of
 39.18 the premises. The holder of the assignment shall apply the rents and profits received in
 39.19 accordance with the terms of the assignment, and, if the assignment so provides, for
 39.20 the entire redemption period from any foreclosure sale. A holder of an assignment who
 39.21 enforces it in accordance with this clause shall not be deemed to be a mortgagee in
 39.22 possession with attendant liability.

39.23 Nothing contained herein shall prohibit the right to reinstate the mortgage
 39.24 debt granted pursuant to section 580.30, nor the right to redeem granted pursuant to
 39.25 sections 580.23 and 581.10, and any excess cash, as that term is used herein, collected
 39.26 by the receiver under clause (a), or any rents and profits taken by the holder of the
 39.27 assignment under clause (b), shall be credited to the amount required to be paid to effect
 39.28 a reinstatement or redemption.

39.29 Sec. 29. Minnesota Statutes 2010, section 576.04, is amended to read:

39.30 **576.04 ABSENTEES; POSSESSION, MANAGEMENT, AND DISPOSITION**
 39.31 **OF PROPERTY.**

39.32 If a person entitled to or having an interest in property within or without the
 39.33 jurisdiction of the state has disappeared or absconded from the place within or without the
 39.34 state where last known to be, and has no agent in the state, and it is not known where the
 39.35 person is, or if such person, having a spouse or minor child or children dependent to any

40.1 extent upon the person for support, has thus disappeared, or absconded without making
 40.2 sufficient provision for such support, and it is not known where the person is, or, if it is
 40.3 known that the person is without the state, any one who would under the law of the state
 40.4 be entitled to administer upon the estate of such absentee if deceased, or if no one is
 40.5 known to be so entitled, some person deemed suitable by the court, or such spouse, or
 40.6 some one in such spouse's or minors' behalf, may file a petition, under oath, in the court for
 40.7 the county where any such property is situated or found, stating the name, age, occupation,
 40.8 and last known residence or address of such absentee, the date and circumstances of the
 40.9 disappearance or absconding, and the names and residences of other persons, whether
 40.10 members of such absentee's family or otherwise, of whom inquiry may be made, whether
 40.11 or not such absentee is a citizen of the United States, and if not, of what country the
 40.12 absentee is a citizen or native, and containing a schedule of the property, real and personal,
 40.13 so far as known, and its location within or without the state, and a schedule of contractual
 40.14 or property rights contingent upon the absentee's death, and praying that real and personal
 40.15 property may be taken possession of and a receiver thereof appointed under ~~this chapter~~
 40.16 576. No proceedings shall be commenced under the provisions of ~~sections 576.04 to~~
 40.17 ~~576.16~~ this chapter, except upon good cause shown until at least three months after the
 40.18 date on which it is alleged in such petition that such person so disappeared or absconded.

40.19 Sec. 30. Minnesota Statutes 2010, section 576.06, is amended to read:

40.20 **576.06 NOTICE OF SEIZURE; APPOINTMENT OF RECEIVER;**
 40.21 **DISPOSITION OF PROPERTY.**

40.22 Upon the return of such warrant, the court may issue a notice reciting the substance
 40.23 of the petition, warrant, and officer's return, which shall be addressed to such absentee and
 40.24 to all persons who claim an interest in such property, and to all whom it may concern,
 40.25 citing them to appear at a time and place named and show cause why a receiver of the
 40.26 property named in the officer's schedule should not be appointed and the property held and
 40.27 disposed of under ~~sections 576.04 to 576.16~~ this chapter.

40.28 Sec. 31. Minnesota Statutes 2010, section 576.08, is amended to read:

40.29 **576.08 HEARING BY COURT; DISMISSAL OF PROCEEDING;**
 40.30 **APPOINTMENT AND BOND OF RECEIVER.**

40.31 The absentee, or any person who claims an interest in any of the property, may
 40.32 appear and show cause why the prayer of the petition should not be granted. The court
 40.33 may, after hearing, dismiss the petition and order the property in possession of the officer
 40.34 to be returned to the person entitled thereto, or it may appoint a receiver of the property

41.1 which is in the possession of the officer and named in the schedule. If a receiver is
 41.2 appointed, the court shall find and record the date of the disappearance or absconding
 41.3 of the absentee; and the receiver shall give a bond ~~to the state in the sum and with the~~
 41.4 ~~conditions the court orders, to be approved by the court~~ pursuant to section 576.27. In the
 41.5 appointment of the receiver the court shall give preference to the spouse of the absentee, if
 41.6 the spouse is ~~competent and suitable~~ eligible to serve as receiver under section 576.26.

41.7 Sec. 32. Minnesota Statutes 2010, section 576.09, is amended to read:

41.8 **576.09 POSSESSION TRANSFER OF PROPERTY BY TO RECEIVER.**

41.9 After the ~~approval of the~~ receiver gives its bond the court may order the sheriff or a
 41.10 deputy to transfer and deliver to such receiver the possession of the property under the
 41.11 warrant, and the receiver shall file in the office of the court administrator a schedule
 41.12 of the property received.

41.13 Sec. 33. Minnesota Statutes 2010, section 576.11, is amended to read:

41.14 **576.11 WHERE NO CORPOREAL PROPERTY; RECEIVER; BOND.**

41.15 If the absentee has left no corporeal property within or without the state, but there
 41.16 are debts and obligations due or owing to the absentee from persons within or without
 41.17 the state, a petition may be filed, as provided in section ~~576.04~~ 578.02, stating the nature
 41.18 and amount of such debts and obligations, so far as known, and praying that a receiver
 41.19 thereof may be appointed. The court may thereupon issue a notice, as above provided,
 41.20 without issuing a warrant, and may, upon the return of the notice and after a hearing,
 41.21 dismiss the petition or appoint a receiver and authorize and direct the receiver to demand
 41.22 and collect the debts and obligations specified in the petition. The receiver shall give
 41.23 bond, as provided in section ~~576.08~~ 576.27, and hold the proceeds of such debts and
 41.24 obligations and all property received, and distribute the same as provided in ~~sections~~
 41.25 ~~576.12 to 576.16~~ chapter 576. The receiver may be further authorized and directed as
 41.26 provided in section ~~576.10~~ 578.08.

41.27 Sec. 34. Minnesota Statutes 2010, section 576.121, is amended to read:

41.28 **576.121 ADVANCE LIFE INSURANCE PAYMENTS TO ABSENTEE'S**
 41.29 **BENEFICIARY.**

41.30 If the beneficiary under an insurance policy on the life of an absentee is the
 41.31 absentee's spouse, child, or other person dependent upon the absentee for support and
 41.32 advance payments under the policy are necessary to support and maintain the beneficiary,

42.1 the beneficiary shall be entitled to advance payments as the court determines under section
 42.2 ~~576.122~~ 578.12. "Beneficiary" under this section includes an heir at law of the person
 42.3 whose life is insured if the policy is payable to the insured's estate.

42.4 Sec. 35. Minnesota Statutes 2010, section 576.123, is amended to read:

42.5 **576.123 REAPPEARANCE OF ABSENTEE.**

42.6 Subdivision 1. **Insurance payments; reduction.** If an absentee is declared dead
 42.7 after advance insurance payments have been made pursuant to section ~~576.122~~ 578.12,
 42.8 the amount payable under the policy shall be reduced by the total amount of payments
 42.9 made under section ~~576.122~~ 578.12.

42.10 Subd. 2. **Reimbursement of insurer.** If an absentee is found to be living after
 42.11 advance insurance payments have been made to a beneficiary pursuant to section ~~576.122~~
 42.12 578.12, the absentee and beneficiary shall reimburse the insurer the amount of the
 42.13 payments made.

42.14 If the insurer is unable to obtain full reimbursement, the amount payable under the
 42.15 policy shall be reduced to the extent necessary to allow full reimbursement. Failure of the
 42.16 absentee and beneficiary to reimburse the insurer upon demand for payment sent by the
 42.17 insurer by certified mail to the last known address of the absentee and beneficiary shall be
 42.18 sufficient to show the insurer's inability to obtain reimbursement.

42.19 Sec. 36. Minnesota Statutes 2010, section 576.144, is amended to read:

42.20 **576.144 DISSOLUTION OF MARRIAGE.**

42.21 If the court finds the absentee dead in accordance with section ~~576.142~~ 578.17, the
 42.22 absentee's marriage is dissolved. The court shall enter the conclusion of law dissolving the
 42.23 marriage on the order which establishes the death of the absentee as a matter of law.

42.24 Sec. 37. Minnesota Statutes 2010, section 576.15, is amended to read:

42.25 **576.15 COMPENSATION OF RECEIVER; TITLE OF ABSENTEE LOST**
 42.26 **AFTER FOUR YEARS.**

42.27 The receiver shall be allowed ~~such~~ compensation and disbursements as ~~the court~~
 42.28 ~~orders, to be paid out of the property or proceeds~~ provided in chapter 576. If, within
 42.29 four years after the date of the disappearance or absconding, as found and recorded by
 42.30 the court, the absentee appears, and has not been declared dead under section ~~576.142~~
 42.31 578.17, or an administrator, executor, assignee in insolvency, or trustee in bankruptcy of
 42.32 the absentee is appointed, the receiver shall account for, deliver, and pay over to the

43.1 absentee the remainder of the property. If the absentee does not appear and claim the
 43.2 property within four years, all the absentee's right, title, and interest in the property, real
 43.3 or personal, or the proceeds thereof, shall cease, and no action shall be brought by the
 43.4 absentee on account thereof.

43.5 If the absentee is declared dead pursuant to section ~~576.142~~ 578.17 and appears
 43.6 before the expiration of four years, the absentee shall have no right, title and interest in the
 43.7 property, real or personal, or the proceeds thereof.

43.8 Sec. 38. Minnesota Statutes 2010, section 576.16, is amended to read:

43.9 **576.16 PROPERTY DISTRIBUTION; TIME LIMITATION.**

43.10 If the receiver is not appointed within three years after the date found by the court
 43.11 under section ~~576.08~~ 578.06, the time limited for accounting for, or fixed for distributing,
 43.12 the property or its proceeds, or for barring actions relative thereto, shall be one year after
 43.13 the date of the appointment of the receiver instead of the four years provided in sections
 43.14 ~~576.14~~ 578.15 and ~~576.15~~ 578.20.

43.15 The provisions of sections ~~576.04 to 576.16~~ this chapter shall not be construed as
 43.16 exclusive, but as providing additional and cumulative remedies.

43.17 Sec. 39. **REVISOR'S INSTRUCTION.**

43.18 The Revisor of Statutes shall renumber each section of Minnesota Statutes listed
 43.19 in Column A with the number in Column B. The Revisor shall correct any incorrect
 43.20 cross-references resulting from this renumbering.

43.21	<u>Column A</u>	<u>Column B</u>
43.22	<u>576.011</u>	<u>578.01</u>
43.23	<u>576.04</u>	<u>578.02</u>
43.24	<u>576.05</u>	<u>578.03</u>
43.25	<u>576.06</u>	<u>578.04</u>
43.26	<u>576.07</u>	<u>578.05</u>
43.27	<u>576.08</u>	<u>578.06</u>
43.28	<u>576.09</u>	<u>578.07</u>
43.29	<u>576.10</u>	<u>578.08</u>
43.30	<u>576.11</u>	<u>578.09</u>
43.31	<u>576.12</u>	<u>578.10</u>
43.32	<u>571.121</u>	<u>578.11</u>
43.33	<u>576.122</u>	<u>578.12</u>
43.34	<u>576.123</u>	<u>578.13</u>
43.35	<u>576.13</u>	<u>578.14</u>
43.36	<u>576.14</u>	<u>578.15</u>

44.1	<u>576.141</u>	<u>578.16</u>
44.2	<u>576.142</u>	<u>578.17</u>
44.3	<u>576.143</u>	<u>578.18</u>
44.4	<u>576.144</u>	<u>578.19</u>
44.5	<u>576.15</u>	<u>578.20</u>
44.6	<u>576.16</u>	<u>578.21</u>

44.7 Sec. 40. **REPEALER.**

44.8 Minnesota Statutes 2010, sections 302A.759, subdivision 2; 308A.961, subdivision
 44.9 2; 308B.951, subdivisions 2 and 3; 317A.759, subdivision 2; and 576.01, are repealed.

APPENDIX
Article locations in H0382-1

ARTICLE 1	RECEIVERSHIPS	Page.Ln 1.16
ARTICLE 2	ASSIGNMENTS FOR THE BENEFITS OF CREDITORS	Page.Ln 25.9
ARTICLE 3	CONFORMING AMENDMENTS	Page.Ln 29.3

302A.759 FILING CLAIMS IN PROCEEDINGS TO DISSOLVE.

Subd. 2. **Fixed date.** If the court requires the filing of claims, it shall fix a date, which shall be not less than 120 days from the date of the order, as the last day for the filing of claims, and shall prescribe the notice of the fixed date that shall be given to creditors and claimants. Before the fixed date, the court may extend the time for filing claims. Creditors and claimants failing to file claims on or before the fixed date may be barred, by order of court, from claiming an interest in or receiving payment out of the property or assets of the corporation.

308A.961 FILING CLAIMS IN COURT-SUPERVISED DISSOLUTION PROCEEDINGS.

Subd. 2. **Date to file claim.** (a) If the court requires the filing of claims, the court shall:

(1) set a date, by order, at least 120 days after the date the order is filed, as the last day for the filing of claims; and

(2) prescribe the notice of the fixed date that shall be given to creditors and claimants.

(b) Before the fixed date, the court may extend the time for filing claims. Creditors and claimants failing to file claims on or before the fixed date may be barred, by order of court, from claiming an interest in or receiving payment out of the property or assets of the cooperative.

308B.951 FILING CLAIMS IN COURT-SUPERVISED DISSOLUTION PROCEEDINGS.

Subd. 2. **Date to file a claim.** If the court requires the filing of claims, the court shall:

(1) set a date, by order, at least 120 days after the date the order is filed as the last day for the filing of claims; and

(2) prescribe the notice of the fixed date that shall be given to creditors and claimants.

Subd. 3. **Fixed date or extension for filing.** Before the fixed date, the court may extend the time for filing claims. Creditors and claimants failing to file claims on or before the fixed date may be barred, by order of court, from claiming an interest in or receiving payment out of the property or assets of the cooperative.

317A.759 FILING CLAIMS IN PROCEEDINGS TO DISSOLVE.

Subd. 2. **Date; claims barred.** If the court requires the filing of claims, it shall fix a date, which may not be less than 120 days from the date of the order, as the last day for the filing of claims, and shall prescribe the notice of the fixed date that must be given to creditors and claimants. Before the fixed date, the court may extend the time for filing claims. Creditors and claimants failing to file claims on or before the fixed date may be barred, by order of court, from claiming an interest in or receiving payment out of the assets of the corporation.

576.01 RECEIVERS, WHEN AUTHORIZED.

Subdivision 1. **Appointment.** A receiver may be appointed in the following cases:

(1) before judgment, on the application of any party to the action who shall show an apparent right to property which is the subject of such action and is in the possession of an adverse party, and the property, or its rents and profits, are in danger of loss or material impairment, except in cases wherein judgment upon failure to answer may be had without application to the district court;

(2) by the judgment, or after judgment, to carry the same into effect, or to preserve the property pending an appeal, or when an execution has been returned unsatisfied and the judgment debtor refuses to apply property in satisfaction of the judgment;

(3) in the cases provided by law, when a corporation is dissolved, or is insolvent or in imminent danger of insolvency, or has forfeited its corporate rights; and, in like cases, of the property within this state of foreign corporations;

(4) in such other cases as are now provided by law, or are in accordance with the existing practice, except as otherwise prescribed in this section.

Subd. 2. **Mortgage appointments.** A receiver shall be appointed in the following case:

After the first publication of notice of sale for the foreclosure of a mortgage pursuant to chapter 580, or with the commencement of an action to foreclose a mortgage pursuant to chapter 581, and during the period of redemption, if the mortgage being foreclosed secured an original principal amount of \$100,000 or more or is a lien upon residential real estate containing more

APPENDIX

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than four dwelling units and was not a lien upon property which was entirely homesteaded, residential real estate containing four or less dwelling units where at least one unit is homesteaded, or agricultural property, the foreclosing mortgagee or the purchaser at foreclosure sale may at any time bring an action in the district court of the county in which the mortgaged premises or any part thereof is located for the appointment of a receiver; provided, however, if the foreclosure is by action under chapter 581, a separate action need not be filed. Pending trial of the action on the merits, the court may make a temporary appointment of a receiver following the procedures applicable to temporary injunctions under the Rules of Civil Procedure. If the motion for temporary appointment of a receiver is denied, the trial of the action on the merits shall be held as early as practicable, but not to exceed 30 days after the motion for temporary appointment of a receiver is heard. The court shall appoint a receiver upon a showing that the mortgagor has breached a covenant contained in the mortgage relating to any of the following:

- (1) application of tenant security deposits as required by section 504B.178;
- (2) payment when due of prior or current real estate taxes or special assessments with respect to the mortgaged premises, or the periodic escrow for the payment of the taxes or special assessments;
- (3) payment when due of premiums for insurance of the type required by the mortgage, or the periodic escrow for the payment of the premiums;
- (4) keeping of the covenants required of a landlord or licensor pursuant to section 504B.161, subdivision 1.

The receiver shall be an experienced property manager. The court shall determine the amount of the bond to be posted by the receiver.

The receiver shall collect the rents, profits and all other income of any kind, manage the mortgaged premises so to prevent waste, execute leases within or beyond the period of the receivership if approved by the court, pay the expenses listed in clauses (1), (2), and (3) in the priority as numbered, pay all expenses for normal maintenance of the mortgaged premises and perform the terms of any assignment of rents which complies with section 559.17, subdivision 2. Reasonable fees to the receiver shall be paid prior thereto. The receiver shall file periodic accountings as the court determines are necessary and a final accounting at the time of discharge.

The purchaser at foreclosure sale shall have the right, at any time and without limitation as provided in section 582.03, to advance money to the receiver to pay any or all of the expenses which the receiver should otherwise pay if cash were available from the mortgaged premises. Sums so advanced, with interest, shall be a part of the sum required to be paid to redeem from the sale. The sums shall be proved by the affidavit of the purchaser, an agent or attorney, stating the expenses and describing the mortgaged premises. The affidavit must be recorded with the county recorder or the registrar of titles, and a copy thereof shall be furnished to the sheriff and the receiver at least ten days before the expiration of the period of redemption.

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

This subdivision shall apply to all mortgages executed on or after August 1, 1977, and to amendments or modifications of such mortgages, and to amendments or modifications made on or after August 1, 1977, to mortgages executed before August 1, 1977, if the amendment or modification is duly recorded and is for the principal purpose of curing a default.

577.01 REQUISITES.

Every assignment made by a debtor of the whole or any part of the debtor's estate, real or personal, in trust for the benefit of creditors, shall be void unless the assignee be a resident freeholder of the state, and unless the assignment be in writing, subscribed and acknowledged by the assignor, and be filed with the court administrator of the district court of the county wherein the assignor, or one of the assignors if there be more than one, resides, or wherein the business in reference to which the same is made has been principally carried on.

577.02 REAL ESTATE ASSIGNMENT MUST BE RECORDED.

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If land, or any interest therein, be embraced in the assignment, a copy thereof, certified by such court administrator, shall be recorded with the county recorder of the county wherein the land lies; and every such assignment not so recorded shall be void as against any subsequent purchaser in good faith and for a valuable consideration of the same land, or any interest therein, whose conveyance is first duly recorded, and as against any attachment levied thereon or judgment lawfully obtained against the person in whose name the title to such land appears of record prior to the recording of such certified copy.

577.03 DUTY OF COURT ADMINISTRATOR.

The court administrator shall endorse upon the assignment the day, hour, and minute of filing the same. The proceeding shall be entered in the court administrator's register, and all papers filed and orders made in the matter of the assignment shall be noted therein as in the case of a civil action.

577.04 SCHEDULE OF DEBTS AND ESTATE.

Within ten days of making any such assignment, the debtor shall file with such court administrator a schedule, under the debtor's oath, containing:

- (1) a list of the names of all creditors, and the place of residence of each, if known, and, if not, a statement to that effect;
- (2) a statement of the sum owing to each creditor, the nature of the debt, the cause and consideration thereof, and the place where it arose, and, if secured by judgment, mortgage, collateral, or otherwise, the nature of the security;
- (3) an inventory of the estate, real and personal, in law or in equity, showing the nature and value of each item thereof, and all encumbrances thereon, to the best of the debtor's knowledge, information, and belief.

577.05 ASSIGNEE'S BOND.

Before entering upon the trust duties, and not later than five days after the filing of such schedule, the assignee shall file with the court administrator a bond to the state, to be approved by a judge of such court, in an amount at least double the value of the estate assigned, as shown by the inventory, if filed, and, if not, by affidavit of the debtor, conditioned for the faithful performance of the duties. At any time thereafter, in its discretion, the court may require the assignee to give a new or an additional bond. When the assignee fails to perform any of the duties as such, or to comply with any order of the court, upon leave of the court first obtained, any creditor may bring an action upon such bond to obtain satisfaction of the creditor's claim.

577.06 NOTICE TO CREDITORS.

Upon taking possession of the estate assigned, the assignee shall forthwith give at least one week's published notice of the assignment, and shall also forthwith mail such notice to each creditor who is named in the schedule, or of whom the assignee may receive information.

577.08 PROOF OF CLAIMS; ORDER OF PAYMENT.

No claims or demands, except debts owing to the United States or to the state, or taxes or assessments against the debtor or the property assigned, shall be paid, unless proofs thereof, verified by the creditors, be presented to the assignee. After payment of the charges and expenses of making the assignment and executing the trust, the assignee shall pay the debts of the assignor in the order following:

- (1) debts owing to the United States and to the state, and all taxes and assessments against the debtor or the property assigned, shall first be paid in full;
- (2) the claims of employees sustaining injury in the course of their employment and entitled to the compensation under the provisions of chapter 176, shall next be paid in full if there be sufficient wherewith to do so, and, if not, they shall be paid pro rata; provided, that claims under this clause shall not be allowed if the assignor carried workers' compensation insurance as provided by law at the time the injury was sustained;
- (3) wages, except cash value of all compensation paid in any medium other than cash, of servants, laborers, mechanics, and clerks for services performed for the debtor within three months next preceding the assignment shall next be paid in full if there be sufficient wherewith to

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do so, and, if not, they shall be paid pro rata; but, to entitle any creditor to payment under this clause, the creditor's proof of claim must set forth facts showing entitlement hereunder;

(4) the cash value of all compensation paid in any medium other than cash, including but not limited to credits for vacation pay, sick leave and other fringe benefits past earned with a cash value;

(5) all other debts shall be paid in full if there be sufficient left wherewith to do so, and, if not, they shall be paid pro rata; provided, that no debt for which the creditor holds a mortgage, pledge, or other security shall be paid until the creditor has exhausted the security, or has surrendered it to the assignee.

577.09 PAYMENT OF DIVIDENDS; LIST OF CREDITORS.

At least 20 days before paying any dividend or distributing any of the trust estate, the assignee shall file with such court administrator a verified statement containing a list of all the creditors who have presented proofs of claim, as hereinbefore provided, and showing the nature and amount of each such claim; and, when any creditor thereafter shall present proof of claim to the assignee, the assignee shall file a similar statement thereof, and pay nothing thereon until the expiration of 20 days thereafter.

577.10 POWERS OF COURT; REMOVAL AND DISCHARGE.

The district court shall have supervision of all proceedings under this chapter. On petition of a creditor, the court, in its discretion, may, from time to time, require the assignee to render an account, and to file a report of the assignee's proceedings and of the condition of the trust estate, and may order distribution thereof. For cause shown, it may, in its discretion, remove the assignee, and appoint another instead, who shall give bond as the court may direct; and the order of removal and appointment shall, in terms, transfer all the trust estate to the new assignee, and may be recorded with the county recorder of any county wherein any land affected by the assignment is situated. Upon removal of an assignee, the court may require the removed assignee to deliver to the new assignee all property, books of account, and vouchers belonging to the trust estate, to execute all necessary transfers, and to render an account and report of all matters connected therewith. When the assignee has complied with all the orders of the court, and when any assignee has completed the trust, the assignee may apply to the court for discharge, first giving three weeks' published notice of such application; the last publication to be not more than three weeks prior to the hearing thereon. If upon the hearing the court is satisfied that the assignee is entitled to such discharge, it shall so order; but, if in its opinion anything remains to be done by the assignee, it shall require the performance thereof before making such order. A discharge shall not be refused because of any failure of the assignee to comply with the forms of law, if no damage has thereby resulted to any person. The order shall have the effect of discharging the assignee and the assignee's sureties from all further responsibilities in respect to the trust. When the trust estate is taken out of the hands of the assignee by proceedings in bankruptcy in the federal court, the assignee may be discharged upon showing that the assignee has fully accounted with the trustee in bankruptcy, and turned over the whole trust estate to the trustee in bankruptcy. When the trust estate is taken out of the hands of the assignee by legal proceedings in any court, or the assignment is declared void as to creditors, or for any reason the further administration of the trust is rendered impracticable, inadvisable, or nugatory, the assignee shall in like manner be discharged.