



February 23, 2026

Representative Erin Koegel & Representative Tim O'Driscoll

Minnesota House Commerce Finance and Policy

100 Rev. Dr. Martin Luther King Jr. Blvd.

St. Paul, Minnesota 55155

RE: Cities Management Testimony Senate File 1750

Co-Chair Koegel, Co-Chair O'Driscoll, Committee Members:

Cities Management, an Associa company, submits this testimony in opposition to SF 1750. Cities Management is one of four branch offices in Minnesota with 150+ employees, and more than 500 communities encompassing 45,000+ units. Associa is the nation's largest community management company and has served Minnesota for over four decades.

SF 1750 includes several provisions that threaten communities operating on tight budgets and homeowners already under financial stress – it will immediately increase homeowners' costs.

- The proposed late fee cap and revised foreclosure thresholds are problematic. As written, they create a "delinquency tax" on responsible homeowners, forcing them to pay for budget shortfalls caused by chronic late payers. By prohibiting foreclosures until delinquencies exceed \$1,500 or \$2,500—or persist for 120 days—the bill removes essential cash-flow management tools from associations.
- For example:
 - In a 10-unit association, one delinquent owner can cause a significant financial strain on the other members. Since the annual operating income is limited, even a brief period of non-payment leads to a substantial budget shortfall. For example, depending on the monthly assessment, one owner reaching the foreclosure threshold can account for 3% to 5% of the association's yearly income, which must be covered by the other nine owners. In our example below, each responsible owner would need to contribute an extra \$200 to \$347 just to keep the association financially stable.

- Consider what a late fee cap, in conjunction with the foreclosure threshold, would look like.

Monthly Dues	Late Fee Cap	Foreclosure Threshold	Months Needed to Exceed Threshold
\$300	\$15	\$1,500	6 months (\$1,800)
\$465	\$23.25	\$1,500	4 months (\$1,860)
\$625	\$31.25	\$2,500	5 months (\$3,125)

- When an Owner becomes delinquent in paying assessments for an amount or duration that allows the Association to pursue foreclosure under Minnesota law, the Association may proceed with foreclosure by advertisement or judicial foreclosure. The choice of method depends on the Association's assessment of costs, timing, legal requirements, and what is best for the community.

Step / Phase	Advertisement	Judicial
Pre-foreclosure notices	1–2 months	1–2 months
Attorney prep	2–4 weeks	4–8 weeks
Publication / Court process	6 weeks	4–9 months
Scheduling sale	2–4 weeks	1–2 months
Redemption period	6 months	6 months
Total Time	6–9 months	12–18 months

- Here is what the financial impact would look like for a 10-unit CIC with one owner delinquent for one year.

Assessment	Annual Income (10 units)	Threshold Rule	Months to Exceed	% of Annual Income Lost	Amount Remaining 9 Owners Must Make Up
\$300	\$36,000	> \$1,500	6 months	5.00%	$\$1,800 \div 9 =$ \$200.00 each
\$465	\$55,800	> \$1,500	4 months	3.33%	$\$1,860 \div 9 \approx$ \$206.67 each
\$625	\$75,000	> \$2,500	5 months	4.17%	$\$3,125 \div 9 \approx$ \$347.22 each

- The procedural traps in SF 1750 compel volunteer boards to explain to their neighbors why dues need to go up for everyone to cover the "delinquency tax" caused by these gaps.
- The \$150 cap on documents related to home sales also unfairly shifts costs onto homeowners to subsidize the sales. While the seller walks away with the profit, the

association will be responsible for covering the remaining expenses. These documents are created and provided solely to facilitate each private transaction.

- By applying corporate conflict-of-interest standards to unpaid volunteer homeowners, as outlined in the bill, it turns community service into personal liability. Many homeowners will avoid serving on boards when a simple clerical error or neighborly conversation could lead to a lawsuit.
- Administrative Burden: Implementing new 60-day notice periods and petition-driven revocations turns routine rulemaking into a bureaucratic ordeal. Increasing bureaucracy and legal obstacles do not lead to better boards; they cause burnout and accelerate the decline of self-governance in small associations.

Minnesota's common interest communities are diverse. They vary from car-condominium garages and seasonal vacation cabins to downtown high-rise towers, single-family planned communities, and affordable townhome associations — each with different governance needs, financial profiles, owner expectations, and operational realities. SF 1750 treats all these types the same. A one-size-fits-all approach that may work for a large, professionally managed urban condominium could be impossible or even financially disastrous for a small rural townhome association run entirely by volunteer homeowners. Reform in this area is necessary, and we support it. Improving disclosure, transparency, and due process is a valid and important goal. However, these goals must be pursued with care and consideration for the diverse landscape of Minnesota's CIC communities, rather than through broad statutory mandates that overlook the significant differences among community types. Effective reform requires engaging a wide range of stakeholders, carefully drafting policies that consider community size and type, and genuinely committing to solutions that protect homeowners without undermining the operational and financial stability of the communities they depend on.

Common Interest Communities (CICs) are the backbone of Minnesota's shared-ownership housing. Cities Management and Associa remain fully committed to working constructively with legislators to develop reforms that genuinely protect residents.

We urge continued dialogue with association management stakeholders before advancing this legislation. Reform should protect homeowners without raising fees or dismantling volunteer-led communities.

Sincerely,



Matt McNeill
President