

Subd. 2. **ESTIMATE AS INVOICE.** A written estimate may be used as an invoice if the required invoice information is written on the face of the estimate.

Sec. 2. Minnesota Statutes 1980, Section 325F.64, is amended to read:

**325F.64 EXEMPTIONS.**

Subdivision 1. **INSURANCE OR SERVICE CONTRACTS.** Sections ~~325F.56~~ 325F.57 to 325F.59 and 325F.61 to 325F.66 shall not apply if an insurer or service contract company pays up to 90 percent of the charge for repairs or pays a charge for repairs above a deductible amount specified in an insurance agreement or service contract.

Subd. 2. **FREE REPAIRS.** Sections ~~325F.56~~ 325F.57 to 325F.59 and 325F.61 to 325F.66 shall not apply when repairs are performed free of charge to the customer under warranty.

Approved May 8, 1981

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**CHAPTER 135 — H.F.No. 484**

*An act relating to commerce; clarifying the definition of "continuing care"; providing for implementation of the continuing care facilities disclosure and rehabilitation act in a self-executing manner; amending Minnesota Statutes 1980, Sections 80D.01; 80D.02, Subdivision 2, and by adding a subdivision; 80D.03, Subdivision 1; 80D.04; 80D.05; 80D.06; 80D.08; 80D.09; 80D.11; 80D.13, Subdivision 1; 80D.16; and 82.18; repealing Minnesota Statutes 1980, Sections 80D.02, Subdivision 3; 80D.03, Subdivisions 3 and 4; 80D.10; 80D.12; 80D.14; 80D.15; 80D.17; and 80D.18.*

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

Section 1. Minnesota Statutes 1980, Section 80D.01, is amended to read:

**80D.01 SHORT TITLE.**

Sections 80D.01 to 80D.16 may be cited as the Continuing Care Facility ~~Registration~~ Disclosure and Rehabilitation Act.

Sec. 2. Minnesota Statutes 1980, Section 80D.02, Subdivision 2, is amended to read:

Subd. 2. "Continuing care" means the furnishing to an individual, other than an individual related by blood or marriage to the person furnishing the care, of board ~~and~~ lodging ~~together with~~, and nursing service, medical service or other health related service, regardless of whether or not the lodging

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and service are provided at the same location, pursuant to a written agreement effective for the life of the individual or for a period in excess of one year ~~but does not include care furnished in a nursing home licensed pursuant to chapter 144A, which is conditioned upon the payment of an entrance fee in excess of \$100 and the payment of regular periodic charges for the care provided.~~

Sec. 3. Minnesota Statutes 1980, Section 80D.02, is amended by adding a subdivision to read:

Subd. 2a. "Life care" means "continuing care" as defined in subdivision 2.

Sec. 4. Minnesota Statutes 1980, Section 80D.03, Subdivision 1, is amended to read:

Subdivision 1. A provider shall not enter into a contract that requires or permits the payment of an entrance fee in consideration for a promise to provide continuing care in the facility, if the facility is or will be located in this state, or if the provider or a person acting on the provider's behalf solicits the contract within this state and the person to be provided with continuing care under the contract resides within this state at the time of the solicitation, ~~unless the facility is registered under this section~~ the provider has filed in the office of the county recorder of the county in which the facility is or will be located, a current disclosure statement which meets the requirements of section 80D.04, a verified statement of the escrow agent to the effect that the escrow required by section 80D.05 or 80D.06 has been established, and a filing fee in the amount of \$100 has been paid.

Sec. 5. Minnesota Statutes 1980, Section 80D.04, is amended to read:

Subdivision 1. **GENERALLY.** Before the execution of a contract to provide continuing care, or before the transfer of any money or other property to a provider by or on behalf of a prospective resident, whichever occurs first, the provider shall deliver a disclosure statement to the person with whom the contract is to be entered into or, the person's legal representative, the text of which shall contain, to the extent not clearly and completely set forth in the contract for continuing care attached as an exhibit thereto, at least the following information:

(a) The name and business address of the provider and a statement of whether the provider is a partnership, corporation, or other type of legal entity;

(b) The names of the officers, directors, trustees, or managing or general partners of the provider, and any person having a ten percent or greater equity or beneficial interest in the provider, and a description of the person's interest in or occupation with the provider;

(c) A description of the business experience of ~~With respect to the provider, any person named pursuant to paragraph (b) and of the proposed~~

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manager of the facility if the facility will be managed on a day to day basis by ~~an organization~~ a person other than the provider,

(1) A description of the person's business experience, if any, in the operation or management of similar facilities;

(2) The name and address of any professional service, firm, association, trust, partnership or corporation in which the person has, or which has in the person, a ten percent or greater interest and which will or may provide goods, leases, or services to the facility of a value of \$500 or more within any year, including a description of the goods, leases, or services and the probable or anticipated cost thereof to the facility or provider or a statement that the cost cannot presently be estimated; and

(3) A description of any matter in which the person has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment if the felony or civil action involved fraud, embezzlement, fraudulent conversion or misappropriation of property; or is subject to a currently effective injunctive or restrictive order of a court of record, or within the past five years has had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, arising out of or relating to business activity or health care, including without limitation actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged, or facility subject to this section or a similar act in another state;

(d) A statement as to whether or not the provider is, or is affiliated with, a religious, charitable or other nonprofit organization; the extent of the affiliation, if any; the extent to which the affiliate organization is responsible for the financial and contract obligations of the provider; and the provision of the federal internal revenue code under which the provider or affiliate is exempt from the payment of income tax, if any;

(e) The location and description of the physical property of the facility, existing or proposed; and to the extent proposed, the estimated completion date or dates, whether or not construction has begun and the contingencies subject to which construction may be deferred;

(f) The goods and services provided or proposed to be provided under contracts for continuing care at the facility, including the extent to which medical care is furnished. The disclosure statement shall clearly state which goods and services are included in basic contracts for continuing care and which goods and services are made available at or by the facility at extra charge and whether they are provided by an affiliate;

(g) A description of all fees required of residents, including the entrance fee and periodic charges, if any. The description shall include:

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(1) A statement of the fees that will be charged if the resident marries while at the facility, and a statement of the terms concerning the entry of a spouse to the facility and the consequences if the spouse does not meet the requirement for entry;

(2) The circumstances under which the resident will be permitted to remain in the facility in the event of possible financial difficulties of the resident;

(3) The terms and conditions under which a contract for continuing care at the facility may be canceled by the provider or by the resident; and the conditions, ~~if any~~, under which all or any portion of the entrance fee will be refunded in the event of cancellation of the contract by the provider or by the resident or in the event of the death of the resident prior to or following occupancy of a living unit;

(4) The conditions under which a living unit occupied by a resident may be made available by the facility to a different or new resident other than on the death of the original resident; and

(5) The manner by which the provider may adjust periodic charges or other recurring fees and the limitations on these adjustments, if any. If the facility is already in operation, or if the provider or manager operates one or more similar facilities within this state, there shall be included tables showing the frequency and average dollar amount of each increase in periodic rates at each facility for the previous five years or for whatever period that the provider or manager has operated the facility if this period is less than five years;

(h) The health and financial conditions required for an individual to be accepted as a resident and to continue as a resident once accepted, including the effect of any change in the health or financial condition of a person between the date of entering a contract for continuing care and the date of initial occupancy of a living unit by that person;

(i) The provisions that have been made or will be made, ~~if any~~, to provide reserve funding or security to enable the provider to fully perform its obligations under contracts to provide continuing care at the facility, including the establishment of escrow accounts, trusts or reserve funds, together with the manner in which the funds will be invested and the names and experience of persons who will make the investment decisions;

(j) Financial statements of the provider which shall be prepared in accordance with generally accepted accounting principles and audited by an independent certified public accountant who shall express an opinion thereon and shall include a balance sheet as of the end of the most recent fiscal year and income statements for the three most recent fiscal years of the provider or for whatever period the provider has operated the facility if this period is less than three years. If the provider's fiscal year ended more than 90 days prior to

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the date the application is filed, interim financial statements as of a date not more than 90 days prior to the filing shall be included, but need not be certified:

(k) If operation of the facility has not yet commenced, a statement of the anticipated source and application of the funds used or to be used in the purchase or construction of the facility, including:

(1) An estimate of the cost of purchasing or constructing and equipping the facility including such related costs as financing expense, legal expense, land costs, occupancy development costs, and all other similar costs that the provider expects to incur or become obligated for prior to the commencement of operations;

(2) A description of any mortgage loan or other long term financing intended to be used for the financing of the facility, including the anticipated terms and costs of the financing;

(3) An estimate of the total entrance fees to be received from residents at or prior to commencement of operation of the facility; and

(4) An estimate of the funds, if any, that are anticipated to be necessary to fund start-up losses and provide reserve funds to assure full performance of the obligations of the provider under contracts for the provision of continuing care;

(l) Pro forma annual income statements for the facility for a period of not less than five fiscal years, including:

(1) A beginning cash balance consistent with the certified income statement required by clause (j) or, if operation of the facility has not commenced, consistent with the statement of anticipated source and application of funds required by clause (k);

(2) Anticipated earnings on cash reserves, if any;

(3) Estimates of net receipts from entrance fees, other than entrance fees included in the statement of source and application of funds required by clause (k), less estimated entrance fee refunds, if any. A description of the actuarial basis and method of calculation for the projection of entrance fee receipts shall be included;

(4) An estimate of gifts or bequests to be relied on to meet operating expenses and the basis therefor;

(5) A projection of estimated income from fees and charges other than entrance fees, showing individual rates presently anticipated to be charged and including a description of the criteria used for calculating the estimated occupancy rate of the facility and the effect on the income of the facility of government subsidies for health care services to be provided pursuant to the contracts for continuing care;

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(6) A projection of estimated operating expenses of the facility, including a description of the assumptions used in calculating the expenses, and separate allowances, if any, for the replacement of equipment and furnishings and anticipated major structural repairs or additions; and

(7) An estimate of annual payments of principal and interest required by any mortgage loan or other long term financing; and

(m) Other material information concerning the facility or the provider that is required by the commissioner or that the provider wishes to include.

**Subd. 2. COVER PAGE DISCLOSURES.** The cover page of the disclosure statement shall state, in a prominent location and in boldface type, the date of the disclosure statement ~~and that registration of the facility does not constitute approval, recommendation or endorsement of the facility by the commissioner, nor does the registration evidence the accuracy or completeness of the information set out in the disclosure statement.~~ the last date through which that disclosure statement may be delivered if not earlier revised, and that delivery of the disclosure statement to a contracting party before the execution of a contract for the provision of continuing care is required by sections 80D.01 to 80D.16 but that the disclosure statement has not been reviewed or approved by any government agency or representative to insure accuracy or completeness of the information set out.

**Subd. 3. CONTRACT FORMS.** A copy of the standard form or forms of contract for continuing care used by the provider shall be attached as an exhibit to each disclosure statement. Each contract shall provide that:

(a) The party contracting with the provider may for any reason rescind the contract within ten days following the later of the execution of the contract or the receipt of the disclosure statement, in which event any money or property transferred to the provider shall be returned in full. The resident to whom the contract pertains is not required to move into the facility before the expiration of the ten day period; and

(b) If a resident dies before occupying a living unit in the facility, or if on account of illness, injury or incapacity would be precluded from occupying a living unit in the facility under the terms of the contract for continuing care, the contract is automatically canceled and the resident or legal representative of the resident shall receive a refund of all money or property transferred to the provider, less (a) those costs specifically incurred by the provider or facility at the request of the resident and described in the contract or an addendum thereto signed by the resident; and (b) a reasonable service charge, if set out in the contract, not to exceed the greater of \$350 or two percent of the entrance fee.

**Subd. 4. PLAIN LANGUAGE.** ~~With the prior approval of the commissioner, in lieu of the disclosure statement required by this section a provider~~

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may deliver a disclosure statement or similar document containing substantially the information required by this section and prepared in compliance with laws of another state or of the United States;

Subd. 5. (a) The disclosure statement required by this section shall be in a form approved by the commissioner.

(b) The statement shall be written in language easily readable and understandable by a person of average intelligence and education.

In determining whether a statement is readable, the commissioner shall consider at least the following factors:

(1) The simplicity of the sentence structure and the shortness of the sentences used;

(2) The extent to which commonly used and understood words are employed;

(3) The extent to which legal terms are avoided;

(4) The extent to which references to other sections or provisions of the statement are minimized;

(5) The extent to which definitional provisions are incorporated in the text of the statement; and

(6) Any additional factors relevant to the readability or understandability of the statement that the commissioner prescribes by rule.

(c) The statement shall disclose the names of any affiliates who may provide goods or services.

Subd. 5. **ACKNOWLEDGMENT.** The last page of the disclosure statement shall consist of a detachable "acknowledgment of receipt" which shall be signed and dated by the prospective resident and a copy of which shall be kept on file in the office of the provider for four years from the date of the acknowledgment.

Sec. 6. Minnesota Statutes 1980, Section 80D.05, is amended to read:

**80D.05 ENTRANCE FEE ESCROW.**

Subdivision 1. **ESCROW ACCOUNT; RELEASE OF FEES.** As a condition of registration under section 80D.03, the commissioner shall require that Prior to soliciting or entering into any contract for the provision of continuing care, the provider shall establish an escrow account with a bank, or trust company or other having its principal place of business in this state, as an escrow agent approved by the commissioner, and that any, an entrance fees received by the provider fee escrow pursuant to which the provider shall deposit with the escrow agent, within 72 hours of receipt by the provider, each entrance

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fee or portion of an entrance fee received by the provider from or on behalf of a resident prior to the date the resident is permitted to occupy a living unit in the facility be placed in the escrow account, subject to release as follows:

(a) If the entrance fee applies to a living unit that has been previously occupied in the facility, the entrance fee shall be released to the provider at the time the living unit becomes available for occupancy by the new resident, or shall be returned to the resident or the resident's personal representative under the conditions described in section 80D.04, subdivision 3, if the escrow agent has received written demand for return of the entrance fee prior to the release thereof to the provider;

(b) If the entrance fee applies to a living unit which has not previously been occupied by any resident, the entrance fee shall be returned to the resident or the resident's legal representative under the conditions described in section 80D.04, subdivision 3, or if the escrow agent receives written demand for return of the entrance fee prior to release thereof to the provider, or the entrance fee shall be released to the provider at the time the commissioner is satisfied that all of the following conditions have been met:

(1) The facility has 65 percent of its units reserved as determined by signed written agreements and minimum deposits received; or if the written agreement requires a minimum deposit of more than one-third of the entrance fee, then the facility may have 50 percent of the units reserved and 50 percent of the facility must be completely constructed; and

(2) The sum of entrance fees received or receivable by the provider pursuant to binding contracts for continuing care, plus the anticipated proceeds of any first mortgage loan or other long-term financing commitment, plus funds from other sources in the actual possession of the provider, equals or exceeds the sum of 90 percent of the aggregate cost of constructing or purchasing, equipping and furnishing the facility plus 90 percent of the funds estimated in the statement of anticipated source and application of funds submitted by the provider as part of its permit application, to be necessary to fund start-up losses of the facility plus 90 percent of the amount of the reserve fund escrow, if any, required to be maintained by the provider pursuant to section 80D.06; and

(3) A commitment has been received by the provider for any permanent mortgage loan or other long term financing described in the statement of anticipated source and application of funds submitted by the provider as part of its registration application included in the current disclosure statement on file pursuant to section 80D.04, and any conditions of the commitment prior to disbursement of funds thereunder, other than completion of the construction or closing of the purchase of the facility, have been substantially satisfied; and

(4) If construction of the facility has not been substantially completed, all governmental permits or approvals necessary prior to the commencement of

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construction have been obtained; and a maximum price contract has been entered into between the provider and a general contractor responsible for construction of the facility; a bond covering the faithful performance of the construction contract by the general contractor and the payment of all obligations arising thereunder has been issued by an insurer authorized to do business in this state with the provider as obligee; a loan agreement has been entered into by the provider for an interim construction loan in an amount which, when combined with the amount of entrance fees then held in escrow under the provisions of this section plus the amount of funds from other sources then in the actual possession of the provider, will equal or exceed the estimated cost of constructing, equipping and furnishing the facility; not less than ten percent of the amount of the construction loan has been disbursed by the lender for physical construction or site preparation work completed; and orders at firm prices have been placed by the provider for not less than 50 percent in value, including installation charges if applicable, of items necessary for equipping and furnishing the facility in accordance with the description set forth in the disclosure statement required by section 80D.04; or

If construction or purchase of the facility has been substantially completed, an occupancy permit covering the living unit has been issued by the local government having authority to issue these permits.

Subd. 2. **LIMITATION.** The aggregate amount of entrance fees which may be released to the provider pursuant to subdivision 1, clause (b) prior to the date on which any reserve fund escrow under section 80D.06 is established shall not exceed the aggregate amount of entrance fees then received or receivable by the provider pursuant to binding contracts for continuing care less the amount of the entrance fees received or receivable which will be required to be initially maintained in the reserve fund escrow;

Subd. 3. **FEE RETURNED AFTER 36 MONTHS.** ~~If the funds in an escrow account~~ an entrance fee to which subdivision 1, clause (b) applies ~~is not released pursuant thereto within a period of 36 months from receipt of the entrance fee by the provider or within a greater time that has been specified by the provider with the consent of the commissioner, or any extensions thereof approved by the commissioner in writing in the disclosure statement delivered, pursuant to section 80D.04, to the person with whom the contract for continuing care to which the entrance fee pertains was made, then the funds fee shall be returned by the escrow agent to the persons who had paid them to the provider.~~

Subd. 4. **NONREFUNDABLE APPLICATION FEES.** Nothing in this section requires the escrow of any nonrefundable application fee that does not exceed two percent of the entrance fee and is clearly designated as such in the contract for continuing care.

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Subd. 5. **ACCRUED INTEREST.** In lieu of any escrow which is required by the commissioner under this section, a provider may post a bond issued by an insurer authorized to do business in this state. The bond shall be filed with the commissioner with the state as obligee, conditioned for the prompt payment to persons who are entitled to a refund of entrance fees from the provider.

Subd. 6. Interest accrued on entrance fees or deposits held in escrow is the property of the provider only if the funds are ultimately released to the provider.

Subd. 6. **RESIDENT COPY OF ESCROW AGREEMENT.** The provider shall provide each prospective resident who has signed a contract for continuing care with a copy of the escrow agreement referred to in subdivision 1, which agreement shall set forth the name, address, and telephone number of the escrow agent.

Sec. 7. Minnesota Statutes 1980, Section 80D.06, is amended to read:

**80D.06 RESERVE FUND ESCROW.**

Subdivision 1. **ESCROW ACCOUNT; RELEASE OF FUNDS.** As a condition of initial or continuing registration under section 80D.03 At the time a facility is first occupied by any resident and thereafter, the commissioner shall require the provider to shall establish at the time the facility is first occupied by any resident and thereafter, to and maintain on a current basis, in escrow with a bank, or trust company or other escrow agent approved by the commissioner having its principal place of business in this state, as an escrow agent, a portion of all entrance fees received by the provider in an aggregate amount of up to the total of all principal and interest payments due during the next 12 months on account of any first mortgage loan or other long term financing of the facility. The funds in the escrow account may be invested with the earnings thereon payable to the provider. If the provider requests and sets forth its reasons in writing, the escrow agent shall release up to 1/12 of the original principal balance of the escrow account. A release of funds shall not be made more than once during any calendar month, and then only after the escrow agent has given written notice of the release and the reasons therefor to the commissioner any resident or association of residents, or the legal representative of a resident or association of residents, that has requested it at least ten days prior to the release.

The provider shall notify the commissioner ten days prior to any withdrawal from the reserve fund and the reasons therefor. Any person or affiliate of any person that controls any part of the reserve escrow fund comprised in part or totally of funds removed from the provider's resources, is liable for the debts of the provider up to the amount of the provider's contribution to the fund plus any prorated interest the fund may earn.

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Subd. 2. **FACILITIES ESTABLISHED PRIOR TO 1975.** In those instances where a provider has been offering continuing care in a facility since prior to January 1, 1975, the following shall apply. The provider shall establish a reserve escrow fund and shall contribute to it a portion 15 percent of each new entrance fee in a percentage to be determined by the commissioner received by the provider after December 31, 1981. The funds thereby received shall be permitted to accumulate until there is in the reserve fund an amount equal to the total of all principal and interest payments due during the next 12 months on account of any first mortgage loan or other long term financing obligation of the facility. ~~The commissioner may by rule or order require of any facility subject to the lower escrow requirements of subdivision 2, the posting of a surety bond in an amount sufficient to protect the total of all principal and interest payments due during the next 12 months on account of any first mortgage loan or other long term financing obligation of the facility. A copy of the bond is to be filed with the commissioner.~~

Sec. 8. Minnesota Statutes 1980, Section 80D.08, is amended to read:

**80D.08 LIEN ON BEHALF OF RESIDENTS.**

~~The provider shall notify the commissioner at the time the facility is ready for occupancy. Upon receiving this notification the commissioner shall file Effective at the time a facility is first occupied by any resident, there shall exist a lien on the real and personal property of the provider or facility to secure the obligations of the provider pursuant to existing and future contracts for continuing care. A lien filed under this section is effective for a period of ten years following the filing and may be extended by the commissioner upon a finding that the extension is advisable for the protection of residents of the facility. The lien may be foreclosed upon the liquidation of the facility or the insolvency or bankruptcy of the provider, and in that event the proceeds shall be used in full or partial satisfaction of obligations of the provider pursuant to contracts for continuing care then in effect. The lien provided for in this section is subordinate to the lien of any first mortgage on the real property of the facility and may be subordinated with the written consent of the commissioner to the claims of other persons if the commissioner determines the subordination to be advisable for the efficient operation of the facility.~~

Sec. 9. Minnesota Statutes 1980, Section 80D.09, is amended to read:

**80D.09 ANNUAL REPORT REVISED DISCLOSURE.**

~~The registration of a facility under section 80D.03 remains effective until withdrawn by the provider or revoked or suspended by the commissioner under section 80D.12. Annually within 120 days following the end of the provider's fiscal year, unless the time is extended with the written consent of the commissioner, the provider shall file with the commissioner an annual report that includes county recorder of the county in which the facility is or will be~~

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located a revised disclosure statement setting forth, as of the end of the fiscal year, information meeting the requirements of section 80D.04, and pay a \$100 filing fee. The annual report revised disclosure statement shall be accompanied by include a narrative describing any material differences between (a) the pro forma income statements filed in response to section 80D.04, subdivision 1, clause (1) as a part of the disclosure statement filed most immediately preceding registration application or annual report subsequent to the start of the provider's most recently completed fiscal year and (b) the actual results of operations during the fiscal year together with the revised pro forma income statements being filed as a part of the current annual report revised disclosure statement. A provider may amend, upon payment of a \$100 filing fee, revise its disclosure statement on file with the commissioner county recorder at any other time if, in the opinion of the provider, an amendment revision is necessary to prevent the disclosure statement from containing a material misstatement of fact or omitting to state a material fact required to be stated therein. Only the most recently filed disclosure statement with respect to a facility, and in any event only a disclosure statement dated within 120 days prior to the date as of which the determination is made, shall be deemed current for purposes of sections 80D.01 to 80D.16 or be delivered pursuant to section 80D.04. In addition, the provider shall make the revised disclosure statement available for inspection by residents during regular business hours.

Sec. 10. Minnesota Statutes 1980, Section 80D.11, is amended to read:

#### 80D.11 REHABILITATION OR LIQUIDATION.

Subdivision 1. **APPOINTMENT OF TRUSTEES.** If the commissioner determines, after notice and an opportunity for the provider to be heard, that (a) a portion of a reserve fund escrow required under section 80D.06 has been or is proposed to be released, or (b) a provider has been or will be unable, in a manner as may endanger the ability of the provider to fully perform its obligations pursuant to contracts for continuing care or to meet the pro forma income or cash flow projections previously filed by the provider, or (c) a provider is bankrupt or insolvent or in imminent danger of becoming bankrupt or insolvent has filed for protection from creditors under any federal or state bankruptcy or insolvency law, then the commissioner any resident or association of residents, or the legal representative of a resident or association of residents, may apply to a district court of this state, or to the federal bankruptcy court which may have previously taken jurisdiction over the provider or facility for an order directing the commissioner, or authorizing the commissioner to appoint appointment of a trustee, to rehabilitate or liquidate a facility.

Subd. 2. **REHABILITATION.** An order to rehabilitate a facility shall direct the commissioner or trustee to take possession of the property of the provider and to conduct the business thereof, including the employment of such

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managers or agents as the ~~commissioner~~ or trustee may deem necessary, and to take steps as the court may direct toward removal of the causes and conditions which have made rehabilitation necessary.

**Subd. 3. TERMINATION OF REHABILITATION; RETURN OF FACILITY TO PROVIDER.** If the court finds, upon petition of the ~~commissioner~~, trustee or the provider, or on its own motion, that the objectives of an order to rehabilitate a provider have been accomplished and that the facility can be returned to the provider's management without further jeopardy to the residents of the facility, creditors, owners of the facility, or to the public, the court may, upon a full report and accounting of the conduct of the facility's affairs during the rehabilitation and of the facility's current financial condition, terminate the rehabilitation and by order return the facility and its assets and affairs to the provider's management.

**Subd. 4. LIQUIDATION.** If, at any time, the ~~commissioner~~ trustee determines that further efforts to rehabilitate the provider would be useless, it may apply to the court for an order of liquidation.

**Subd. 5. REHABILITATION ATTEMPT NOT NECESSARY PRIOR TO LIQUIDATION.** An order to liquidate a facility may be issued ~~upon application of the commissioner~~ whether or not there has been issued a prior order to rehabilitate the facility. The order shall ~~act as a revocation of the registration of the facility under section 80D.03, and shall order the commissioner or appoint~~ a trustee to marshal and liquidate all of the provider's assets located within this state. Effective upon the entry of an order to liquidate a facility, no additional contracts for the provision of continuing care at that facility shall be made by any person.

**Subd. 6. CONSIDERATION OF WELFARE OF RESIDENTS.** In applying connection with an application for an order to rehabilitate or liquidate a facility, ~~the commissioner~~ a court shall give due consideration to the manner in which the welfare of persons who have previously contracted with the provider for continuing care may be best served. In furtherance of this objective, the proceeds of any lien ~~obtained by the commissioner~~ pursuant to section 80D.08 may be used in full or partial payment of entrance fees, on behalf of residents of a facility being liquidated, to other facilities ~~registered under section 80D.03~~ then in compliance with the provisions of sections 80D.01 to 80D.16.

**Subd. 7.** An order for rehabilitation under this section shall be refused or vacated if the provider posts a bond issued by an insurer authorized to do business in this state. The bond shall be filed with the commissioner, with the state as obligee, conditioned for the prompt payment to persons who are entitled to a refund of entrance fees from the provider or for the prompt payment of other damages, in the event the provider is unable to fulfill its contracts to provide continuing care at the facility. The bond shall be in an

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amount determined by the court to be equal to the reserve funding which would otherwise be needed to fulfill the obligations.

Sec. 11. Minnesota Statutes 1980, Section 80D.13, Subdivision 1, is amended to read:

Subdivision 1. Any person who, as or on behalf of a provider, enters into a contract for continuing care at a facility that is ~~not registered under section 80D.03, or enters into a contract for continuing care at a facility~~ without having first delivered a disclosure statement meeting the requirements of section 80D.04 to the person contracting for the continuing care, or enters into a contract for continuing care at a facility with a person who has relied on a disclosure statement that omits to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading, is liable to the person contracting for the continuing care for damages and repayment of all fees paid to the provider, facility or person violating sections 80D.01 to 80D.12, less the reasonable value of care and lodging provided to the resident by or on whose behalf the contract for continuing care was entered into prior to discovery of the violation, misstatement or omission or the time the violation, misstatement or omission should reasonably have been discovered, together with interest thereon at the legal rate for judgements, and court costs and reasonable attorney fees.

Sec. 12. Minnesota Statutes 1980, Section 80D.16, is amended to read:

**80D.16 CRIMINAL PENALTIES.**

Any person who willfully and knowingly violates any provision of sections 80D.03 to 80D.16, ~~or any rule hereunder~~, shall upon conviction be fined not more than \$10,000 or imprisoned not more than one year, or both.

~~The commissioner may refer evidence concerning violations of sections 80D.03 to 80D.16 or of any rule hereunder to the attorney general or the proper county attorney who may, with or without the reference, institute the appropriate criminal proceedings.~~

Nothing in sections 80D.03 to 80D.16 limits the power of the state to punish any person for any conduct which constitutes a crime under any other statute.

Sec. 13. Minnesota Statutes 1980, Section 82.18, is amended to read:

**82.18 EXCEPTIONS.**

Unless a person is licensed or otherwise required to be licensed under this chapter, the term real estate broker does not include:

(a) A licensed practicing attorney acting solely as an incident to the practice of law, provided, however, that the attorney complies in all respects with the trust account provisions of this chapter;

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(b) A receiver, trustee, administrator, guardian, executor, or other person appointed by or acting under the judgment or order of any court;

(c) Any person owning and operating a cemetery and selling lots therein solely for use as burial plots;

(d) Any custodian, janitor, or employee of the owner or manager of a residential building who leases residential units in such building;

(e) Any bank, trust company, savings and loan association, public utility, or any land mortgage or farm loan association organized under the laws of this state or the United States, when engaged in the transaction of business within the scope of its corporate powers as provided by law;

(f) Public officers while performing their official duties;

(g) Employees of persons enumerated in clauses (b), (e) and (f), when engaged in the specific performance of their duties;

(h) Any person who acts as an auctioneer bonded in conformity with section 330.02, when he is engaged in the specific performance of his duties as an auctioneer;

(i) Any person who acquires such real estate for the purpose of engaging in and does engage in, or who is engaged in the business of constructing residential, commercial or industrial buildings for the purpose of resale, provided that no more than 25 such transactions occur in any 12 month period and that the person complies with section 82.24;

(j) Any person who offers to sell or sells an interest or estate in real estate which is a security registered pursuant to chapter 80A, when acting solely as an incident to the sale of such securities;

(k) Any person who offers to sell or sells a business opportunity which is a franchise registered pursuant to chapter 80C, when acting solely to sell the franchise;

(l) Any person who contracts with or solicits on behalf of a provider a contract with a resident or prospective resident to provide continuing care in a facility ~~that is registered~~, pursuant to the continuing care facility ~~registration disclosure and rehabilitation act~~ (chapter 80D), when acting solely as incident to the contract.

#### Sec. 14. **REPEALER.**

Minnesota Statutes 1980, Sections 80D.02, Subdivision 3; 80D.03, Subdivisions 3 and 4; 80D.10; 80D.12; 80D.14; 80D.15; 80D.17; and 80D.18, are repealed.

#### Sec. 15. **EFFECTIVE DATE.**

Sections 1 to 14 are effective October 1, 1981.

Approved May 8, 1981

Changes or additions are indicated by underline, deletions by ~~strikeout~~.