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Minn. R. Civ. App. P. 136.01, subd. 1(c).*

**STATE OF MINNESOTA
IN COURT OF APPEALS
A22-1814**

Fern Hill Place Homeowners Association, Inc.,
Appellant,

vs.

Fern Hill Place Retail Association, Inc., et al.,
Respondents,

Judah Aaron,
Respondent.

**Filed August 21, 2023
Affirmed
Florey, Judge***

Hennepin County District Court
File No. 27-CV-19-3882

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and

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Equity Finance, LLC)

Judah Aaron, Hollywood, California (pro se respondent)

* Retired judge of the Minnesota Court of Appeals, serving by appointment pursuant to
Minn. Const. art. VI, § 10.

Considered and decided by Bryan, Presiding Judge; Smith, Tracy M., Judge; and Florey, Judge.

NONPRECEDENTIAL OPINION

FLOREY, Judge

In this latest and fourth appeal arising from a property dispute, appellant Fern Hill Place Homeowners Association, Inc. (HOA) argues that the district court erred when it (1) failed to apply the doctrine of equitable subordination, (2) determined that the doctrine of merger did not apply, and (3) failed to address its receivership argument. Respondents Crestview Investments LLC, (Crestview), Joshua Aaron (Joshua), Fern Hill Place Retail Association, Inc. (RA) filed notice of a related appeal arguing that the district court erred when it ordered the parties to split the receiver's costs and fee. We affirm.

FACTS

HOA and RA are common-interest communities each of which controls its own section of the same property, Fern Hill Place. HOA's section of Fern Hill Place is composed of several residential units and a below-ground parking garage. RA's section of Fern Hill Place consists of a single unit and includes seven retail spaces (the property). The parties have been entangled in litigation since 2014. *Fern Hill Place Retail Ass'n v. Fern Hill Place Homeowners Ass'n (Fern Hill I)*, No. A15-1318, 2016 WL 1551669, at *1 (Minn. App. Apr. 18, 2016) (affirming order denying RA's motion to vacate arbitration), *rev. denied* (Minn. June 29, 2016).

While *Fern Hill I* was still pending, RA brought a separate lawsuit against HOA in March 2015 seeking damages for unperformed repairs to Fern Hill Place. *Fern Hill Place*

Retail Ass’n v. Fern Hill Place Homeowners Ass’n (Fern Hill II), No. A17-1923, 2018 WL 3716261, at *1 (Minn. App. Aug. 6, 2018) (affirming district court order granting summary judgment and awarding attorney fees). In December 2016, the district court granted summary judgment in favor of HOA and granted HOA’s motion for attorney fees and litigation costs for a total judgment of \$272,546.77. *Id.* at *3-4. RA appealed, challenging in part the district court’s summary judgment and attorney-fees determinations. *Id.* at *4.

In 2020, RA again sued HOA. *Fern Hill Place Retail Ass’n v. Fern Hill Place Homeowners Ass’n (Fern Hill III)*, No. A21-0397, 2021 WL 5872667, at *1 (Minn. App. Dec. 7, 2021) (order op.) (affirming judgment related to attorney fees). The district court granted HOA’s motion to dismiss, determining that collateral estoppel barred two counts of RA’s complaint: (1) subrogation of the judgment for attorney fees and (2) setting aside the judgment for attorney fees for alleged fraud. *Id.* at *2.

The parties’ litigation related to this appeal stems from HOA’s inability to collect its judgment for attorney fees and costs from RA pursuant to the district court’s December 2016 order. After receiving HOA’s relevant documents pertaining to its attorney fees, the district court granted attorney fees and costs under Minnesota Statutes section 515B.4-116(b) (2016), in favor of HOA, totaling \$272,546.77. *Fern Hill II*, at *4.

In its April 2021 order, the district court determined that Joshua and Crestview were in privity with “RA for the purposes of collateral estoppel as it relates to the subrogation issue.” As such, Joshua, RA, and Crestview were barred from presenting a “subrogation affirmative defense.” Regarding respondent Judah Aaron (Judah), Joshua’s brother, the

district court determined that he was not in privity with RA.¹ But it concluded that Judah was nonetheless barred from a subrogation defense, as an “impermissible collateral attack on the [previous] judgment,” the award of attorney fees and costs to HOA.

The district court concluded that the relevant factors favored “piercing the corporate veil and finding that . . . RA is an alter-ego for Crestview.” HOA requested that the district court extend its alter-ego determination to also hold Joshua and Judah personally liable. In denying HOA’s request, the district court noted the lack of any “evidence of comingling of personal assets, the failure to observe corporate formalities, or indicia that Crestview and . . . RA are merely a façade for personal activities” pertaining to Joshua’s and Judah’s dealings with Crestview and RA.

The priority of the security interests related to the property has changed hands multiple times beginning in October 2013, when Joshua, as the president of Crestview, signed a mortgage for the property in favor of Highland Bank. Judah would later take assignment of Highland Bank’s mortgage. During his testimony, Judah stated that assignment of the mortgage was necessary to protect his investment of nearly \$1.5 million because the “loan was expiring” in October 2020, and Highland Bank threatened to foreclose on the property “in September . . . based on the nonmonetary default on the loan.” Judah testified that he paid \$1.425 million to the bank in exchange for the assignment of

¹ Joshua and Judah are interconnected through multiple business entities pertaining directly to HOA’s appeal. Joshua’s affiliations include RA’s sole employee and officer, and Crestview’s chief manager and president (RA has zero assets and is funded entirely by Crestview). Judah is Crestview’s secretary but is not involved “in the day-to-day” operations of Crestview and is the founder, chief manager, and sole member of Vista Equity Finance, LLC (Vista).

the mortgage interest. Judah then formed Vista and assigned the mortgage to Vista in May 2021. The district court concluded that the mortgage assignments—first from Highland Bank to Judah, next from Judah to Vista—had “no impact on the position of the mortgage on title” because “an assignee stands in the shoes of an assignor” when determining the priority of interests.

In December 2021, the district court determined that given the litigation history between the parties “and the lack of progress in satisfying the judgment,” “appointment of a receiver [was] appropriate and necessary to carry the judgment into effect.” The district court noted that a receiver would aid in the review and evaluation of certain assets for a potential sale to satisfy the judgment and appointed an independent receiver. Included in the December 2021 order, the district court set the receiver’s pay and compensation rate and required the receivership to remain in effect until it issued an order discharging the receiver. The receiver was to “pay and reimburse itself with funds generated through the sale and liquidation of the Receivership property.” The parties agreed to the terms set forth by the district court for the receivership.

In its April 2022 order, the district court (1) permitted post-judgment discovery for HOA to establish the priority of its judgment lien against the assets of RA and its alter-ego Crestview; (2) granted the motion to seek intervention by Vista; (3) ordered an interim report from the receiver; and (4) denied Crestview’s motion for discovery of the receiver. On April 19, the receiver filed an interim report. The interim report included a rental summary of the property. As of the submission of the interim report, Crestview had a total of seven retail spaces available to rent. Of these retail spaces, four had tenants under lease

agreements and the remaining three were vacant. Pertaining to the ownership of the property, the receiver concluded that Judah “took assignment of the . . . Bank term promissory note on August 31, 2020, and . . . subsequently assigned the promissory note to Vista.”

The district court then provisionally granted Crestview’s motion to terminate the receivership “pending payment of the Receiver’s fees and expenses.” The district court noted that a forced sale of the property would likely not result in the receivership’s intended purpose—the satisfaction of the judgment—because the property’s value was less than Vista’s mortgage. As a result of there being no funds from the sale and liquidation of the receivership property, the district court ordered HOA to pay 50% of the receiver’s final invoice. The remaining 50% was “to be paid, collectively or individually” by the remaining parties (RA, Crestview, and/or Vista).²

The September 2022 order addressed three of HOA’s claims related to the priority of HOA’s judgment lien. HOA’s claims were as follows: (1) the doctrine of equitable subordination requires the district court to subordinate the interests of Vista’s mortgage to HOA’s judgment, (2) the Vista mortgage effectively merged with legal title to the property when Judah assigned the mortgage to Vista, and (3) Judah’s assignment of the mortgage to Vista was voidable under the Minnesota Uniform Voidable Transactions Act.³ The district court determined that each of HOA’s claims failed and were inapplicable to the facts of the case. The district court concluded that “the general rules of lien priority under Minnesota

² The receiver’s final invoice totaled \$12,099.25.

³ Minn. Stat. §§ 513.41-.51 (2022).

law apply in this case, and no exceptions exist that would subordinate Judah Aaron’s or Vista’s mortgage interests to [HOA]’s judgment lien.” And that “[s]ince the mortgage lien maintains a higher priority status than [HOA]’s judgment lien, the Court shall deny [HOA]’s efforts to subordinate the mortgage to the judgment lien.”

This appeal follows.

DECISION

Equitable subordination

HOA challenges the district court’s collateral-estoppel determination, arguing that the district court erred when it failed to apply the doctrine of equitable subordination to its judgment lien.⁴

⁴ We note that the April 2022 order did not consider the doctrine of equitable subordination, nor did HOA suggest that the doctrine applied in any of its submissions to the district court. Instead, HOA argued—and the district court considered—whether the doctrine of equitable subrogation applied. At oral argument, HOA referenced subordination and subrogation interchangeably. But the doctrine of subrogation applies when there is a “substitution of one party for another whose debt the party pays, which entitles the paying party to step into the shoes, or be substituted to all the rights, priorities, remedies, liens, and securities of, the other party.” *Melrose Gates, LLC v. Moua*, 875 N.W.2d 814, 817 (Minn. 2016). “Under equitable subrogation, when a person has discharged the debt of another with respect to real property, that person may, when justice requires, . . . be substituted to the rights and position of the prior creditor.” *Citizens State Bank v. Raven Trading Partners, Inc.*, 786 N.W.2d 274, 279 (Minn. 2010) (quotations and citation omitted) (explaining that “equitable subrogation will be applied in the interest of substantial justice . . . where one party has provided funds used to discharge another’s obligations if (a) the party seeking subrogation has acted under a justifiable or excusable mistake of fact and (b) injury to innocent parties will otherwise result”). Because HOA does not argue that the doctrine of equitable subrogation applies to the priority of its judgment lien, we consider whether the doctrine of equitable subordination would be required. *Horodenski v. Lyndale Green Townhome Ass’n*, 804 N.W.2d 366, 372 (Minn. App. 2011) (“[E]rror is not presumed on appeal, and the burden of showing error rests on the party asserting it.”); see *State, Dep’t of Lab. & Indus. v. Wintz Parcel Drivers, Inc.*, 558 N.W.2d 480, 480 (Minn. 1997) (declining to address an issue not adequately briefed).

Generally, appellate courts review a district court's decision to award equitable relief for an abuse of discretion. *Melrose Gates*, 875 N.W.2d at 819. However, the supreme court has held that "[a]lthough the existence of bad faith is an issue of fact, bad faith functions as a legal standard a fact[-]finder applies to a given set facts." *Reimringer v. Anderson*, 960 N.W.2d 684, 690 (Minn. 2021). We review legal questions de novo. *Id.*

In reference to Judah's, and subsequently Vista's, role as the assignee of the mortgage interest in the property, HOA asserts that the assignment was in bad faith as its "sole purpose" was for "Vista . . . to place the rents beyond [HOA's] collection efforts." HOA argues that the "facts and circumstances present in this case . . . warrant the application of equitable subordination to alter the lien priority established by the general rules." The district court concluded that the assignments of the mortgage had "no impact on the position of the mortgage on title" because "an assignee stands in the shoes of an assignor" when determining the priority of an interests.

"Equitable subordination requires proof of inequitable conduct by the claimant that injured other creditors or conferred an unfair advantage." *In re Racing Services, Inc.*, 571 F.3d 729, 731 (8th Cir. 2009) (stating that "[f]raud, illegality, and breach of fiduciary duty are misconduct that justifies equitable subordination"). Equitable subordination is a bankruptcy-law principle applied when courts subordinate a party's claim to the debtor's estate to other claims when that party has engaged in inequitable conduct. *See In re Missionary Baptist Found. of Am.*, 818 F.2d 1135, 1138 (5th Cir. 1987).

Pursuant to 11 U.S.C. § 510(c)(1), "under principles of equitable subordination, [courts may] subordinate for purposes of distribution all or part of an allowed claim to all

or part of another allowed claim or all or part of an allowed interest to all or part of another allowed interest.” Federal courts have applied the following three-part test when considering the doctrine of equitable subordination:

- (1) The claimant must have engaged in some type of inequitable conduct.
- (2) The misconduct must have resulted in injury to the creditors of the bankrupt or conferred an unfair advantage on the claimant.
- (3) Equitable subordination of the claim must not be inconsistent with the provisions of the Bankruptcy [Code].

Missionary Baptist Found., 818 F.2d at 1138.

In May 2000, Judah loaned RA \$1.5 million.⁵ But according to Judah’s testimony, “it was agreed upon [between Judah and Joshua] that it [was] a loan to Crestview.” Judah’s interest was then secured as a second mortgage on the property. At Crestview’s formation in 2003, Judah owned 100% of the company. In 2007, Judah sold Joshua 81% of the company.

In October 2013, Joshua, as president of Crestview, signed a mortgage for the property in favor of Highland Bank. Judah would later take assignment of the mortgage. During his testimony, Judah stated that assignment of the mortgage was necessary to protect his investment because the “loan was expiring” in October 2020, and Highland Bank threatened to foreclose on the property “in September . . . based on nonmonetary

⁵ RA, Crestview, and Joshua all used the same accountant. The accountant testified that he was not aware of “an actual loan agreement” between Judah and RA, Crestview, or Joshua, and referred to Judah’s transfer of funds as “capital that Judah put into [RA], and it is owed to [Judah].”

default on the loan.” Judah testified that he paid \$1.425 million in exchange for the assignment of the mortgage interest.

HOA contends that *Oldewurtel v. Redding*, 421 N.W.2d 722, 727 (Minn. 1988), requires that if the court determines there to be bad faith, then application of the doctrine of equitable subordination is appropriate. We are not persuaded.

In *Oldewurtel*, the supreme court turned to the general rule of lien priority and concluded that when a dispute is between two or more creditors as to a lien on a debtor’s property, the first creditor to perfect its lien will prevail. *Id.* at 726 (stating “the first lien in point of time takes precedence” (quotation omitted)). HOA suggests that *Oldewurtel* requires the district court to subordinate a security interest when there is a finding of bad faith. We disagree. A finding of bad faith alone does not automatically trigger the application of equitable subordination. Further, our de novo review of the record does not show a bad-faith assignment of the mortgage interest. *See Reimringer*, 960 N.W.2d at 690.

Here, the first lien in point of time was Highland Bank’s 2013 mortgage. Whereas HOA’s judgment lien was the result of the district court’s December 2016 order. As the district court noted, “Minnesota law is clear: an assignee stands in the shoes of an assignor, and Judah Aaron’s assignment ha[d] no impact on the position of the mortgage on title.” Further, as the district court correctly stated, “the record [was] insufficient for the Court to find that the nature of the Highland-Judah-Vista transaction was fraudulent or unconscionable. The record shows that Judah Aaron personally funded the acquisition of the Highland Bank mortgage, as opposed to utilizing Crestview’s funds.” As such, “[t]he

Court c[ould not] conclude as a matter of law that the transaction was anything other than an assignment of mortgage.” We agree.

HOA’s judgment lien was junior to Vista’s mortgage interest because Vista, as the subsequent assignee, stands in the place of Highland Bank which was first in time to perfect its security interest. And our review of the record shows that Judah’s actions in taking assignment of the mortgage were consistent with those of a prudent investor taking steps to protect his investment from a bank foreclosure of an asset he originally funded back in 2000 with his \$1.5 million loan. Therefore, even if we were to conclude that a finding of bad faith warranted the application of equitable subordination, Judah’s roles first as assignee then subsequently as the assignor of the mortgage were not undertaken in bad faith.

Merger

HOA argues that the district court erred when it failed to apply the doctrine of merger to Judah’s assignments of the mortgage. The district court stated that it “cannot apply the doctrine of merger where there is no evidence that any party obtained title *and* a mortgage on the subject property.”

A prerequisite for the application of the doctrine of merger “is that the party having both the legal and equitable interests have the intention that the interests should merge.” *Est. of Frantz v. Page*, 426 N.W.2d 894, 899 (Minn. App. 1988) (quotation omitted), *rev. denied* (Minn. Sept. 16, 1988). Whether a party intended its interests to merge is a question of fact. *GBJ, Inc., II v. First Ave. Inv. Corp.*, 520 N.W.2d 508, 511 (Minn. App. 1994), *rev. denied* (Minn. Oct. 27, 1994).

A valid assignment vests the assignee with the same right, title, or interest as the assignor had in the thing assigned. *State ex rel. Southwell v. Chamberland*, 361 N.W.2d 814, 818 (Minn. 1985). “When an assignment increases the guarantor’s risk beyond that to which he or she agreed, the guarantor’s obligation is discharged.” *Est. of Frantz*, 426 N.W.2d at 898.

Minnesota caselaw has viewed the note, mortgage, and assignment as one instrument or transaction. *Resol. Tr. Corp. v. Indep. Mortg. Servs., Inc.*, 519 N.W.2d 478, 481 (Minn. App. 1994), *rev. denied* (Minn. Sept. 28, 1994).

The theory of merger is that when a mortgagee’s interest and the fee title coincide and meet in the same person, the lesser estate, the mortgage, merges into the greater, the fee, and is extinguished. Courts also state that whether merger has occurred depends on the intent of the parties, especially the one in whom the interests unite. If merger is against that party’s best interest, it will not be deemed intended by the parties.

Id. at 482 (quotation omitted).

“Where a merger would frustrate the interests of the party holding both estates and that party’s intent regarding merger has not been expressed, merger will not be presumed to occur.” *Id.* (citing *Guar. Tr. Co. v. Minneapolis & St. L.R. Co.*, 36 F.2d 747, 764 (8th Cir. 1929), *cert. denied*, 281 U.S. 756 (1930); *Thompson v. First Nat’l Bank*, 231 N.W. 234, 236 (Minn. 1930)). “Moreover, a merger cannot occur where the assignment of the lease is to one joint tenant but not to the other.” *Pappas v. Pappas*, 177 N.W.2d 401, 403 (Minn. 1970).

There is, generally, an advantage to the mortgagee in preserving his mortgage title; and when there is, no merger takes place. It is a general rule, therefore, that the mortgagee’s

acquisition of the equity of redemption does not merge his legal estate as mortgagee so as to prevent his setting up his mortgage to defeat an intermediate title, such as a second mortgage or a subsequent lien, unless such appears to have been the intention of the parties and justice requires it; and such intention will not be presumed where the mortgagee's interest requires that the mortgage should remain in force.

GBJ, 520 N.W.2d at 511.

Here, the district court determined that the “record [was] insufficient for the Court to find that the nature of the bank-Judah-Vista transaction was fraudulent or unconscionable. The record shows that Judah “personally funded the acquisition of the [bank] mortgage, as opposed to utilizing Crestview funds.” As such, “[t]he Court c[ould not] conclude as a matter of law that the transaction was anything other than an assignment of mortgage.” And the “equitable powers in the doctrine of merger do not apply.” The district court did not err when it determined that the doctrine of merger did not apply to Judah’s valid assignment of the property’s mortgage to Vista.

Receivership Termination

HOA argues that the district court erred in finding that the sale proposed by the receiver would not satisfy the mortgage, prohibiting the sale, and ordering the termination of the receivership, because its order “goes against the express provisions of the Receivership Order and the applicable statutes.” The district court noted that the “judgment lien virtually operates as an outstanding monetary balance that is subordinate to the mortgage lien, the Receiver will thereby be unable to liquidate [the property] . . . to carry the judgment into effect because all proceeds of the sale would go directly towards satisfying the mortgage debt.”

The appointment of a receiver is an equitable remedy, and the district court exercises its discretion in receivership proceedings. *Minn. Hotel Co. v. ROSA Dev. Co.*, 495 N.W.2d 888, 891, 893 (Minn. App. 1993). In a receivership proceeding, the district court has the discretion “to do what is best for all concerned.” *Id.* at 893. The district court’s grant of equitable relief will be reversed only when it has clearly abused its discretion. *Nadeau v. County of Ramsey*, 277 N.W.2d 520, 524 (Minn. 1979). “Upon distribution or disposition of all receivership property, or the completion of the receiver’s duties, the receiver shall file a final report and shall request that the court approve the final report and discharge the receiver.” Minn. Stat. § 576.38, subd. 2 (2022). “A district court abuses its discretion if its decision is against the facts in the record or if its ruling is based on an erroneous view of the law.” *State ex rel. Swan Lake Area Wildlife Ass’n v. Nicollet County Bd. of County Comm’rs*, 799 N.W.2d 619, 625 (Minn. App. 2011) (quotation omitted).

In its December 2021 order, the district court appointed a receiver with “powers pursuant to Minn. Stat. § 576.29 to seize and sell the assets of Crestview . . . to satisfy the judgment in this case. The Receiver is directed to maximize the value and liquidate the Receivership property as soon as reasonable and practicable.” The December 2021 order also provides that the district court “shall determine apportionment of the costs of the receivership between the parties.”

Here, the district court found that the proceeds from the sale of the property would not be sufficient to satisfy Vista’s mortgage and HOA’s judgment lien. It determined that the property’s value was less than the amount secured by Vista’s mortgage and Vista’s valid assignment of rents from Crestview would prevent the receiver from recovering any

funds towards HOA's judgment lien. As such, the district court noted that because Judah's assignment of the mortgage and rents from the property was valid, there were no remaining funds "for the Receiver to attach and apply towards satisfaction" of HOA's judgment against RA. *See* Minn. Stat. § 576.38, subd. 1 (2022) (stating "[t]he court may discharge a receiver and terminate the receivership"); Minn. R. Civ. P. 66 ("action[s] wherein a receiver has been appointed shall not be dismissed except by order of the court"). Accordingly, the district court ordered the termination of the receivership. The district court did not abuse its discretion when it ordered the receivership be terminated.

Costs and fees

In its cross-appeal, Crestview challenges the district court's division of the receivership costs and fees, arguing that HOA should be responsible for all costs and fees because "HOA brought on the receiver knowing that the receiver would not be able to collect on its judgment." HOA contends that it should not be held liable for any costs or fees associated with the receivership.

Generally, in a receivership proceeding, the district court's apportionment of a receiver's reasonable costs and fees is discretionary. *See Todd v. Hjermstad*, 240 N.W. 110, 111 (Minn. 1931) (holding that a "court having jurisdiction and control of a receivership proceeding has the power to fix the fees of receivers and attorneys employed therein is not a debatable question").

The district court stated it would divide the receivership's costs equitably and ordered HOA to pay 50% of the receiver's final invoice. The remaining 50% was "to be paid, collectively or individually" by the remaining parties.

Crestview’s brief cites no caselaw in support of its argument that the district court’s division of receivership costs was an abuse of discretion. It instead cites to Minnesota Statutes section 576.32, subdivision 2 (2022)⁶, which provides the following:

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

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

The language of the statute does not address the proper procedure for payment to a receiver when there is no receivership property, as is the case here, from which to dispense payment.

Statutory interpretation is a question of law that we review de novo. *In re Welfare of J.J.P.*, 831 N.W.2d 260, 264 (Minn. 2013). The goal of statutory interpretation is to “ascertain and effectuate the intention of the Legislature.” Minn. Stat. § 645.16 (2022). When interpreting a statute, we give words and phrases their plain and ordinary meaning and should interpret a statute “to give effect to all of its provisions.” *Swanson v. Brewster*, 784 N.W.2d 264, 274 (Minn. 2010) (quotation omitted); *see also In re Est. of Nelson*, 901 N.W.2d 234, 238 (Minn. App. 2017) (“When interpreting a statute, appellate courts read and construe the statute as a whole, giving effect wherever possible to all of its provisions, and interpreting each section in light of the surrounding sections to avoid conflicting

⁶ HOA’s reply brief also cites section 576.32 without any supporting caselaw.

interpretations.” (quotation omitted)), *rev. denied* (Minn. Nov. 28, 2017). As such, we consider the provisions in the context of section 576.32 and the surrounding sections.

Under Minn. Stat. § 576.23 (2022), the district court in a receivership proceeding has

the exclusive authority to direct the receiver and the authority over all receivership property . . . including, without limitation, authority to determine all controversies relating to the collection, preservation, improvement, disposition, and distribution of receivership property, and all matters otherwise arising in or relating to the receivership, the receivership property, the exercise of the receiver’s powers, or the performance of the receiver’s duties.

Based on the statute’s plain language, we interpret the phrase “all matters otherwise arising in or relating to the receivership” to include the district court’s division of receivership costs and fees between the parties when the receivership property is insufficient, or as in this case, nonexistent. *Id.*; *see also Todd*, 240 N.W. at 111.

If a district court determines that the “appointment of the receiver was procured in bad faith, the court may assess against the person who procured the receiver’s appointment: (1) all of the receiver’s fees and expenses and other costs of the receivership; and (2) any other sanctions the court deems appropriate.” Minn. Stat. § 576.38, subd. 1 (2022). It appears that Crestview is requesting relief pursuant to subdivision 1(1). But, as discussed above, the district court made no such bad-faith determination regarding HOA’s request for an appointment of a receiver. The district court stated its reasoning for appointing a “receiver in this case to begin with was because [it] didn’t believe that [RA and Crestview] were going to go ahead with paying the judgment, and [it] want[ed] this judgment . . .

respected.” The district court did not abuse its discretion when it divided the receivership’s costs and fees between the parties.

Affirmed.