

From: marcia.moermond@ci.stpaul.mn.us  
To: peterb3121@hotmail.com  
CC: amy.brendmoen@ci.stpaul.mn.us; leanna.shaff@ci.stpaul.mn.us;  
sean.westenhofer@ci.stpaul.mn.us  
Subject: RE: Motion to Reschedule // Westminster Tenants' Appeal  
Date: Wed, 13 Jun 2012 20:22:55 +0000

*Mr. Brown,*

*The scheduling of the hearing on this matter takes into account several factors. First, it is my view the appeals of both Southern Minnesota Regional Legal Services on behalf of their clients, and the Tenants Union on behalf of the residents listed, should be considered together. Second, it has been the consistent and firm position of my office that all appeals of Condemnations and Orders to Vacate are heard at the earliest possible time. The only occasional exception to this policy are cases where the residence is vacated between the time of the appeal and hearing, and where there are only adult residents affected by a gas or electric shut-off. In this situation, there are many people involved, including many children, and the code violations listed in the order are not as easily rectified as a power or gas shut-off for nonpayment. Additionally, I will not be available to conduct a hearing on June 21, 2012 as I am scheduled to have minor surgery on that date. Finally, in cases as complex as this one appears to be at this time, it has been my experience that all parties are best served by having time available between the conduct of the Legislative Hearing, and the time when the record needs to go forward to Council. This extra time can be used to conduct an additional hearing or develop more information for the record, should that be desired or necessary step resulting from the original hearing. It is for these reasons I will not re-schedule tomorrow's hearing.*

*Sincerely, Marcia Moermond*

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**From:** Peter Brown [mailto:peterb3121@hotmail.com]  
**Sent:** Wednesday, June 13, 2012 1:25 PM  
**To:** \*CI-StPaul\_LegislativeHearings; Moermond, Marcia (CI-StPaul)  
**Subject:** Motion to Reschedule // Westminster Tenants' Appeal

We ask that the hearing currently scheduled for Thursday, June 14 at 10:00AM be re-scheduled to Thursday, June 21 for the following reasons:

1. The government data requests submitted to the City Clerk on June 8, 2012, the date the appeal was filed, have not been responded to. The data requested is relevant to the appeal in this matter. See footnote below for an itemization of the data requested. [FN #1] In its appeal document filed June 8, 2012, appellants asked that the hearing date be

scheduled a reasonable time after the requested data was provided. It does not appear in what has been received from the Legislative Hearing Office to-date that this request was considered. To the extent that this request was considered and denied, we request that this decision be reconsidered. Appellants will be substantially prejudiced if the hearing proceeds before Appellants have received and reviewed the requested data. And since any recommendation by the hearing officer based on this hearing will not be reviewed by the City Council until July 3 2012, the requested rescheduled date (June 21) does not delay the appeal process.

2. Re-scheduling of the hearing at least a week will also allow time to secure a new hearing officer in the event that the Legislative Hearing Officer recuses herself from this matter due to the apparent conflict of interest and lack of pre-disposition to support the condemnation orders created by her participation in decision-making meetings and discussions among certain city officials that culminated in their consensus that the condemnation orders under appeal were an appropriate resolution of the Westminster repair deficits.

Respectfully submitted,

Peter W. Brown o/b/o the Appellants

[1] The government data requested concurrently with the filing of this appeal on June 8, 2012 is as follows:

1. Electronic copies of all documents (for example: notes, mail, e-mail, memoranda, phone logs and other records) generated, received and/or maintained by any employee or officials of the City of St. Paul between February 1, 2012 and June 2, 2012 relating to 1205 and or 1225 Westminster.
2. These documents would include records of any communication during this time period (February 1 – June 2, 2012) from an employee of the St. Paul Department of Safety and Inspections to any owner or property manager (including the receiver and his management company) expressing satisfaction or dissatisfaction with the progress being made on the corrective orders issued by the Department for these buildings.
3. These documents would also include records of any communication during this time period (February 1 – June 2, 2012) from, to, or between any St. Paul elected official from or to any owner, receiver or property manager of the buildings at 1205 and 1225 Westminster.



# HANBERY & TURNER, P.A.

ATTORNEYS AT LAW

DONNA E. HANBERY  
ROBERT P. SCHWARTZ  
DOUGLASS E. TURNER

33 SOUTH SIXTH STREET, SUITE 4160  
MINNEAPOLIS, MN 55402  
PHONE (612) 340-9855  
FAX (612) 340-9446

WRITER'S DIRECT DIAL NUMBER

June 1, 2012

(612) 340-9350

Minnesota Tenants Union  
Att: Peter W. Brown and Vera Ashley  
2121 Nicollet Avenue, Room 203  
Minneapolis, MN 55404

## **EQUIMAX REAL ESTATE / WESTMINSTER COURTS OUR FILE NO. 6568-001**

Dear Peter Brown and Vera Ashley:

Our firm represents the owner and managing agent of the rental property known as Westminster Courts at 1205 and 1225 Westminster. Your letter of May 30, 2012 to representatives of the owner and the CEO of Equimax Real Estate, LLC has been referred to me for response. This is a request that any future communications on behalf of the residents working with the Tenant Union be referred to me at our office.

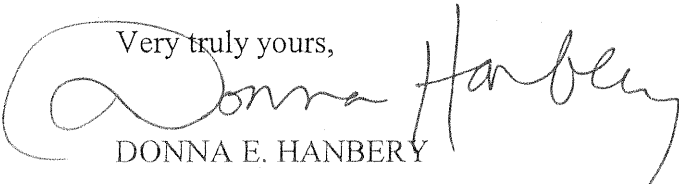
Let me address some of the other requests in your letter. We agree and have always agreed that there are many "good tenants" at the rental properties. Our clients' business decision to vacate the property as promptly as possible to do major renovation and repair work was not based upon any judgment about individual residents.

The termination given to all occupants of the property on May 21, 2012 will not be rescinded or withdrawn. These are not "eviction" notices. Proper notice was given to the month-to-month tenants at the property that they would need to vacate on June 30, 2012.

We will not address any questions about what was said or not said in the Pioneer Press or the complete accuracy or context of statements pulled from the article as excerpted in your letter.

Our client, with advice and careful discussion with our office, determined that the most expeditious, economical, and reasonable way to start and complete in a timely fashion the substantial construction work planned for the property was to vacate the property. From the date the current owner and managing agent took over operations of the property, good faith efforts have been made to address resident requests for repairs and services and to maintain all occupied units in a manner that complies with the obligations of the owner and managing agent under the lease and applicable code. Regrettably, the extent of work required on a community-wide basis has caused Management to determine that it is not practical or feasible to commence and complete all necessary upgrades, and to address outstanding work orders, at an occupied property.

Very truly yours,



DONNA E. HANBERY

DEHcas0601122

cc: Equimax Real Estate Companies  
Westminster Court

### 1998-1999

Year	1998	1999
1998	1998	1999
1999	1999	1999
2000	2000	2000
2001	2001	2001
2002	2002	2002
2003	2003	2003
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2021	2021	2021
2022	2022	2022
2023	2023	2023
2024	2024	2024
2025	2025	2025
2026	2026	2026
2027	2027	2027
2028	2028	2028
2029	2029	2029
2030	2030	2030

### 1998-1999

1998-1999

1998-1999

1998-1999

# Westminster Court tenants fought for cleaner apartments -- now they're being kicked out

By Frederick Melo

[fmelo@pioneerpress.com](mailto:fmelo@pioneerpress.com)

Posted: 05/23/2012 12:01:00 AM CDT

Updated: 05/24/2012 01:01:41 AM CDT



A bag of trash hangs from a fence railing outside the Westminster Court apartments in St. Paul on January 4, 2012. (Pioneer Press: Richard Marshall)

Tenants at the troubled Westminster Court apartments in St. Paul have received their marching orders.

Most renters will have to vacate the two buildings in the Payne-Phalen neighborhood by the end of June. A handful with signed leases will be able to stay a few months longer.

The properties will be emptied, renovated and rented out anew, according to property managers and city officials.

"Either you come up with a copy of your lease to prove you can stay beyond that, or they want you out by June 30," said Nephi Anderson, who received his "termination of vacancy" notice in the mail on Monday, May 21.

The news came as a shock to the 40 or 50 remaining households in the two buildings at 1205 and 1225 Westminster St., which were recently sold to new owners. Residents have rallied for months to be allowed to remain in their apartments while demanding improvements to sordid living conditions ranging from broken ovens and exposed wiring to a bedbug infestation.

Neil Gopher, an unemployed journeyman carpenter, said he and his neighbors received termination of vacancy letters "just out of the clear blue" this week from Golden Valley-based property management company Equimax Real Estate.

Relocating will be a hardship for him and the many other unemployed or low-income tenants who will have to struggle to come up with down payments and security deposits for new apartments.

Many are doubtful they'll receive their original damage deposits back, and they believe

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copies of their leases and security deposit receipts have disappeared from building records over the years because of poor record-keeping.

The properties, which were owned by Peggy and Randall Chun, entered into foreclosure proceedings in Ramsey County last year. They've been under the eye of a court-appointed receiver since January.

After appealing to the St. Paul City Council, residents had heard hopeful things from city officials and representatives of a previous property management



"I don't walk here. I will fall. All my carpet is bad," said 30-year-old Halima Eidl in her apartment at Westminster Court in St. Paul on January 5, 2012. Eidl, who emigrated from Somalia, lost her right leg after being shot in Mogadishu when she was 15. (Pioneer Press: Richard Marshall)

company, Trikin Properties, about being able to stay in their apartments as improvements moved forward.

Efforts to clear the buildings of bedbugs seemed to be working, and renovations at 1205 Westminster in particular have transformed several vacant apartments into attractive rentals, Gopher said.

"From what we were told at the meetings ... no one would be evicted, that no one would have to move," Gopher said. "That was the understanding of everybody."

The fate of the two buildings has shifted since January. On April 2, attorneys for the mortgage lender Impac Multifamily Capital Corp. informed the court that the Chuns' mortgage note had been sold to a new owner, PRCM Acquisitions, otherwise known as Pine Ridge.

About the same time, Equimax took over renovations and property management from Trikin Properties. Melany Ellenwood, a property manager with Equimax, called the decision to vacate the two buildings a "business decision" reached with the consent of Pine Ridge and city officials.

Ellenwood said her company has struggled to keep up with dozens of work orders issued by the St. Paul Department of Safety and Inspections. At one point, air conditioners were replaced in all 60 units. At least two were soon discovered in a pawnshop.

She said police records show more than 30 police response calls to the properties since the beginning of the year.

"It's as much a business decision as a decision based on what we observed in the times we've been out there to take care of the work orders," Ellenwood said. "There are so many of them. Every time we repair one of these things, they're damaged again. ... What is the best way to accomplish the goal?"

"And the goal is to take care of the work orders, and make this a safe and comfortable place to live," she continued. "And right now, it's not happening."

City council member Amy Brendmoen acknowledged that it's a tough time to send 50 low-income families into the tight rental market, but she said the decision to empty the buildings appeared to be for the best.

Her staff is coordinating a meeting with the Department of Safety and Inspections and other city agencies next week to clear up details and see what services can be made available to the tenants as they look for new homes.

"I'm just grateful that it's May," Brendmoen said. "We'll do everything we can to help people have a soft landing, but I also think at a certain point, decisive action has to be taken."



Leslie McMurray, director of the Payne-Phalen District 5 Planning Council, said her board was unaware of the decision to force the tenants out and worried about families with children finding new housing on short notice.

"This was a building that had good tenants and bad tenants," she said. "We're concerned about good tenants being displaced."

Peter Brown, an attorney and organizer with the Minnesota Tenants Union, said he would examine the tenants' legal options. Together with a handful of residents, his group has signed onto the foreclosure proceedings as an interested legal party.

"We're going to be looking into it," Brown said. "Tenants are concerned. They've definitely weathered bad conditions there for a quite some time. ... The last thing they knew, things were on track for everybody getting through this together. Apparently, there's another view, and we'll see where all this lands."

Frederick Melo can be reached at 651-228-2172. Follow him at [twitter.com/FrederickMelo](https://twitter.com/FrederickMelo).





2121 Nicollet Avenue  
Room 203  
Minneapolis, MN 55404  
612-874-5733  
MNTenantsUnion@yahoo.com

May 30, 2012

Jon Taxdahl and Mark Guidinger  
Pine Ridge Capital Management  
Wade Shatzer, CEO  
Equimax Real Estate, LLC  
1161 Wayzata Blvd. #312

Dear Sirs:

Re: Eviction Notices to Tenants at 1205 and 1225 Westminster

We are contacting you, Jon Taxdahl and Mark Guidinger, as partners in Pine Ridge Capital Management, current owners of the rental properties at 1205 and 1225 Westminster, along with Wade Shatzer, CEO of Equimax Real Estate, LLC, the management company retained by Pine Ridge Capital Management to manage these properties.

As you know, the Minnesota Tenants Union has been working with tenants at 1205 and 1225 Westminster to secure appropriate repairs to these buildings since December 2011. The good tenants at 1205 and 1225 Westminster have been through a lot putting up with severe conditions for a long time and have been working diligently and sincerely with any responsive management in the hopes of a better day.

We are sending this letter on behalf of the under-named good tenants at 1205 and 1225 Westminster demanding the following:

1. Rescind the eviction notices given to all tenants on May 21, 2012. These notices are entirely unfair and unjustified.
2. If you believe you have good cause to evict any tenant from these properties, as your employees are quoted as alleging in an article appearing in the May 22, 2012 Pioneer Press, proceed to bring an unlawful detainer action against them so that a court can decide whether your allegations against any specific tenants are true and your eviction of them is justified.
3. Regarding your employee's allegation (quoted in the May 22, 2012 Pioneer Press article) that "At least two [of the air conditioners recently installed] were soon discovered in a pawnshop," please provide documentation of that allegation, including the name and address of the

pawnshop and the address of the apartment from which the air conditioners were removed. In addition, provide any explanation you may have as to why actions by the tenants in the apartments from which the air conditioners disappeared should be attributed to all the tenants in these buildings so as to justify their eviction.

4. Regarding your employee's allegation ( quoted in the May 22, 2012 Pioneer Press article ) that "Every time we repair one of these things [the work orders ], they're damaged again" , please provide documentation of that allegation, including copies of the work orders referenced, documentation that you had corrected the item required by the work order, and that it was subsequently damaged.

In addition: as to any items located inside an apartment unit that you identify as being damaged subsequent to their being repaired, provide any explanation you may have as to why such action should be attributed to all the tenants in these buildings rather than to the tenant of the affected unit.

Likewise, as to any items located in a common area of the building that you identify as being damaged subsequent to being repaired, provide any explanation you may have as to why such action should be attributed to all the tenants in these buildings.

5. The St. Paul Pioneer Press article reports as follows: "Melany Ellenwood, a property manager with Equimax, called the decision to vacate the two buildings a 'business decision' reached with the consent of Pine Ridge and city officials." Please identify any and all city officials referred to by Ms. Ellenwood as consenting to the decision to vacate the two buildings.

Your expeditious responses to these five points is requested.

Finally: as you know, there are several substantive corrective orders issued by the City of St. Paul that remain uncorrected with respect to each building, including the condemnation of the porches and several affecting the common areas, including the replacement of the carpet. As such, tenants would be within their rights to commence a Rent Escrow action or to withhold their June rent and have a court decide what amount they should be allowed to keep due to the reduced value of the premises due to these on-going code violations. Accordingly, the threat contained in your Eviction Notice to evict them for non-payment if they do not pay you the full June rent is not well-founded. See the Attorney General's "Landlords and Tenants: Rights and Responsibilities" handbook regarding repairs, pages 14-18.

Sincerely,

Peter W. Brown and Vera Ashley  
Minnesota Tenants Union

Pablo Tapia and Antonia Alvarez  
*Asamblea para Derechos Civiles*

mark@pineridgecapitalllc.com, jon@pineridgecapitalllc.com, wade@equimaxco.com

**Tenants of Westminster  
Call on Pine Ridge and  
Equimax to Rescind the  
Notice of Eviction and the  
False Statements Made  
About the Good Tenants at  
1205 and 1225  
Westminster**

**Los inquilinos de  
Westminster llamada en  
Pine Ridge y Equimax a  
dejar sin efecto el aviso de  
desalojo y el las  
declaraciones falsas sobre  
el buen los inquilinos,  
en 1205 y 1225  
Westminster**

NAME ---NOMBRE	ADDRESS --- DIRECCIÓN	
GUILLERMO ESTRADA	1225	#12
ISAIAS MENDOZA	1225	#6
JUAN RANGEL	1205	#E2
MARIBEL RODRIGUEZ	1205	#17
ERNESTO LANDAVERDE	1225	#28
PEDRO VELIZ	1225	#7
ADADE KUEGAH-CHOUCOUDA	1225	#11
FABIAN LEMUS	1225	#21
ARMANDO VASQUEZ	1225	#25
EDGAR ERNANDEZ	1205	#21
WAYNE L. HOOKS, SR.	1225	#E4
JOSEPH A. PARKER	1205	#24
FRANCES BELETSO	1205	#7
SANDRA VERDE	1205	#7
CYNTHIA PARRA	1205	#7

ROSE CURTIS	1205	#29
TOMMIE JOHNSON	1225	#9
ROOSEVELT ADAMS	1225	#16
CONNIE HARRELL	1225	#31
KRC, JR.	1205	#3
MARIEJOHNSON	1225	#10
NEIL GOPHER	1225	#23



From: peterb3121@hotmail.com  
To: gessner.rivas@ci.stpaul.mn.us; jim.anderson@co.ramsey.mn.us; joe.collins@ci.stpaul.mn.us; leanna.shaff@ci.stpaul.mn.us; lesliemcmurray@paynephale.org; mai.vang@ci.stpaul.mn.us; marcia.moermond@ci.stpaul.mn.us; melany@equimaxco.com; nancy.homans@ci.stpaul.mn.us; phil.owens@ci.stpaul.mn.us; aimee.barbeau@cctwincities.org; becky.hicks@spps.org; laura.jelinek@smrls.org; loyal.confidential@gmail.com; mark@pineridgecapitalllc.com; martha.eaves@smrls.org; nedwikmoore@gmail.com; pcarlson@strategicproperty.com; peterb3121@hotmail.com; susanem@hmong.org; vera.ashley@gmail.com; wade@equimaxco.com; wajhe2003@yahoo.com; ptmendoza@hotmail.com; alvarez\_antonia\_2005@yahoo.com; sb.hammond@hotmail.com; srblaw@comcast.net; amy.brendmoen@ci.stpaul.mn.us; ricardo.cervantes@ci.stpaul.mn.us  
Subject: FW: Trigger for Social Services and Relocation Assistance?  
Date: Tue, 12 Jun 2012 22:35:45 +0000

All - - -

No response has been received from the Councilmember and the Department of Safety and Inspections to the request (see below) for a list of specific services asserted to be triggered for tenants in a building condemned due to housing code violations. So we renew the request and direct it also to any service provider, including Ramsey County. Given the seriousness of the eviction threat facing tenants due to the condemnations, we all can agree that written clarity on this point is preferable to piecemeal and general verbal statements. Please provide the written response to all cc-ed with this inquiry so that the info can be widely available as soon as possible.

If you do not have comprehensive knowledge of all or even several programs but only know the specifics for your program, that is ok. It will be a start. What services or benefits are available through your program, what are the requirements (pre-requisites) and timeline for delivery of those services, and which of those services are available only to (triggered by condemnation) tenants in buildings that have been condemned for housing code violations? If you have been asked by any St. Paul official to provide this information responding to any of these questions and you have done so, simply forward what it is you sent. If you have not provided such information, please send it as soon as it is available.

Peter W. Brown  
Minnesota Tenants Union

From: peterb3121@hotmail.com  
To: amy.brendmoen@ci.stpaul.mn.us; ricardo.cervantes@ci.stpaul.mn.us  
CC: gessner.rivas@ci.stpaul.mn.us; jim.anderson@co.ramsey.mn.us; joe.collins@ci.stpaul.mn.us; leanna.shaff@ci.stpaul.mn.us; lesliemcmurray@paynephale.org; mai.vang@ci.stpaul.mn.us; marcia.moermond@ci.stpaul.mn.us; melany@equimaxco.com; nancy.homans@ci.stpaul.mn.us; phil.owens@ci.stpaul.mn.us; aimee.barbeau@cctwincities.org; becky.hicks@spps.org; laura.jelinek@smrls.org; loyal.confidential@gmail.com; mark@pineridgecapitalllc.com; martha.eaves@smrls.org; nedwikmoore@gmail.com; pcarlson@strategicproperty.com; peterb3121@hotmail.com; susanem@hmong.org; vera.ashley@gmail.com; wade@equimaxco.com; wajhe2003@yahoo.com; ptmendoza@hotmail.com; alvarez\_antonia\_2005@yahoo.com; sb.hammond@hotmail.com; srblaw@comcast.net  
Subject: Trigger for Social Services and Relocation Assistance?  
Date: Fri, 8 Jun 2012 13:10:54 +0000

Councilmember Brendmoen and Department of Safety and Inspections Cervantes:

In advance of Sunday's meeting, an important point calls for clarification. Otherwise the Sunday event



may be little more than an obfuscation of the reality of the tenants' situation: an appearance of "available help" that lacks real substance or worse, the suggestion that condemnation is the only way for tenants to obtain help in location alternate housing.

It has been often stated (apparently as support for the condemnations of 1205 and 1225 Westminster) that these condemnations "trigger social services and relocation assistance" for the tenants. Is this cited "trigger effect" a reality or wishful thinking?

Please send a verified list of the social services and relocation assistance, along with a description of the service and the nature and amount of the relocation assistance that are available to the tenants at Westminster due to the June 1 condemnation orders that would not otherwise be available to them if they were forced to move, for example, as a result of the owner's May 21 termination of their leases and expressed plan to vacate the buildings on June 30?

Thank you for your clarification of information on that important point. Given the seriousness of the situation facing tenants, I believe we all can agree that written clarity on this point is preferable to piecemeal and general verbal statements. Please provide the response to all cc-ed with this inquiry so that the info can be widely available in advance of Sunday's meeting.

Peter W. Brown  
Minnesota Tenants Union



Strategic Property Services, Inc.  
30021 Tomas, Suite 150  
Rancho Santa Margarita, CA 92688  
Telephone: (949) 713-0070  
pcarlson@strategicproperty.com

STATE OF MINNESOTA  
COUNTY OF RAMSEY

Wells Fargo Bank, N.A., as Indenture  
Trustee, In trust for Holders of IMPAC  
CMB Trust Series 2005-2, its successor and  
/or assigns,

Plaintiff,

vs.

Randall T. Chun, Peggy J. Chun, Mark  
Thomas and Lisa Marie Thomas, Inter  
Savings Bank FSB, Albert Atemkeng,  
Jerrold Hester, and Home Valu Inc.,

Defendants,

and

Jessica Villarreal, Adade Kuegah, Helema  
Eidl, and Mercedes Reyes-Huezo,

Intervenors.

FILE NO. 62-CV-11-6499

RECEIVER REPORT

MARCH 2012

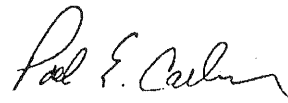
**RECEIVER'S REPORT**

**1205 and 1225 Westminister Street North, City of St. Paul, Minnesota 55130**

I, Paul E. Carlson, of Strategic Property Services, Receiver in the above-captioned action, approve the following attachments as my Receiver's report for March 2012.

- Property Status Report
- Operating Statement
- Profit and Loss Statement
- Balance Sheet
- Statement of Cash Flows
- Charge Detail Report
- Check-Deposit Listing
- Expenses by Vendor Detail
- Unit Transaction Listing
- Bank Reconciliation
- Bank Statement
- Rent Roll

DATED: April 13, 2012



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PAUL E. CARLSON  
STRATEGIC PROPERTY SERVICES, INC.

## PROPERTY STATUS REPORT

Property Name:	<u>Westminster Apts</u>
Address:	<u>1205 &amp; 1225 Westminster St</u>
City, State, Zip:	<u>St. Paul, MN</u>
Asset #:	<u>330150122</u>
As of:	<u>March 2012</u>

### MANAGEMENT

#### TAKEOVER

On January 13, 2012, the Order Appointing Receiver and Granting Intervention was filed in the District Court of the Second Judicial District, in County of Ramsey, Minnesota.

Legal notices informing the tenants were posted on the property and served to all tenants. A preliminary inspection was conducted at that time.

On January 11, 2012, Leanna Shaff, Supervisor, Department of Safety and Inspections of the City of St. Paul notified the Receiver that the property was supposed to be red-tagged on January 18, 2012. The Receiver was able to convince Ms. Schaff to hold off until after the property takeover. At that time she supplied copies of the inspection reports dated December 2011 which noted 259 code violations for 1205 Westminster and 312 code violations for 1225 Westminster.

The Receiver interviewed several local property management companies. Curt Fluegel, and Trikin Properties, has been contracted to provide on-site management, Bob Fluegel as on-site maintenance services and Briana Fluegel as on-site administration.

Upon takeover, January 18, 2012, the Receiver met with Curt Fluegel, Peggy Chun (Property Owner), Leanna Shaff and Ricardo Cervantes (Director of Dept of Safety and Inspection). Attached is a priority list of code violations focusing first on health and safety issues provided by Leanna Shaff.

On January 20, 2012 the Receiver was copied on the attached email to Ricardo Cervantes from Peter Brown o/b/o Minnesota Tenants Union and the Westminster Community Tenants United requesting that he be included in any on-going dialogue, information exchange and consultations regarding the property and his clients homes.

On January 20, 2012 received an email from Sean Westenhofer, Fire Inspector for the City of St. Paul stating that he had met with Curt Fluegel onsite and the following units and all common areas need working smoke detectors and CO detectors all hard wired and working by February 21, 2012. The estimated cost is \$5,000.

BLDG 1205: Smoke Detectors - 1, 6, 12, 15, 17, 20, 23, 29  
BLDG 1205: CO Detectors - 1, 3, 4, 5, 12, 27  
BLDG 1225: Smoke Detectors - 18(2 ea.), 20, 22  
BLDG 1225: CO Detectors - 12, 18, 30, 31

The property was re-inspected for the Fire Certificate of Occupancy on January 18, 2012 and copies of the inspection reports were provided on January 23, 2012. A re-inspection was scheduled for February 3, 2012 at 9:00am.

A 30 day pro forma budget was submitted to the lender for urgent funding in the amount of \$50,031.00 on January 25, 2012 to start addressing the many life/safety code violations noted on the inspection reports. Lender approved \$26,376.00 of the \$50,031.00 requested on February 7, 2012 and would be processed for payment to the Receiver.

An inspection was performed by Strategic Asset Services on January 31, 2012.

On February 8, 2012 Sean Westenhofer, St. Paul Fire Inspector, emailed the receivers office a benchmark update and stated that the City was comfortable with the receivers progress. The next inspection is scheduled for February 17, 2012.

Peggy Chun was cooperative upon the property takeover when she met with the Receiver. She indicated that the tenant security deposits had been used towards operations of the property. On January 30, 2012 she supplied a current rent roll and on February 9, 2012 she supplied the property insurance information. Only 14 tenant leases were provided.

The property has drawn a lot of coverage by the local press due to the many code violations cited by the City of St. Paul and an upcoming US Supreme Court case where the landlords are alleging that St. Paul housing inspectors are aggressively inspecting low income properties with standards higher than Federally subsidized units.

#### **FEBRUARY ACTIVITY**

The property was re-inspected for the Fire Certificate of Occupancy on February 3, 2012 and February 17, 2012 copies of the inspection reports were provided and the February 17, 2012 inspection reports are attached. A re-inspection was scheduled for March 5, 2012 at 9:00am.

An estimate for bed bug/extermination treatment was received by Adam's Pest Control on February 2, 2012 and submitted to the lender for approval and funding. The estimate was approved on March 2, 2012 and funding received on March 12, 2012.

On February 13, 2012 the Receiver was notified that all 40 decks have been officially condemned. For life/safety reasons all the sliders to the decks have been screwed shut until the decks can either be torn down or replaced. Below is the email received from Sean Westenhofer with the City of St. Paul.

"Curt & Paul,

Per Steve Ubl Senior Building Inspector, City of Saint Paul. Site visited on 2/13/2012:

"I reviewed the existing decks for the addresses of 1205 - 1225 Westminster. The joists that support the decking are laying flat and not adequate to support the loads of the deck. The structural steel on each side of each deck is designed to accept the joists in the flat position which is an indication that the structural steel members on each side of each deck would not be acceptable to use because they cannot receive joists in an approved, upright position.

Furthermore; any alteration in the structural steel supports would require an approved drawing from a registered engineer. Additionally; There is significant rusting and corrosion showing on the structural steel members so if the steel members are to be considered as a continued use, a registered structural engineer would be required to submit drawings indicating the repairs of the structural steel members."

Sean Westenhofer  
City of Saint Paul  
651.266.8982"

On February 18, 2012 Peter Brown o/b/o Minnesota Tenants Union provided reports that track the progress of inspection report items completed on a unit by unit basis. The attached reports compare the inspections completed on January 23, 2012 vs. February 9, 2012.

Estimates for common area carpet replacement for 1205 building was received by Bloomington Carpet One on February 29, 2012 and submitted to the lender for approval and funding. Estimates are attached.

#### **MARCH ACTIVITY**

On March 2, 2012 residents and members of the Westminster Community Tenant United and Minnesota Tenants Union conducted a protest rally at the property and at Wells Fargo Bank with signs and megaphones. They were dissatisfied with the delays in getting the property exterminated and various repair/maintenance items completed. St. Paul Pioneer Press article attached.

The property was re-inspected for the Fire Certificate of Occupancy on March 5, 2012 and March 26, 2012. Copies of the inspection reports were provided and the March 26, 2012 inspection reports are attached. A re-inspection was scheduled for April 16, 2012 at 9:00am.

A copy of the Receiver Takeover Report was provided to Peter Brown of the Minnesota Tenants Union on March 7, 2012.

On March 12, 2012 the Receiver conducted a conference call with Lance Steiger of Cushman & Wakefield, the broker representing the potential note purchaser. Property information was provided and it was stated they were getting close to a note sale agreement.

Adams Pest Control conducted the bedbug/cockroach extermination the week of March 12-17, 2012. An area was provided for the tenants to go during the treatments. Pizza and movies were also provided.

The receiver was contacted by Mark Guidinger of Pine Ridge Capital who is the potential new note purchaser. With the lender approval, a conference call was conducted with Mr. Guidinger on March 14, 2012 to discuss the current property status. He stated they were close to an agreement on the note sale and it should occur by month end.

On March 16, 2012 a conference call was conducted which included the Receiver, Kim Cort (VP Property Management, Strategic Property Services), Leanna Shaff (Supervisor of Inspections, City of St. Paul), and Ricardo Cervantes (Director - Safety & Inspections, City of St. Paul). Discussed was the progress being made at the property. The City was pleased with what has been done but would like to see things speed up a bit, however, they understand the financial difficulties with the property.

Several Mental Health Resources, Inc. inspections were conducted on March 19, 2012. It was determined that all of the following units were in compliance with Federal Housing Quality Standards. Inspection notices attached.

Unit	Tenant
1205-04	David Merriman
1225-09	Tommie Johnson
1205-31	Gail New
1205-19	Tracy Palmberg

On March 21, 2012 another article was printed by the St. Paul Pioneer Press stating that the tenants are unclear about who is responsible for the property clean up. Article attached.

Another conference call was conducted on March 26, 2012 with the receiver, Kim Cort, Mark Guidinger and Jon Taxdahl of Pine Ridge Capital regarding the cut-off procedures of the note sale. The sale has been delayed a few days.

A funding request was submitted to the lender in the amount of \$60,040.77 to cover already incurred property expenses. Over 75% of the expenses included in the request were for repair/maintenance items as required on the code violation listing provided by the City of St. Paul.

Estimates for common area carpet replacement for 1205 building was received by Bloomington Carpet One on February 29, 2012 and submitted to the lender for approval and funding. Approval is still pending.

The receiver was notified on March 30, 2012 that the note sale was to occur on April 2, 2012.

The Operating Statement, Profit & Loss Statement, Balance Sheet, Statement of Cash Flow and Bank Reconciliation reports have been completed and are attached.

#### **REPAIRS & MAINTENANCE**

1205 Westminster - 285 various code violations as of 3.26.12 (Inspection Report Attached)

1225 Westminster - 282 various code violations as of 3.26.12 (Inspection Report Attached)

March repair/maintenance activity report attached.

**PROPERTY TAX**

Property tax information was found online for 1205 & 1225 Westminster St., St. Paul, MN. The records indicate that the payments that were due on May 16, 2011 and October 17, 2011 have not been paid (copied included in takeover report). The total amount due for both properties at takeover was \$77,520.02.

**INSURANCE**

Property insurance information was received on February 9, 2012, and the insurance agent was contacted to change the billing address and add the appropriate additional insureds.

Agent: Arthur J. Gallagher Risk Management Services, Inc.  
PH: 952.358.7546  
Acuity Insurance  
Policy No: X29167  
Policy Period: 11/15/11 - 11/15/12

**OCCUPANCY**

All vacant units must be inspected and approved by the St. Paul Department of Safety before any unit can be occupied.

Rent roll attached.

Building 1205:		
Leased:	65.6%	21 Units
Vacant:	34.4%	11 Units
		<hr/>
		32 Units

Building 1225:		
Leased:	84.4%	27 Units
Vacant:	15.6%	5 Units
		<hr/>
		32 Units

Both Buildings:		
Leased:	75.0%	48 Units
Vacant:	25.0%	16 Units
		<hr/>
		64 Units





## **Wells Fargo is target of protests from residents of bedbug-infested St. Paul apartments**

*By Frederick Melo [fmelo@pioneerpress.com](mailto:fmelo@pioneerpress.com) TwinCities.com-Pioneer Press*

*Posted:*

TwinCities.com

Residents at St. Paul's Westminster Court apartments hoped that court action six weeks ago would mean an end to their bedbug infestation, as well as a solution for their roach problem, stopped-up plumbing, damaged doors with no locks and the broken boiler in the basement.

As part of January foreclosure proceedings, a Ramsey County district judge appointed a receiver to manage the 60-unit complex in the Payne-Phalen neighborhood. Results have been mixed, tenants say. The boiler has been fixed, but it has taken weeks for smoke detectors to be installed throughout the two buildings and the broken locks to get changed.

Doors to all the outside decks have been bolted shut. Stopped-up tubs, ceiling leaks and smoking ovens continue to be a problem, residents said. Some things have gotten worse: Snow shoveling and hallway sweeping appear to be more infrequent than ever.

As for the roaches and bedbugs?

"They seem to be getting bigger," said longtime resident Neil Gopher, who lives in the building at 1225 Westminster St. with his wife and young niece. "I'm about to start putting names on them: 'There goes Harry.' "

On Friday, more than a dozen tenants protested outside the downtown St. Paul offices of Wells Fargo, the mortgage lender that has been seeking to acquire the Westminster Street properties from owners Peggy and Randall Chun through foreclosure.

Residents gathered in prayer circles and hoisted handwritten signs that said, "Westminster injustice is bugging me" and "Wells Fargo, you are buggin' me."

The tenants were joined by Cirien Saadeh, a community organizer and student from St. Catherine University, housing advocate Peter Brown of the Minnesota Tenants Union and Pablo Tapia, organizer of the faith-based Latino rights group Asamblea de Derechos Civiles.

The tenants believe Wells Fargo has failed to release sufficient funds to the receiver to make all the necessary repairs and get the buildings fully habitable.

A reporter's call to an attorney for Wells Fargo was not returned Friday. Neither was a call to the receiver, Strategic Property Services of Rancho Santa Margarita, Calif.

The company has hired Trikin Properties of St. Paul as property managers, but residents said getting in touch with an actual person has sometimes been difficult. As part of the court action, rents are now paid to the receiver.

"They're still collecting (rents)...and they're not shoveling," said Halima Eidl, who called the improvements that have been made slow in coming. "It's slippery. Two days ago, they put locks on the front door."

Late last year, city officials documented nearly 600 building-code violations at the two apartment buildings at 1205 and 1225 Westminster St. Ricardo Cervantes, director of the city's Department of Safety and Inspections, said his inspectors reinspected the properties in mid-January and twice in February.

The next inspection is scheduled for Monday.

Each inspection has uncovered new problems, but the number of new problems has dipped and improvements continue.

"From my perspective, I believe we are seeing progress there," Cervantes said.

His department has urged the receiver to prioritize health-safety issues, such as heating and electricity, without disregarding basic maintenance concerns.

Cash, however, has been a problem. The receiver turned to the mortgage lender, Wells Fargo, for about \$35,000 to make the repairs. About \$27,000 was eventually released, but not as quickly as anyone had hoped.

"As it was explained to me, I understood there was no money available for repairs when the receiver took control of the property," Cervantes said. "The accounts were kind of dry. First, there needed to be some money to get some of this work done....As I understand it from our initial conversations with the receiver, that's about a six- to eight-week process."

Cervantes said about 200 new door keys were distributed to tenants after locks were switched out. Hard-wired smoke and carbon-monoxide detectors have been installed in multiple units, and the central control panel for the building's fire alarm system has been repaired.

All the manual fire alarm pull-stations have been replaced, and exit signs, emergency lighting and fire extinguishers all have been replaced, repaired or replenished.

"There were some units that didn't have heat, and other units had too much heat," Cervantes said. "The building heating system has now been repaired."

The roaches, mice and bedbugs, however, are a different story. A pest-control contractor went through both buildings and wrote up a work plan.

"The scope of work is hefty," Cervantes said. "It's about \$38,000."

The receiver likely will seek a second estimate from another contractor, but it's unclear when and if that much money will be made available to exterminate the critters.

Nephi Anderson, who moved into the apartment complex a year ago, said the Westminster property was the only place that would accept him, given his employment history. He has been unemployed since a layoff more than three years ago and had to move after the death of his mother.

He says no one vacuums the hallways any longer, but there's an upside.

"Since the receiver got appointed, some of the problems in my apartment finally got fixed," Anderson said. "I now have a working outlet in the bathroom. I now have a kitchen sink that works. I didn't for almost three months."

Frederick Melo can be reached at 651-228-2172. Follow him at .





**CITY OF SAINT PAUL**  
OFFICE OF THE CITY COUNCIL  
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15 WEST KELLOGG BOULEVARD  
SAINT PAUL, MN 55102-1615  
EMAIL: [legislativehearings@ci.stpaul.mn.us](mailto:legislativehearings@ci.stpaul.mn.us)  
PHONE: (651) 266-8560 FAX: (651) 266-8574

March 30, 2012

Peter W. Brown, Minnesota Tenants Union  
3121 Portland Avenue South  
Minneapolis, MN 55407

VIA EMAIL: [pbrown3121@hotmail.com](mailto:pbrown3121@hotmail.com)

Re: Appeal for Property at 1205 and 1225 Westminster Street

Dear Mr. Brown:

I have reviewed the materials you provided in support of the March 2, 2012 appeal you filed on behalf of a group of tenants from both 1205 and 1225 Westminster Street. I have also reviewed the additional material and testimony you provided in the hearing itself on March 13, 2012. Lastly, I reviewed the March 16, 2012 email and attachments you provided. Below are my comments on the various portions of your appeal I excerpted. They appear in bold italics.

***1. The Orders do not take reasonable steps to address the mice, roach, and bedbug problem in coherent, timely, effective way. The Orders simply restate previous orders on that subject. The Department takes no further reasonable step available to it to secure the speedy extermination of these pests. Given that repeating the Order is the only measure used by the Department to address the Violation, the Order is, especially when compared with the heavy direct action taken by the Department to condemn the decks and bolt the deck doors shut, is arbitrary and capricious.***

There has been an ongoing concern with infestation of mice, bedbugs and cockroaches in these buildings for years. The history of reports/complaints to the City, and the City's resulting enforcement orders, show that although there have been numerous orders to address infestations over several years and the fixes have been temporary at best. It has been apparent since I became aware of these properties in December 2011 that a comprehensive approach with pest treatments over time would be necessary to abate this problem situation.

You commented specifically the City practice of re-stating violations throughout a series of orders is not an effective enforcement technique and you would like to see stricter enforcement measures on the infestation. You would also like to have seen a more rigorous compliance deadline.

In the hearing, department staff described the orders over the last several months, as well as the workplan the receiver developed coming into compliance. Staff noted they have reviewed this workplan, and in turn outlined their expectations, priorities and deadlines. Based on your appeal, I asked DSI to provide more specific information on compliance, as the orders are extremely voluminous. Looking at the orders themselves, and the additional compliance information received, I made several findings. First, the number of specific orders for the buildings peaked in early February, with 797 items listed between the 2 buildings. As of March 5, the number of specific items listed was down to 648 – a decrease of nearly 20% in 3 weeks. On further review, decreases of 20% were seen for items categorized as life safety, and 36% for health and sanitation items. (I need to note that this decrease takes into account additional items which have come were newly identified in subsequent re-inspections.) Given the exorbitant number of items which need to be addressed, this progress must be hard to see on a daily basis. However, I find sufficient progress is currently being made, and on an acceptable time table. Moving forward, the complex does deserve close monitoring by DSI to ensure continued progress on an aggressive schedule.

***4. The fact that Wells Fargo has an obligation under Paragraph 9 of the 1/13/12 Court Order Appointing the Receiver to provide funds to the receiver necessary to the reasonable operation of the buildings, any acceptance of an excuse for non-compliance with the Department's repair orders such as "waiting on funds" is arbitrary and capricious.***

In my review of this appeal, I have heard no more or less about funds to address ordered corrections than I do with other appeals. I find that a reasonable accommodation has been provided for securing financing, without allowing undue delays. This accommodation is consistent with the treatment of other cases. I would note that the relevant parties involved IMPAC CBM Trust as the servicer of the mortgage, and secondarily Wells Fargo as the holder of the mortgage holder.

***5. The Orders are not provided to tenants affected by the Orders. In addition, they are not presented in a way that allows building-wide tracking of progress toward correction of the deficiencies cited. As a result, the orders are arbitrary and capricious.***

There was testimony in the hearing that on at least 2 occasions, the City's orders have been posted within the buildings, but they were subsequently removed. The orders are now viewable in the office at the complex during regular business hours. Additionally, it was noted that the orders are available online for those with computer access.

In the hearing, we agreed that it is difficult for a lay person to navigate fire inspection orders. However, all of the necessary information is present. In the short run, it is evident the City cannot re-organize the presentation of inspection results given the lack of funding for re-programming. That being said, the Department of Safety and Inspections committed to merging the existing orders on the buildings and the work plan in place. It is my hope that by doing this, we may all be able to better gauge progress. I have not yet received a revised set of orders, and will look for follow-up from the department.

In considering your appeal on this matter, I need to evaluate whether the conditions merited the orders, whether the orders and compliance deadlines were appropriate to address the conditions and the urgency with which they needed to be addressed. On balance, I conclude that although the deadlines have seemed long, the appeal you filed is in reference to orders issued on February 22, 2012. At the time of the hearing on March 13, 2012, the treatments were already underway and the receiver had secured nearly \$40,000 to accomplish this task. Therefore, at the time of the hearing the issue was largely moot. There is no more aggressive action I would recommend in these circumstances.

***2. The Order takes the precipitous action of condemning all decks in the building even though only one of the decks had previously been cited as in violation. This, coupled with the immediate action of bolting the deck doors shut, is arbitrary and capricious.***

In considering your appeal on this matter, I reviewed some of the orders which have been issued for this property over the years. The issue of the maintenance, repair and overall soundness of the balconies and their decks has appeared from time to time. In December 2011, as a result of Meriya Santamaria's appeal, a complete inspection was done of the entire premises. A follow-up inspection was performed by Steve Ubl, the senior building inspector on the state of the balconies. There was concurrence among the inspectors the balconies are unsafe and should not be used, thus a condemnation was issued. There are basically 2 methods for compliance with these orders. The first is to repair or replace the balconies and decking under permit. The second is to prevent their use. The receiver chose the latter, at least in the short run, and screwed the sliding doors leading to the balconies shut. While this action may seem heavy-handed, the danger presented by unsafe balconies is of paramount concern. It may be likened to circumstances where one hears of children falling out of windows with poor screens or no screens.

Although screwing the doors closed is admittedly not a great long-term solution, it is an acceptable solution according to the relevant codes. However, there are 2 clarifications I would like to make. First, there is one unit, Meriya Santamaria's, where the living room has been designated as a sleeping space. The Council granted a variance allowing a greater occupancy of the unit. In this situation, the sliding doors must be usable for emergency egress. In other units, emergency egress would be provided by the windows in the bedrooms. The living rooms could not be used for sleeping purposes, because of the lack of egress. I am aware of no other over-occupancy violation necessitating the use of the sliding doors for egress. The second clarification I want to mention is that the sliding doors can be openable. It would be acceptable for them to be open up to 4 inches wide. Ultimately, the receiver decides how to come into compliance with the orders and the City must determine whether those measures are adequate. Non-compliance with the orders would result in additional enforcement measures at the discretion of the department and cannot be appealed until they occur.

***3. The Order winks at (ignores) the on-going failure to correct the repair violations cited repeatedly over a period of many re-inspections that occur within the tenants' units and to maintain common areas in a cleanly state. These violations directly affect the livability of the tenant's home. Failure to take reasonable corrective measures to achieve correction of these***



In summation, I am recommending the City Council deny your appeal. However, I must be clear several aspects of your appeal are not within the purview of Council action. The City Council Public Hearing is scheduled for Wednesday, April 4, 2012 at 5:30 p.m. in Room 40A & B. If you have any further questions, you may contact me at 651-266-8560.

Sincerely,

*mcm*

Marcia Moermond  
Legislative Hearing Officer

cc: Saint Paul City Council  
Ricardo Cervantes, Director, Department of Safety and Inspections (DSI)  
Phillip Owens, Assistant Fire (DSI)  
Occupants of 1205 Westminster Street – Units 7, 15, 20, 24, 27, 29  
Occupants of 1225 Westminster Street – Units E2, 7, 10, 16, 23



**Concluding Comments  
Appeal by Twelve Tenants  
of DSI Orders Dated February 23, 2012  
Re: 1205 and 1225 Westminster**

**I. The Decks**

The decks on the two buildings that were condemned in the Orders issued February 23, 2012 were constructed at the same time the entire building was constructed and have been serving as a part of the rented premises since then, a period of over 30 years. Prior to February 23, 2012, not one of these decks had been condemned or deemed condemnable due to the design flaw now cited by the Department at the hearing as warranting condemnation of all the decks. In addition, there is nothing in the record to indicate that the asserted design flaw has resulted in any breakage or cracking or stress signs in the supporting structure resulting from the asserted design flaw. The history of continued use over so many years, together with the lack of evidence of any damage to the decks due to the asserted design flaw, demonstrates that the design flaw cited by the Department employee did not and does not present an imminent threat to tenant safety and does not justify condemnation of the decks.

At the hearing, it is my recollection that the Department witness testified that a senior structural engineer employed by the Department had inspected the decks and recommended in an e-mail received on February 14 that the decks be condemned. When it was asked whether the e-mail was in the record, the response was that it was not, but would be supplied. The Department did not introduce the e-mail at the hearing. Subsequent review of the e-mail, however, shows that the Department employee did not, in fact recommend that the decks be condemned. Nor did he say that the decks posed an imminent threat to the life and safety of anyone. Instead, he reported that the joists are laying flat, rather than in an "approved, upright position." He stated his conclusion that the joists were "not adequate to support the loads of the deck" but did not recommend, as reported at the hearing that this condition posed an imminent threat to anyone or warranted condemnation. **A copy of the e-mail in question is attached.**

Note that we are not questioning the veracity of the Department witness. Testifying to what an e-mail says without that document being present as a guide often can lead to an inadvertent misstatement. We simply note what that the e-mail does not say what it was represented to say and understood to say at the hearing, i.e., that condemnation was the structural engineer's recommendation,

It is further telling that after receiving this e-mail, the Department did not immediately issue an order condemning the decks, did not warn or take other steps to prevent tenants from stepping onto the decks, and (when inspectors re-inspected the premises on February 17 did not inform tenants that the decks posed an imminent threat to their safety, and did not upgrade its "Benchmark" regarding the decks beyond the requirement to "submit a Work Plan." Instead, on

February 17, 2012, the Department, three days after receiving the e-mail simply updated its "Benchmarks" document by adding the note: "Not Completed" after the benchmark requiring a "work plan" regarding the decks and did not issue any Order regarding the buildings for another 6 days (February 23, 2012), nine days after receiving the structural engineer's e-mail which the Department now relies on as justifying its February 23, 2012 Order condemning the decks.

We do not conclude that this series of events results from the Department employees not taking timely action to prevent potential harm to tenants due to the design flaw cited in the February 14 e-mail. Instead, we suggest that in this case the actual trigger for the condemnation of the decks was because the Receiver did not meet the established Benchmark for the decks, i.e. had not submitted a Work Plan for the decks as required in the "Benchmarks" documents. (Attachments B and D to the tenants' document entitled "Timeline to Condemnation of the Decks", which were submitted at the hearing.)

This conclusion, that the Receiver's failure to supply a "Work Plan" within the time set in the "Benchmarks" document and not because the decks posed an imminent threat to tenant safety, is confirmed by the fact that the Department clarified at the hearing that the action of bolting the glass doors to the deck shut and placement of "Condemned" signs on the glass doors was taken unilaterally by the Management Company and was not urged or sanctioned by the Department.

We agree that there should be some consequence for failure to meet a Benchmark, but when the benchmark in question is to provide a "Work Plan", consequence for non-production should not be condemnation of the area that was to be the subject of the required Work Plan. This seems obvious, since if a Work Plan (not correction of whatever deficiency the Work Plan had addressed) had been submitted, no condemnation Order would have issued.

**Recommendation:** As a consequence, we respectfully request that the Order condemning the decks be amended to take more appropriate, reasonable escalating steps to secure correction of any deficiencies noted by Department inspectors.

## **II. Extermination of the Bedbugs and Correction of Livability Issues**

Our presentation of the public record documenting numerous DSI inspections and re-inspections of the buildings over the past year was to indicate the long-standing notice DSI has had about the bedbug problem and to also indicate the notice Wells Fargo was on about the scope of the bedbug problem in the properties for which it sought appointment of a receiver to, supposedly, address those conditions.

As a consequence of the DSI and Wells Fargo's notice of this problem as well as the Court order directing Wells Fargo to provide the receiver with money adequate to defray the buildings'

operating expenses, DSI's acceptance of the Receiver's explanation that he was "waiting on ...funding" before beginning to comply with repeated orders to exterminate the bedbugs was unreasonable. The record fully reflects that DSI was comfortable with the Receiver's on-going non-compliance with the Department's repeated orders to exterminate the bedbugs. This comfort level was expressed at the highest level within DSI as recently as March 2, 2012, nearly seven weeks after Wells Fargo's receiver was appointed on January 13, 2012 to take operational control of the buildings. See attached article "**Wells Fargo is target of protests from residents of bedbug-infested St. Paul apartments.**" in which DSI Executive Director is quoted as follows:

"From my perspective, I believe we are seeing progress there," Cervantes said.

His department has urged the receiver to prioritize health-safety issues, such as heating and electricity, without disregarding basic maintenance concerns.

Cash, however, has been a problem. The receiver turned to the mortgage lender, Wells Fargo, for about \$35,000 to make the repairs. About \$27,000 was eventually released, but not as quickly as anyone had hoped.

"As it was explained to me, I understood there was no money available for repairs when the receiver took control of the property," Cervantes said. "The accounts were kind of dry. First, there needed to be some money to get some of this work done....As I understand it from our initial conversations with the receiver, that's about a six- to eight-week process."

See full article at [http://www.twincities.com/stpaul/ci\\_20088604?IADID=Search-www.twincities.com-www.twincities.com](http://www.twincities.com/stpaul/ci_20088604?IADID=Search-www.twincities.com-www.twincities.com)

Please note, therefore, that it was not DSI implementation of the housing code, including the Order at issue on this appeal, characterized by the above- quoted expression of patience with the lack of action to exterminate the bedbugs, that brought about the bank's March 2 release of funding for extermination and the commencement of extermination work in the following week. Note that the DSI witness reported at the hearing that she received an e-mail from the Receiver on March 3 reporting that funding for the extermination had been received "yesterday", i.e. on March 2. March 2, of course was the day that tenants, in sharp contrast to the DSI's acceptance of on-going delays in extermination, brought their criticism of Wells Fargo's foot-dragging on the extermination and building repairs to public attention, as documented in the above-cited Pioneer Press article.



Neil Gopher, center, a resident of 1225 Westminster St. in St. Paul, carries a sign during a protest rally Friday, March 2, 2012, in front of Wells Fargo's skyway lobby in downtown St. Paul. Members of Westminster Community Tenant United and Minnesota Tenants Union have ongoing concerns about housing code violations that were uncovered by the city at two bedbug-infested apartment buildings. They had hoped to deliver a report to the mortgage holder, Wells Fargo, about their living conditions, but they weren't allowed in. (Pioneer Press: Jean Pieri)

So the record is clear: commencement of the extermination work at the buildings in the week of March 10 [nearly 8 weeks after the receiver was appointed] was not the result of DSI prudent enforcement action (patience rewarded) but due to tenant public insistence on action. Tenants should not have to resort to public action to achieve extermination of bedbugs in St. Paul. This should be achieved via properly escalated regulatory enforcement, including the full range of policy options, including the timely convening of meetings between interested parties (tenants, owners, community group reps, council member, etc.) to get to the bottom of the non-compliance.

There is always the temptation to say, despite unwarranted delays, that eventual progress wipes away the problem, that "All is well that ends well." However, this ignores the needless bedbug bites that residents of the buildings have endured while the DSI was patient with the Receiver's stance of "waiting on the funding" from Wells Fargo and acceptance of Wells Fargo's policy and practice (strategy) of responding to the Receiver's request for funding of needed repairs in "six

to eight weeks". The DSI's patience with the Bank's "six to eight week" turnaround establishes as new and very dangerous standard for landlord response to repair orders of this urgency: "six to eight weeks" or, basically, whenever the bank decides to fund compliance.

**Recommendation:** As a consequence of these considerations, we respectfully request that the Order of February 23, 2012, which merely re-iterates previously issued extermination directives, and which incorporates between the lines what is clearly articulated in the Benchmarks documents, i.e. acceptance of whatever timetable Wells Fargo establishes for providing funding to comply with the DSI's orders, be found and declared to be an unacceptable response to the ongoing bedbug infestation and non-repairs at the buildings.

### **III. Transparency Issues**

#### **A. Orders**

We respectfully request that a Working Group be formed, including tenant representatives, to examine improvements to the DSI Orders, with an eye to determining the best way these Orders can:

- 1) be made available to tenants;
- 2) be formatted in a way to facilitate public accountability, e.g., to permit tracking of compliance with identified deficiencies over the course of several inspections and re-inspections; and
- 3) be drafted to notify tenants of their right to appeal the orders, as they currently do inform landlords.

#### **B. Communication**

We note that at present, landlords and landlord representatives have a level of entrée to the DSI and regular communication with DSI that is denied tenants. For example, while tenants at Westminster were being denied a meeting with DSI officials and made to identify and request each DSI document relating to their homes via the formal Government Data Practices Act, similar treatment was not experienced by the Receiver.

In addition, throughout this period, landlord representatives have been accorded regular meetings with DSI officials to address their concerns about DSI policy and practice, a level of communication that has not been accorded tenants. See, for example, the February 7, 2012 Pioneer Press article that we provided at the hearing ["Landlords grumble; St. Paul listens"; [http://www.twincities.com/stpaul/ci\\_19907303?LADID=Search-www.twincities.com-www.twincities.com](http://www.twincities.com/stpaul/ci_19907303?LADID=Search-www.twincities.com-www.twincities.com)] which states in relevant part:

The divide between St. Paul landlords and the department has been dissected in the past year by a real estate committee of the Capital City Business Council, which has been meeting with Cervantes every few weeks.

Committee members will meet with him again **today**, this time to review feedback cards that the department began giving landlords in January alongside written copies of inspection reports. The cards allow landlords to grade the department's 12 inspectors after each visit. Twenty-three cards have been returned to the department.

As the bundle of e-mail requests from tenants (provided at the hearing) requesting a meeting with DSI officials indicates, the tenant requests for a meeting were ignored.

### **C. Equal Access Promotes Cooperation and Improved Housing for All**

We believe that the practice of giving landlords "feedback cards" alongside written copies of inspection orders is a potentially good one, but only if, in fairness, the same opportunity is provided to tenants. Opening regular channels of communication via such means as regular meetings and feedback cards is appropriately extended to tenants. We believe this would no doubt serve to reduce tenants' need to appeal orders, but would also improve the quality of the DSI effectiveness in housing code enforcement and inevitably foster the kind of cooperative, team-effort that is so important to improve and maintain St. Paul's housing stock for its residents.

Respectfully Submitted,

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