

STATE OF MICHIGAN
IN THE 30TH JUDICIAL CIRCUIT COURT FOR THE COUNTY OF INGHAM

The People of the State of Michigan,

Petitioner,

No. 25-450-CP

v

HON. MORGAN E. COLE

TROY PLACE OWNER, LLC, d/b/a,
RESIDENCES OF TROY, and LR
MANAGEMENT SERVICES
CORPORATION,

Respondents.

Nicholas R. Tloczynski (P79148)
Assistant Attorney General
Michigan Dep't of Attorney General
Corporate Oversight Division
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30TH CIRCUIT COURT

ASSURANCE OF VOLUNTARY COMPLIANCE AND DISCONTINUANCE

The People of the State of Michigan represented by Attorney General Dana Nessel ("Petitioner"), and Troy Place Owner, LLC, and LR Management Services Corporation, hereby execute and agree to be bound by this Assurance of Voluntary Compliance and Discontinuance. This Assurance concerns the resolution of alleged violations of the Michigan Consumer Protection Act, 1976 PA 331, as amended, MCL 445.901 *et seq.* ("MCPA").

Based on the foregoing, the Parties agree as follows:

I. Definitions

1.1 "Assurance" means this Assurance of Voluntary Compliance and Discontinuance.

1.2 "COD" means the Michigan Department of Attorney General, Corporate Oversight Division.

1.3 "Troy Place" refers to the multi-unit apartment building complex located at 2873, 2869, 2871 and 2875 Troy Center Dr., Troy, MI 48084, previously known as Troy Place Apartments and currently known as Residences of Troy Apartments.

1.4 "Troy Place Owner" refers to Troy Place Owner, LLC, doing business as Residences of Troy, a Delaware limited liability company that conducts business in Michigan as the owner of Troy Place.

1.5 "LR Management" refers to LR Management Services Corporation, a Michigan corporation that currently serves as the property manager for Troy Place.

1.6 "Respondents" means Troy Place Owner and LR Management, collectively.

1.7 "Parties" means COD and Respondents, collectively.

1.8 All other terms shall have the meaning specifically defined in the MCPA.

II. COD investigation of Respondents

2.1 On or around January 14, 2024, the Troy area experienced a period of very cold weather with single digit and subzero low temperatures.

2.2 On or around January 15, 2024, LR Management took over as property manager of Troy Place. On the same day, the City of Troy began receiving “no heat” complaints from Troy Place tenants. City inspectors went to the property to investigate the situation.

2.3 On January 18, 2024, the City of Troy issued a Do Not Occupy (DNO) order for Troy Place based on “the lack of a fully functional heating system, apparent fire suppression frozen pipes, and elevator failure.” According to the City’s press release,¹ City Officials had been attempting to work with the property owners to resolve the heating issues, but the owners continued to be unresponsive.

2.4 On the evening of January 18, 2024, Troy Place’s fire suppression room dropped below 40 degrees Fahrenheit (40°F), causing pipes to burst and flooding on the first floor.

2.5 On January 21, 2024, the Attorney General’s Office received a consumer complaint from Samantha B., a first-floor tenant at Troy Place. Samantha reported that her apartment unit had been without heat since November 2023.

¹ https://troy.mi.gov/news_detail_T19_R112.php

2.6 After receiving Samantha B's complaint, COD conducted a preliminary investigation and received information that other Troy Place tenants had voiced concerns to management about inadequate heat well before January 15, 2024.

2.7 Although notices of the DNO were placed at the entrances and on the doors of Troy Place's 147 apartment units, the residents were allowed to stay in their apartment at their own risk. It remains unclear how many tenants stayed in the building.

2.8 The DNO was lifted on January 29, 2024, after the City of Troy was satisfied that the heating issues had been sufficiently remedied by repairs and/or replacements to the boiler heating system.

2.9 In April 2024, COD sent a letter of inquiry to LR Management to determine, in part, what compensation was offered to the tenants. LR Management's responses show it offered rent credits as compensation to tenants who made complaints.

2.10 After its preliminary investigation, COD remained concerned about what it believed to be the absence of proactive efforts by Respondents to address complaints of inadequate heat to avoid situations like that which arose in Troy Place. Further, COD found Respondents' communication with the tenants during the heating outage and subsequent DNO Order issued by the City of Troy to have been insufficient. COD also believed Respondents' compensation to the tenants was also inadequate, given that heat was a service the tenants were paying Respondents to provide under their leases and under Michigan law.

2.11 In entering into the Assurance, the mutual objective of the Parties is to resolve, without litigation, COD's potential claims under the MCPA for preliminary and permanent injunctive relief, as well as the potential claims for payment of damages and reimbursement of COD's costs and expenses related to COD's enforcement action. The entry into this Agreement by Respondents is not an admission of liability with respect to any issue addressed in this Agreement, nor is it an admission of any factual allegations or legal conclusions stated or implied herein.

2.12 In entering this Assurance, COD is relying on Respondents' representations that they have made repairs and/or replacements to Troy Place's boiler heating system to prevent a recurrence of the incident that occurred in January 2024 and that they will actively monitor for and respond to any additional heating issues that may arise. COD is also relying on Respondents' representations contained in a spreadsheet provided on January 31, 2025. These representations include, but are not limited to, the following: the identity of the consumer in each occupied apartment unit in January 2024; the amount of rent concessions previously made to consumers as compensation for the heating and/or flooding issues of January 2024; and the balances owed by consumers who have since moved out of Troy Place. COD would not have entered this Assurance in the absence of these representations.

III. Jurisdiction

3.1 The Department of Attorney General ("the Department") has jurisdiction over the subject matter of this Assurance pursuant to MCL 445.905 and

445.910. Respondents waive all objections and defenses that it may have as to the jurisdiction of the Department over the matters covered by this Assurance.

IV. Parties Bound

4.1 This Assurance binds Respondents, whether acting through associates, principals, officers, directors, employees, representatives, successors or assigns, or through any other subsidiary, corporation, assumed name or business entity. Respondents are responsible for compliance with the terms of this Assurance, and must ensure that all of Respondents employees, agents and representatives comply with the terms of this Assurance.

V. Implementation of Compliance Measures

5.1 To the extent that Respondents may have engaged in any unfair or deceptive business practices in the State of Michigan, Respondents shall immediately cease and desist such practices and will comply with the MCPA going forward.

5.2 Respondents shall have all boilers in Troy Place inspected by a qualified and licensed contractor in April or May of each year. Respondents further agree that any repairs or replacements that are determined by such inspection to be reasonably necessary to maintain a temperature of at least 68 degrees Fahrenheit (68°F) in each apartment unit will be completed by September 30 of that year.

5.3 Respondents assure COD that it will develop and implement a method of providing accurate information and updates daily to any tenants of Troy Place affected by interruptions in, or the compromised quality of, heat, air conditioning,

electrical, water service, or any other matters affecting the habitability of tenants' dwellings. Notice may be accomplished through public postings clearly visible to all tenants upon entering or exiting affected buildings, or by providing written notice to each tenant through a hard copy document delivered to each affected apartment. At a minimum, these notices should describe the basic nature of the service issue, and the time and date at/upon which the problem is reasonably expected to be resolved. Respondents may augment such communication through use of electronic media or communications that provide additional information. This section does not apply to gas, electrical, or water service issues affecting a population of consumers beyond those who are Respondents' tenants.

VI. Financial obligations

6.1 Respondents will provide the following compensation to each Troy Place tenant affected by the heating problem described in Sections 2.1-2.8, subject to paragraph 6.3. Each tenant on the first and second floors will receive an amount equal to one month's rent at the rental rate in effect during January 2024. Each tenant on the third, fourth, fifth, and sixth floors will receive the sum of \$250. Consumers who are current tenants will receive this compensation in the form of a rent credit; consumers who are no longer Troy Place tenants will be paid by a check sent by Respondents through standard United States mail. Within sixty days of the Effective Date, Respondents shall provide COD documentation showing the payment made to each tenant in compliance with this subsection.

6.2 To the extent any payment is returned to Respondents because the recipient is no longer at the forwarding address disclosed to Respondents or is

deceased, Respondents shall immediately notify COD in writing of the return of such checks. Respondents shall use their best efforts using all available information to try and find a valid current address for each tenant entitled to payment under this Assurance. In the event Respondents cannot find a valid current address despite their best efforts, Respondents shall also immediately notify COD in writing. COD may then attempt to identify an appropriate address and/or heir to receive the payment and notify Respondents' counsel of such information.

6.3 Respondents may deduct from the amount owed to a consumer under paragraph 6.1 rent concessions previously made to the consumer relating to the heating and/or flooding issues described in Sections 2.1-2.8. The rent concessions that may be deducted are contained in the spreadsheet provided by LR Management to COD on January 31, 2025. For consumers who no longer reside at Troy Place, Respondents may deduct from the amount owed under paragraph 6.1 any balance owed by the consumer, as shown in the spreadsheet provided by LR Management to COD on January 31, 2025. If a consumer owing a balance has already been referred to collections, Respondents shall take all steps necessary to ensure the consumer's balance is appropriately credited.

6.4 In consideration of the costs incurred by COD for this investigation, Respondents shall make a payment to the State of Michigan in the amount of \$1,000 within fourteen days of the Effective Date. Payment shall be made by check or money order payable to the "State of Michigan" and sent to Nicholas R. Tloczynski, Assistant Attorney General, Corporate Oversight Division, P.O. Box 30736, Lansing, MI 48909.

6.5 Respondents are jointly and severally liable for the financial obligations described in this section.

VII. Release

7.1 Upon the Effective Date, COD hereby releases and discharges Respondents and any of their parent entities, affiliates, subsidiaries, predecessors, successors or assigns, and each and all of their past or present officers, directors, associates, shareholders, controlling persons, representatives, employees, attorneys, counselors, advisors, or agents, from any and all civil or administrative claims, demands, rights, actions, causes of action, and liabilities, of any kind or nature whatsoever, that are based directly or indirectly on the Attorney General's consumer protection investigation as identified in this Assurance, including the alleged acts, failures to act, omissions, misrepresentations, facts, events, transactions, statement, occurrences or other subject matter which were or could have been set forth, alleged, complained of or otherwise referred to in the Assurance. Nothing herein shall be construed as a waiver or release of claims asserted or that may be asserted by individual consumers, other divisions of the Attorney General's office, or other state or federal agencies. Furthermore, this release is wholly contingent upon Respondents' continued compliance with the terms of this Assurance. Should COD have reasonable cause to believe that Respondents have failed or ceased to comply with any provision herein, this Assurance shall be voidable by COD at its option.

VIII. General Provisions

8.1 This Assurance is binding upon, inures to the benefit of, and applies to the Parties and their successors-in-interest. This Assurance does not bind any Division of the Michigan Department of the Attorney General other than COD, or other agencies, boards, commissions or offices of the State of Michigan.

8.2 This Assurance does not create any private right or cause of action to any third party.

8.3 This Assurance does not constitute an approval by the Attorney General of any of Respondents' business practices and Respondents must not make any representation to the contrary.

8.4 No modification of this Assurance is valid unless in writing and signed by all Parties.

8.5 Within seven business days of the Effective Date of this Assurance, COD will file a copy of this Assurance with the Ingham County Circuit Court, as described in MCL 445.906(2).

8.6 Unless a temporary restraining order is sought, COD will make reasonable efforts to provide written notice in the event that COD believes Respondents to be in noncompliance with any provision of this Assurance, setting forth the basis for such belief.

IX. Signatories, Execution in Counterparts, and Electronic Signatures

9.1 Each undersigned individual represents and warrants that he or she is fully authorized by the Party he or she represents to enter into this Assurance and to legally bind such Party to the terms and conditions of this Assurance.

9.2 This Assurance may be executed in counterparts, each of which is deemed an original hereof, but which together constitute one and the same instrument and agreement, and that facsimile or electronically-transmitted signatures may be submitted in connection with this Assurance and are binding on that Party to the same extent as an original signature.

X. Effective Date

10.1 The effective date of this Assurance is the date upon which the COD representative signs this Assurance.

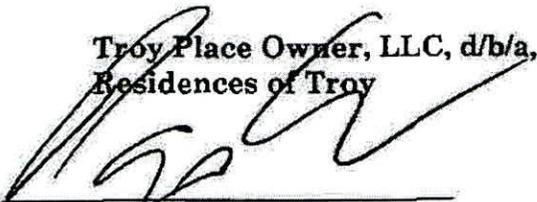
**The People of the State of
Michigan**

Dated: March 20, 2025

By: 
Nicholas R. Tloczynski (P79148)
Assistant Attorney General
Corporate Oversight Division
P.O. Box 30736
Lansing, MI 48909

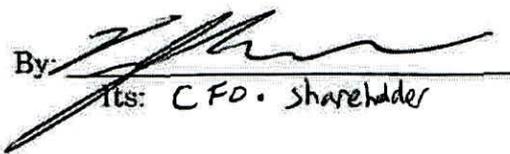
**Troy Place Owner, LLC, d/b/a,
Residences of Troy**

Dated: March 20, 2025

By: 
Its: CEO • Founder

**LR Management Services
Corporation**

Dated: March 20, 2025

By: 
Its: CFO • Shareholder