STATE OF MICHIGAN

IN THE COURT OF CLAIMS

JEFFERY CRUSE, d/b/a
CLEAN CUT MANAGEMENT COMPANY,
for himself and all those
similarly situated,
Plaintiffs,

Case No 25-000134-MB_

v

Hon. James Robert Redford

The 36TH DISTRICT COURT,
A District Court for the State of Michigan,

Defendants.

MARK K. WASVARY (P51575)
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Attorney for Plaintiffs
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STIPULATED ORDER TO FILE SECOND AMENDED CLASS ACTION COMPLAINT

This matter having come before the Court upon stipulation of the parties, a First Amended Complaint having been filed on August 19, 2025 pursuant to this Court's Order Dismissing Claims Against Nonstate Defendants and Order to Show Cause dated August 14, 2025 and the Court otherwise being advised in the premises:

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IT IS HEREBY ORDERED that the Plaintiff may file the Verified Second Amended Class Action Complaint attached hereto as Exhibit A.

This is not a final order and does not close the case.

10/21/25
Hon. James Robert Redford
Judge, Court of Claims

So stipulated:

/s/ Mark K Wasvary
MARK K. WASVARY (P51575)
MARK K. WASVARY, PC
Attorney for Plaintiffs

/s/ James P. Allen (with permission 10-17-20)
SCHENK & BRUETSCH, PLC
James P. Allen (P52885)
Attorneys for Defendant 36th DC

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EXHIBIT A

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VERIFIED SECOND AMENDED CLASS ACTION COMPLAINT

NOW COMES Plaintiff, JEFFERY CRUSE, d/b/a CLEAN CUT MANAGEMENT COMPANY, for himself and all those similarly situated by and through his attorneys, Mark

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K. Wasvary, P.C. and Huth Lynett, P.C., and for this Class Action Complaint, states as follows:

1. Plaintiff brings this action to recoup money that is being held in escrow by defendant herein.

2. In response to the Covid-19 Pandemic, in December of 2020 Congress enacted the Consolidated Appropriations Act, 2021 (the CARES Act, 15 USC §9058a) which provided Covid Emergency Rental Assistance (CERA) to landlords and tenants.

3. Also, in response the Pandemic, in March of 2021 Congress enacted the American Rescue Plan Act of 2021. ("ARP" 15 USC §9058c). ARP continued the ERA, with some modifications to the Appropriations Act.

4. The CARES Act and ARP are sometimes hereinafter collectively referred to as the "Acts."

5. Under the Acts, the United States Treasury Department provided funds to the Michigan State Housing Development Authority (MSHDA) to enable the assistance in the state of Michigan.

6. MSHDA in turn would distribute the funds to Housing Assessment Resource Agencies (HARA).

7. Upon information and belief, in the City of Detroit a majority of the funds were processed through the HARAs Wayne Metro Community Action Agency (Wayne Metro) and the United Community Housing Coalition (UCHC).

8. The City of Detroit, Michigan was also the recipient of CERA funds and also distributed funds to HARAs.

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9. The local HARA would disburse funds following court hearings wherein a Conditional Dismissal was entered in favor of a plaintiff landlord and against a defendant tenant where the tenant owed money for rent.

10. MSHDA approved a procedure where the HARA would disburse 80% of the assistance to landlords, but hold back 20% of the funds due and owing to the landlord, in order to compel repairs to the rental property; or to compel landlords to obtain certain certificates of compliance from the City of Detroit following inspections by the city inspectors. This is commonly known as the "80/20" rule.

11. In the City of Detroit, any conditional dismissal requiring a 20% holdback was entered in the 36th District Court.

12. The 20% holdback would either be held by Wayne Metro or UCHC, pending the court ordered repairs or the landlord receiving a certificate of compliance from the City of Detroit Building Department, in addition to other acceptable conditions precedent.

13. Often the 20% holdback of a HARA was tendered to the 36th District Court to hold in escrow.

14. Upon information and belief, there are millions of dollars still held in escrow that have not been disbursed to either a landlord or a tenant following entry of a district court conditional dismissal.

15. Under Title V of the CARES Act, it is required that:

> Not less than 90% of the funds received by an eligible grantee (in this case, the State of Michigan) from a payment made under this section shall be used to provide financial assistance to eligible households, including the payment of (i) rent; (ii) rental arrears; (iii) utilities and home energy costs; (iv) utilities and home energy cost arrears; and (v) other expenses

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> related to housing incurred due, directly or indirectly, to the novel Coronavirus disease.

The Act also provides that:

> Not more than 10% of the funds received by an eligible grantee from the payment made under this section may be used to provide eligible households with case management and other services related to the novel Coronavirus disease.

16. There is no option for Defendant to not distribute the funds. It must follow the mandate of the Acts.

17. Since the filing of this lawsuit, Defendant has started holding CERA review hearings to determine to whom to distribute the funds.

18. Notice for the review hearings are going to landlords and tenants based upon records/addresses that are now approximately 4 years old.

19. If neither party appears at the review hearing, then the funds remain in escrow with no further attempt to locate the proper recipient.

20. If funds held by the 36th District Court are not distributed, the current plan is to have the funds escheat to the State of Michigan six months after the review hearing.

21. Upon information and belief, Defendant is not paying interest on the funds to the recipients.

22. The Michigan Court of Claims has exclusive jurisdiction any demand for monetary, equitable, or declaratory relief or any demand for an extraordinary writ against the state or any of its departments. MCL 600.6419(1)(a).

23. Plaintiff filed a Notice of Intention to File a Claim Against a Division of the State of Michigan pursuant to MCL 600.6431(1).

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PARTIES

Plaintiff Cruse

24. Plaintiff Jeffery Cruse, d/b/a Clean Cut Management Company ("Cruse") is an individual and a landlord. Cruse owns residential rental property in Detroit, Michigan.

25. Upon information and belief, Cruse had at least 37 matters in which he was the beneficiary of CERA funds and most or all had the 20% holdback.

26. Upon information and belief, at least some the money withheld from Cruse is still being held in escrow by the 36th District Court.

Defendant

27. Defendant, the 36th District Court for the state of Michigan is a district court located in the City of Detroit, Wayne County, Michigan, that accepted funds into escrow for disbursement to either landlords or tenants.

COUNT I – WRIT OF MANDAMUS

28. Plaintiff incorporates the preceding paragraphs as if more fully set forth herein.

29. Plaintiff, on behalf of a class, has a clear legal right to seek release of the 20% holdback funds from CERA.

30. Defendant has a clear legal duty to release the 20% holdback funds.

31. The act of releasing the funds is ministerial that does not involve discretion or judgment.

32. No other legal or equitable remedy exists that might achieve the same result.

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33. Defendant has no legal standing to continue to keep the 20% holdback funds or to allow the funds to escheat to the state.

34. As a result of Defendant's failure to release the funds, Plaintiff has been damaged.

COUNT II – INJUNCTIVE RELIEF

35. Plaintiff incorporates the preceding paragraphs as if more fully set forth herein.

36. In the alternative, Plaintiff, on behalf of himself and a class, seek injunctive relief compelling Defendant to disburse the CERA funds.

37. Plaintiff also seeks a preliminary and permanent injunction to enjoin the Defendant from allowing the funds to escheat to the State of Michigan.

38. The harm to Plaintiff and others similarly situated is irreparable and there is no other adequate remedy at law other than an injunction or a writ of mandamus.

39. Without a court order, the CERA funds may sit indefinitely with no disbursement.

40. In the alternative, Defendant intends to breach its duties as to the funds and have the funds tendered to the State of Michigan with no further attempt to contact the proper recipient.

41. There is no harm to Defendant if injunctive relief is granted. Defendant will merely be ordered to release the funds that it is already obligated to release to the appropriate recipient.

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42. It is in the best interest of the Plaintiff, proposed class, Defendant and the public if the funds are released to the rightful recipients as Congress had intended.

COUNT III – DECLARATORY RELIEF (MCR 2.605)

43. Plaintiff incorporates the preceding paragraphs as if more fully set forth herein.

44. An actual controversy exists between the parties within the jurisdiction of this Court.

45. Plaintiff seeks declaratory relief on behalf of himself and others similarly situated as to the distribution of the 20% holdback on ERA funds.

46. Plaintiff seeks other necessary or proper relief pursuant to MCR 2.605(2)(F).

COUNT IV - BREACH OF FIDUCIARY DUTY

47. Plaintiffs incorporate the preceding paragraphs as if more fully set forth herein.

48. Defendant was entrusted with sums of money for proper disbursement to for the benefit of Plaintiff and those similarly situated.

49. Plaintiffs and those similarly situated had faith, confidence and trust that the CERA funds would be distributed by Defendant.

50. Plaintiffs relied upon the representations of Defendant and Defendant's role as to the CERA funds.

51. Defendant has a fiduciary duty to Plaintiff and those similarly situated.

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52. Failure to disburse the CERA funds to the proposed class is a breach of fiduciary duty.

53. Plaintiff and those similarly situated have been damaged due to the failure of Defendant to disburse the funds.

CLASS ALLEGATIONS

Plaintiff seeks to certify the following class:

54. All persons or entities that are entitled to distribution of Covid Emergency Rental Assistance funds that are held in escrow with Defendant. Plaintiff seeks a class period of January 1, 2021 through the final date of judgment in this matter.

55. Upon information and belief, the number of class members will exceed 100.

56. The proposed class is so numerous that joinder of all members in impracticable.

57. There are questions of law or fact common to the members of the class that predominate over questions affecting only individual class members.

58. Commons questions of fact are:

a. Was Defendant entitled to withhold 20% of ERA funds?

b. Did Defendant follow proper procedure when it failed to disburse all of the CERA funds?

c. Did the court keep funds in a single trust fund as required by MCR 8.106?

59. Common questions of law are:

a. Is Defendant required to disburse all of the CERA funds?

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b. Are Plaintiffs entitled to interest on the CERA funds that were withheld?

c. Does MCR 8.106 require the 36th District Court to pay interest on the funds held in escrow?

60. The claims of named Plaintiff are typical of those of the proposed class. They are entitled to seek disbursement of the escrowed funds.

61. The named Plaintiff will fairly and adequately assert and protect the interests of the class. Plaintiff has already demonstrated their willingness to prosecute this matter and has hired highly qualified counsel to litigate this matter.

62. Maintenance of the action as a class action will be superior to other methods of adjudication in promoting the convenient administration of justice.

63. The prosecution of separate actions by or against individual members of the class would result in adjudications with respect to individual members of the class that would as a practical matter be dispositive of the interests of other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.

64. Final equitable or declaratory relief is appropriate for the class.

65. This matter will be manageable as a class. The Defendants should have competent records of the funds being sought.

66. In view of the complexity of the issue or the expense of litigation the separate claims of individual class members are insufficient in amount to support separate actions.

67. The amounts due to class members may be as little as a few hundred dollars, and it is doubtful most class members would hire a lawyer to seek those funds.

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68. The amount which may be recovered by individual class members will be large enough in relation to the expense and effort of administering the action to justify a class action considering the expense will be shared by perhaps hundreds of class members.

69. Members of the class do not have a significant interest in controlling the prosecution or defense of separate actions.

70. Counsel for Plaintiff will adequately represent the class. Attorney Mark Wasvary has been practicing law for over 30 and has represented landlords for 25 years. Attorney Wasvary has been certified as class counsel multiple times recovering millions of dollars for clients.

71. Attorney Paul Huth has been practicing law for over 40 years, including complex civil litigation. Attorney Huth has represented landlords for decades, and in particular has represented Plaintiff Cruse for over 25 years.

WHEREFORE it is prayed that this Honorable Court grant the following relief:

a. Certify a class as prayed for herein;

b. Appoint named Plaintiff as class representative;

c. Appoint Mark Wasvary and Paul Huth as class counsel;

d. Enter a Declaratory Judgment that Defendants must disburse the ERA funds to the proposed class;

e. Enter a Writ of Mandamus or Injunction requiring Defendants to disburse the ERA funds to the proposed class;

f. Award interest on the ERA funds;

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g. Award costs and attorney fees as allowed by law;

h. Grant such other and different relief as is just and equitable.

Respectfully submitted,

/s/ Mark K. Wasvary

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Dated: 10-17-25

VERIFICATION

I declare under penalties of perjury that this Amended Verified Class Action Complaint has been examined by me and its contents are true to the best of my knowledge, information and belief and I could testify to same in a court of competent jurisdiction.

Jeffery Cruse

Subscribed and sworn to before me this 20th day of October, 2025.

Annette F. Cruse

, Notary Public
Wayne County, MI
My Commission Expires: 8/3/2029

ANNETTE F. CRUSE
Notary Public, State of Michigan
County of Wayne
My Commission Expires 8/3/2029
Acting in the County of Wayne

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