

Rent Escrow

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Information from:

Minnesota Attorney General's Office

1400 Bremer Tower 445 Minnesota Street St. Paul, MN 55101

(651) 296-3353 (800) 657-3787

TTY:(651) 297-7206 TTY:(800) 366-4812

[Minnesota Judicial Branch Court Forms Link](#)

A rent escrow action is a simplified procedure that permits a tenant to seek relief for housing violations on his or her own without the assistance of an attorney. Tenants may place rent in an escrow account when a landlord will not correct housing violations. Under the rent escrow law, tenants can pay their rent to the court administrator rather than to the landlord and ask the court to order the landlord to make repairs. (83) A tenant may wish to speak with a private attorney or Legal Aid attorney for advice before proceeding. The following are the rules and procedures for rent escrow that must be strictly followed: The first step is to either contact the housing inspector or notify the landlord in writing about the violation. As stated earlier, the housing inspector can order the landlord to make repairs if there are violations of the housing code. (84) It is important to contact the inspector and get a copy of the order. If the repairs are not made within the time the inspector orders, a tenant can deposit rent with the court administrator along with a copy of the notice of code violation. (85) Even if there is no local housing code, Minnesota law says landlords must keep rental property fit to live in and in good repair. (86) If a landlord has failed to maintain the dwelling so it is fit to live in, has not kept the dwelling in good repair, has not complied with state and local health and housing codes, or has violated the written or oral lease, the tenant should notify the landlord in writing. It is very important that the tenant keep a copy of this letter. If the problem is not corrected within 14 days, the tenant can deposit the rent payment with the court administrator along with a copy of the letter that was given to the landlord. (87)

A tenant may file a rent escrow action any time after the requisite notice or inspection orders have expired. To file a rent escrow action, a tenant needs to pay to the court administrator all rent, if any, that is due. (88) There is a small filing fee, but the administrator can waive the fee if the tenant's income is very low. (89) The tenant must give the administrator a copy of the inspector's order or the tenant's letter to the landlord. The tenant should estimate how much it will cost to make the repairs. The tenant must also give the administrator the landlord's name and address. A court administrator will provide the tenant with a rent escrow petition form. (90)

Once the rent has been deposited with the court, the court administrator will schedule a hearing. The hearing will take place within 10 to 14 days. In most cases, the court will notify the landlord of the hearing by mail. If fixing the housing code violation will cost more than the conciliation court limit, however, then personal service is required. Someone other than the tenant must give the hearing notice to the landlord. (91) The landlord can take legal action to evict the tenant if the tenant does not deposit the full amount of rent in escrow with the court administrator. (92)

After the hearing, if the tenant proves that a violation exists, the judge may do any of the following:

1. Order the landlord to fix the problem. (93)
2. Allow the tenant to make the repairs and deduct the cost from the rent. (94)
3. Appoint an administrator to collect rent and order repairs. (95)
4. Return all, none, or part of the rent to the tenant. (96)
5. Order that future rent be paid to the court, that the rent be abated (eliminated or reduced) until repairs are made, or that part of the rent be abated or refunded. (97)
6. Fine the landlord. (98)

If the tenant does not prove that there is a housing code violation or if the tenant does not deposit the full amount of rent with the court, then the money and deposit will be given to the landlord. (99)

A tenant must follow the other terms of the lease while paying rent into escrow. According to Minnesota law, a tenant's rent escrow rights and remedies may not be waived or modified by any oral or written lease or other agreement. (100)

Using the Tenants Remedies Act

Under the Tenants Remedies Act (“TRA”), a tenant can sue for the same items as in a Rent Escrow Action:

1. A health or housing code violation. (101)
2. A violation of the landlord’s obligation to keep the rental unit in reasonable repair. (102)
3. A violation of an oral or written rental agreement or lease. (103)

Some non-profits can also sue on behalf of a whole building’s tenants with a TRA. A TRA, however, contains more complicated procedures than a Rent Escrow Action.

Before going to court under this act, a tenant should talk to the landlord about the needed repairs and try to get the landlord to fix them. If the landlord does not make the repairs within a reasonable time, the tenant should:

1. Notify the local housing, health, energy, or fire inspector (if there is one). (104)
2. Get a written copy of the inspector’s report. This will describe the problem and allow the landlord a certain number of days to repair it. If no inspector has been used, the tenant must inform the landlord in writing of the repair problem at least 14 days before filing a lawsuit. (105)
3. Wait for the required time to pass, and then, if the repair work has not begun or progressed, bring suit in district court. (106) In court, the tenant must produce evidence that the problem exists (and should submit a copy of the inspector’s report if there is one). The tenant must also explain how the problem can be resolved. (107)