

March 25, 2026

**Chair Ron Latz and Members of the Judicial Committee
Minnesota Legislature**

Dear Chair Ron Latz and Committee Members,

I am writing to express strong support for **SF 1750/HF 1268**, an urgently needed and carefully crafted update to Minnesota's Common Interest Community (CIC) and Homeowners Association (HOA) laws. This bill reflects months of collaboration through the Legislature's HOA Working Group, incorporating testimony from homeowners across the state who shared experiences of opaque governance, sudden legal fees, unreasonable fines, and foreclosure threats for relatively minor issues.

Across Minnesota, more than 8,000 HOAs affect over one million residents, yet our state lacks the basic consumer protections that many other states have long implemented. While many HOAs function well and in good faith, in some HOAs homeowners frequently report difficulty accessing financial records, learning meeting dates, or receiving answers to basic questions without incurring attorney fees. Some homeowners have faced escalating fines and fees without clear notice or an opportunity to remedy concerns. Others have encountered inconsistent governance, barriers to participating in board leadership, or unclear dispute-resolution options.

SF 1750/HF 1268 establishes common-sense standards that improve transparency, ensure clear communication, prevent conflicts of interest, and promote stable homeownership by creating clear governance expectations. Reforms include:

- Requiring HOA rules to be *reasonable*, clearly noticed, and open for homeowner comment.
- Capping fines and late fees consistent with national best practices.
- Ensuring a fair, no-cost initial dispute resolution process before matters escalate.
- Creating protections against retaliation for homeowners who request information or assert their rights.
- Establishing competitive bidding and conflict-of-interest safeguards for property management companies.
- Setting a clear delinquency threshold before foreclosure can begin, reducing unnecessary loss of homes.

- Ensuring homeowners can access basic operational and financial information without fear of legal charges.

These reforms are balanced, bipartisan, and responsive to real issues facing Minnesota families by providing clearer expectations that support both homeowners and volunteer board members.

Minnesota can and should join the many states that already provide strong, practical HOA protections. **SF 1750/HF 1268 is a responsible step toward fairness, transparency, and housing stability.**

Thank you for your consideration, and I respectfully urge you to support this important legislation.

Sincerely,

Sheila Hawthorne, HUD Certified Housing Counselor

Washington County CDA



March 25, 2026

House Judiciary Finance and Civil Law Committee
Minnesota House of Representatives
658 Cedar Street
Saint Paul, MN 55155

RE: MN HF 1268 / SF 1750 Common Interest Communities

Dear Co-Chairs Liebling and Scott, and members of the House Judiciary Finance and Civil Law Committee:

On behalf of Cities Management and the Associa family of companies, we respectfully submit this testimony in opposition to SF 1750 as presented in its current engrossment. Collectively, we manage over 750 homeowner associations representing more than 70,000 Minnesota unit owners. We speak for those owners today.

Contrary to what you may have heard, this bill does not have stakeholder support. You're hearing that here today, and you've heard it in the countless calls and emails you've all received. Our clients—the homeowners and voters who will be negatively impacted by this bill—have shared those concerns with us, and they've shared them with you. Simply put, the core problem this bill creates has not been fixed, and it is not ready to become law.

This bill is, at its foundation, a cost shift onto compliant homeowners. Minnesota unit owners are already absorbing historic increases in association insurance premiums, expanded reserve funding requirements, and growing deferred maintenance obligations across aging common-interest communities. This is not a future risk — it is the reality on the ground in our communities today. The financial margin available to associations and the individual owners who fund them is thin and narrowing.

HOA assessments are the lifeblood of an association's operations, funding everything from maintenance and insurance to shared services. Yet most associations operate on thin margins — often carrying only 15 to 30 days of cash on hand — which makes consistent, timely payments critical. When an owner falls delinquent, the financial burden shifts to everyone else, straining budgets and threatening core obligations like insurance coverage and essential services. Even the best-run communities need an effective remedy to address delinquencies before they become a broader problem.

The consequences of unchecked delinquency now extend beyond the association's budget. Under Fannie Mae's updated project eligibility standards, a condominium community becomes ineligible for conventional financing if more than 15% of its units are 60 or more days past due on assessments — a threshold that can be crossed quickly when even a handful of owners stop paying. Once a project loses that eligibility, the damage spreads to every unit owner: buyers can no longer access conforming loans, forcing them toward higher interest rates, larger down payments, or non-conventional lenders. The pool of qualified buyers shrinks, and property values follow. Fannie Mae also requires lenders to scrutinize reserve funding, insurance adequacy, and overall financial health as part of project review. For boards, delinquency is not just a cash flow problem — it is a direct and measurable threat to the investment every owner in the community has made.



SF 1750 adds to that burden. New procedural mandates, restricted enforcement tools, extended collection timelines, and constrained revenue recovery mechanisms do not protect homeowners — they reduce the operational capacity of the associations those homeowners depend on. When an association cannot enforce its rules efficiently or collect its assessments reliably, every compliant, dues-paying neighbor bears the cost. That is not consumer protection. That is a subsidy for non-compliance funded by the people next door.

We recognize the Legislature's intent to address legitimate concerns, and we approach this hearing with an understanding of the challenges some unit owners have experienced. Those problems deserve a legislative response. But this bill is not a targeted fix — it is a broad restructuring of the association-owner relationship that will produce consequences its authors have not fully modeled, arriving at the worst possible time for communities already under financial stress.

We are not here in opposition to reform. We support good policy — policy that works efficiently for the boards and homeowners we serve every day. But good policy requires that all voices be heard, and the experience of this process has been disappointing. The Committee understands better than most that there are two sides to every story. The homeowners and board members we represent made informed, often life-defining decisions to invest in common-interest communities. For many of them, this is their largest asset. Legislation that reshapes the rules governing that investment deserves more than a rushed hearing and a declaration of consensus that does not reflect the room. We are ready to be a genuine partner in this work — when the process is ready to make room for that partnership.

We appreciate your consideration and service to your communities.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt McNeill".

Matt McNeill
President

Lender Letter (LL-2026-03)

March 18, 2026

To: All Fannie Mae Single-Family Sellers/Servicers Updates to Project Standards & Property Insurance Requirements

In response to industry feedback and evolving market conditions, we are announcing various updates to our project standards policies, as well as property insurance requirements for one-to four-unit properties and project developments. These changes are in alignment with Freddie Mac and in coordination with U.S. Federal Housing (FHFA) and reflect our commitment to supporting sustainable homeownership and reducing operational complexity for sellers and servicers. We are issuing these property insurance and project standards updates together to ease the transition and address the interests of borrowers, unit owners, project developments and Fannie Mae.

We recognize that in certain areas, rising premiums and limited insurance availability are creating challenges for borrowers and homeowners' associations. At the same time, we remain focused on mitigating risks of inadequate protection against property loss, including underinsurance and underfunded condo projects.

To that end, we are introducing targeted policy updates that provide lenders and servicers with greater flexibility and operational simplicity. These updates will help ensure borrowers and homeowners' associations have access to insurance that is compliant with Fannie Mae's insurance requirements. They also balance the strengthened project standards requirements designed to promote the financial resilience and long-term sustainability of condo projects.

Together, these changes are designed to support a more stable, accessible, and sustainable housing finance system.

We are updating certain project standards throughout *Selling Guide* Chapter B4-2, Project Standards and property insurance requirements and related lender and servicer responsibilities throughout *Selling Guide* Chapter B7-3, Property and Flood Insurance and *Servicing Guide* Chapter B2, Property Insurance Requirements. Lenders and servicers must continue to refer to existing requirements in these Chapters unless otherwise updated with this Lender Letter. This Lender Letter provides information about the following:

Project Standards Updates

- Expansion of Waiver of Project Review
- Retirement of PERS review for new condo projects with attached units in Florida
- Retirement of investor concentration limits
- Retirement of the Limited Review process
- Enhanced reserve study requirements
- Increased replacement reserve requirements

Property Insurance Updates

- Policies Applicable to Sellers and Sellers/Servicers
 - Property Insurance Requirements for One-to Four-Unit Properties
 - Master Property Insurance Requirements for Project Developments
 - Individual Property Insurance Requirements for a Unit in a Project Development
- Additional Policies Applicable to Servicers Only
 - Property Insurance Requirements for One- to Four-Unit Properties
 - General Requirements



Project Standards Updates

In 2023, we incorporated significant deferred maintenance and unsafe condition (i.e., critical repairs) requirements for condo projects into the *Selling Guide*. Since then, we have seen a correlation between condo projects with underfunded reserves for capital expenditures and those in need of critical repairs. Condo projects with inadequate reserves typically do not have the requisite resources to maintain the physical condition of the project or to fund unexpected operating expenses. As a result, unit owners can experience substantial financial hardship from unexpected special assessments or higher regular assessments or dues, leading to mortgage default or foreclosure.

Our revised requirements are intended to improve the financial health of condo projects and promote long-term sustainable homeownership.

Expansion of Waiver of Project Review

We are expanding eligibility for a Waiver of Project Review to include new and established projects with ten or fewer units. For projects consisting of five- to ten-units, the project must not be part of a master association or larger development. Lenders who use this option must comply with all *Requirements that Apply When the Project Review is Waived* in *Selling Guide* [B4-2.1-02, Waiver of Project Review](#). This includes, but is not limited to, the following:

- the project does not have an “Unavailable” status in Condo Project Manager™ (CPM™),
- the project meets all applicable insurance requirements in *Selling Guide* B7-3, Property and Flood Insurance, and
- there are no critical repairs or evacuation orders in place if the loan is a Fannie Mae to Fannie Mae limited cash-out refinance.

NOTE: As stated in *Selling Guide* [B7-4-01, General Liability Insurance Requirements for Project Developments](#), general liability and fidelity insurance are not required for condo projects that qualify for a Waiver of Project Review.

Effective: Lenders may take advantage of this change immediately. The Desktop Underwriter® (DU®) messages related to Waiver of Project Review will be updated in a future release.

Retirement of PERS review for new condo projects with attached units in Florida

We are retiring the requirement that new or newly converted projects with attached units in Florida must be submitted to Fannie Mae’s Project Eligibility Review Service (PERS). Approval of these projects, like all other new projects with attached units, can be reviewed under the lender-delegated Full Review process.

Effective: Lenders may take advantage of this change immediately. Regarding the state-specific project review guidelines, CPM has been updated and DU messages will be updated in a future release.

Retirement of investor concentration limits

We are retiring the investment property concentration limit of 50% in established projects reviewed as part of the Full Review option on investor loans.

NOTE: The presale requirement that at least 50% of the total units in the project or subject legal phase must have been conveyed or be under contract for sale to principal residence or second home purchasers still applies as described in *Selling Guide* [B4-2.2-03, Full Review: Additional Eligibility Requirements for Units in New and Newly Converted Condo Projects](#).

Effective: Lenders may take advantage of this change immediately. Regarding the investor concentration guidelines, CPM has been updated and DU messages will be updated in a future release.



Retirement of the Limited Review process

We are retiring the Limited Review process. Established projects previously eligible for Limited Review must now be reviewed using the Full Review process or, when applicable, the Waiver of Project Review process in *Selling Guide* [B4-2.1-02, Waiver of Project Review](#).

NOTE: *This change effectively retires the remaining geographic restrictions that apply to the state of Florida. Geographic restrictions remain in effect until the Limited Review process is retired on August 3, 2026.*

Effective: Lenders may implement the retirement of Limited Review immediately but must do so for all loan applications dated on or after Aug. 3, 2026. DU messages related to the Limited Review process will be updated in a future release.

Enhanced reserve study requirements

Current policy allows lenders to obtain a reserve study to demonstrate a project has sufficient reserves when it is not budgeting for replacement reserves that meet our *Selling Guide* requirements. We are updating this policy to clarify when lenders use this flexibility, they must verify the project's budget includes the highest recommended reserve allocation amount in the reserve study to adequately cover the costs identified.

NOTE: *Lenders are no longer permitted to use the baseline funding method which is the option that allows the reserve cash balance to approach but never fall below zero.*

Effective: Lenders are encouraged to implement this change immediately but must do so for all loan applications dated on or after Aug. 3, 2026.

Increased replacement reserve requirements

We are revising our reserve allocation requirement for capital expenditures and deferred maintenance from a minimum of 10% to a minimum of 15% of the annual budgeted income assessment. All other requirements related to replacement reserves and the review of budget adequacy remained unchanged.

Effective: Lenders must comply with this requirement when utilizing the Full Review process for all loan applications dated on or after Jan. 4, 2027. CPM lender certifications will be updated in a future release.

Property Insurance Updates

In February 2024, we made clarifications to our property insurance requirements. Since publication of these clarifications, we have heard concerns from industry partners about lenders' and servicers' ability to comply with certain property insurance requirements. In response to this feedback, we conducted extensive market outreach and are making various updates to our requirements as a result of these collaborative efforts.

Policies Applicable to Sellers & Sellers/Servicers

Property Insurance Requirements for One-to Four-Unit Properties

Coverage sufficiency

We are retiring the requirements related to documenting the replacement cost value to verify the property insurance policy coverage amount contained in *Determining the Required Coverage Amount* in *Selling Guide* [B7-3-02, Property Insurance](#)



[Requirements for One-to Four-Unit Properties](#) in their entirety. We are also retiring the requirement to insure roofs on a replacement cost basis, as described in *Coverage Requirements in Selling Guide*, [B7-3-02, Property Insurance Requirements for One-to Four-Unit Properties](#).

With this Lender Letter, the requirement for coverage sufficiency is as follows:

The property insurance policy must provide coverage on a replacement cost basis, with the exception of roofs; property insurance policies that provide such terms of coverage will be deemed to provide sufficient coverage.

NOTE: *Roofs must be insured, but do not have to be insured on a replacement cost basis.*

NOTE: *Fannie Mae recognizes that some insurers may issue policies that provide coverage on an actual cash value basis for personal property and structures that are not buildings. In the event the lender or servicer sees such terms in a property insurance policy covering a one- to four-unit property, this is acceptable.*

All other requirements in *Coverage Requirements in Selling Guide* [B7-3-02, Property Insurance Requirements for One-to Four-Unit Properties](#) remain unchanged.

Effective: These changes are effective immediately.

Master Property Insurance Requirements for Project Developments

Coverage sufficiency

We are revising the requirements related to documenting the replacement cost value to verify the master property insurance policy coverage amount contained in *Determining the Required Coverage Amount* in *Selling Guide* [B7-3-03, Master Property Insurance Requirements for Project Developments](#) in their entirety. Additionally, we are retiring the requirement to insure roofs on a replacement cost basis, as described in *Coverage Requirements in Selling Guide* [B7-3-03, Master Property Insurance Requirements for Project Developments](#). Last, we are retiring the requirement that project developments have inflation guard coverage as described in *Special Coverage Requirements for Project Developments* in *Selling Guide* [B7-3-03, Master Property Insurance Requirements for Project Developments](#).

With this Lender Letter, the following table describes the coverage sufficiency requirements for master property insurance policies.



Requirements to Confirm Coverage Sufficiency for Project Developments

<p>Coverage sufficiency</p>	<p>The master property insurance policy coverage amount must equal at least 100% of the estimated replacement cost value of the project improvements, including common elements and residential structures.</p> <p>The lender or servicer may rely on any one of the following to document that the coverage amount is sufficient:</p> <ul style="list-style-type: none"> • guaranteed replacement cost coverage, or its equivalent; • extended replacement cost coverage, or its equivalent; • a replacement cost value estimate provided by the insurer; • the project’s insurance risk appraisal; or • a statement from the insurer or other applicable professional with appropriate expertise to make such a determination.
<p>Loss settlement</p>	<p>The master property insurance policy must provide coverage on a replacement cost basis, with the exception of roofs.</p> <p>NOTE: <i>Roofs must be insured, but do not have to be insured on a replacement cost basis.</i></p> <p>NOTE: <i>Fannie Mae recognizes that some insurers may issue policies that provide coverage on an actual cash value basis for personal property and certain property elements. In the event the lender or servicer sees such terms in a master property insurance policy covering a project development, this is acceptable.</i></p>

NOTE: See *Acceptable Evidence of Master Property Insurance Policies in Servicing Guide [B-2-03, Master Property Insurance Requirements for Project Developments](#)* for additional servicer options related to property insurance covering project developments.

All other requirements in *Coverage Requirements and Special Coverage Requirements for Project Developments* in *Selling Guide [B7-3-03, Master Property Insurance Requirements for Project Developments](#)* remain unchanged.

Effective: These changes are effective immediately.

Deductible requirements

We are updating our requirements related to per unit deductibles in *Deductible Requirements* in *Selling Guide [B7-3-03, Master Property Insurance Requirements for Project Developments](#)*.

With this Lender Letter, the maximum allowable per unit deductible for all required property insurance perils covered by a master property insurance policy is \$50,000 per unit.

NOTE: *When the master property insurance policy has a per unit deductible, the borrower must have a unit owners property insurance policy, in accordance with the requirements set forth in “Determining when a policy is required & coverage sufficiency” in “Individual Property Insurance Requirements for a Unit in a Project Development” below.*

All other requirements in *Deductible Requirements* in *Selling Guide [B7-3-03, Master Property Insurance Requirements for Project Developments](#)* remain unchanged.



Effective: Lenders are encouraged to implement these changes immediately but must do so for all loans with application dates on or after July 1, 2026.

Individual Property Insurance Requirements for a Unit in a Project Development

Determining when a policy is required & coverage sufficiency

We are replacing the requirements related to when a borrower is required to obtain an individual property insurance policy, as described in *Determining if an Individual Property Insurance Policy on a Unit in a Project Development is Required* in [Selling Guide B7-3-04, Individual Property Insurance Requirements for a Unit in a Project Development](#), in their entirety. Additionally, we are replacing the requirements related to coverage sufficiency, as described in *Determining the Required Coverage Amount* in [Selling Guide B7-3-04, Individual Property Insurance Requirements for a Unit in a Project Development](#), in their entirety.

With this Lender Letter, the following table describes requirements for individual property insurance policies.

Requirements for Individual Property Insurance Policies	
Determining when a unit owners property insurance policy is required	<p>The borrower must have a unit owners property insurance policy when:</p> <ul style="list-style-type: none"> any portion of the interior of the unit or improvements to the unit are not covered by the master property insurance policy, or the master property insurance policy includes a per unit deductible.
Coverage sufficiency	<p>The minimum amount of coverage required for a unit owners property insurance policy must be at least equal to the greater of:</p> <ul style="list-style-type: none"> an amount sufficient to cover any portion of the interior of the unit or improvements to the unit not covered by the master property policy in order to restore the unit to its condition prior to a loss event; or the amount of the per unit deductible, if the master property insurance policy has a per unit deductible. <p>Coverage amount sufficiency should be based on the best information known or available to the lender or servicer, which may include information obtained from the borrower in collaboration with the insurer or insurance agent, the HOA or co-op corporation legal documents, or other professional with appropriate expertise to make such a determination.</p> <p>Fannie Mae recommends that lenders and servicers encourage borrowers to closely collaborate with an insurance professional to determine their individual insurance needs.</p>
Required perils	<p>See <i>Coverage Requirements</i> in Selling Guide B7-3-02, Property Insurance Requirements for One-to Four-Unit Properties for the coverage requirements when a unit owners property insurance policy is required for a unit in a project development.</p> <p>If the master property insurance policy includes a per unit deductible applicable to a specific required peril, the unit owners property insurance policy must include coverage for that peril.</p>
Loss Settlement	<p>The unit owners property insurance policy must provide coverage on a replacement cost basis.</p>

Effective: The updates to required perils and loss settlement are effective immediately. Lenders are encouraged to implement the remaining changes immediately but must do so for all loans with application dates on or after July 1, 2026.



Deductible requirements

We are replacing our maximum deductible requirements in *Deductible Requirements* in *Selling Guide* [B7-3-04, Individual Property Insurance Requirements for a Unit in a Project Development](#) in their entirety.

With this Lender Letter, the maximum allowable deductible for a unit owners property insurance policy for all required property insurance perils is the greater of

- 5% of the property insurance coverage amount, or
- \$2,500.

Effective: These changes are effective immediately.

Additional Policies Applicable to Servicers Only

Property Insurance Requirements for One- to Four-Unit Properties

Coverage sufficiency

We are updating certain requirements for monitoring property insurance policies in *Servicing Guide* [B-2-01, Property Insurance Requirements Applicable to All Property Types](#) and [B-2-02, Property Insurance Requirements for One-to Four-Unit Properties](#).

With this Lender Letter, the requirements for servicers to monitor property insurance policies for one-to four-unit properties are as follows:

While the servicer remains obligated in accordance with *Selling Guide* [A2-1-03, Indemnification for Losses](#), the following table describes Fannie Mae's minimum requirements for monitoring property insurance policies depending on whether the policy obtained is a new or renewal policy.



New or Renewal Policy	Minimum Requirements							
New Policy	The servicer must confirm that the property insurance policy meets <ul style="list-style-type: none"> the requirements related to insurer rating, deductible, and perils in accordance with <i>Selling Guide B7-3, Property and Flood Insurance</i>; and the replacement cost coverage requirements in “<i>Coverage Sufficiency in Property Insurance Requirements for One-to Four-Unit Properties</i>” in this Lender Letter. 							
Renewal Policy	<p>At least annually, the servicer must confirm that the property insurance policy meets</p> <ul style="list-style-type: none"> the requirements related to insurer rating, deductible, and perils in accordance with <i>Selling Guide B7-3, Property and Flood Insurance</i>; and the replacement cost coverage requirements in “<i>Coverage Sufficiency in Property Insurance Requirements for One-to Four-Unit Properties</i>” in this Lender Letter. <p>If, based on the initial evidence of insurance provided, the servicer is unable to confirm whether the policy meets the replacement cost coverage requirements, then the servicer is authorized to determine whether the policy coverage amount in the policy under review has decreased from the last known coverage amount and take the action described in the following table.</p> <table border="1" data-bbox="310 831 1515 1367"> <thead> <tr> <th data-bbox="310 831 911 863">If the policy coverage amount...</th> <th data-bbox="911 831 1515 863">Then....</th> </tr> </thead> <tbody> <tr> <td data-bbox="310 863 911 1136">has decreased from the last known coverage amount or the servicer cannot determine the last known coverage amount</td> <td data-bbox="911 863 1515 1136">the servicer must take additional steps it deems appropriate to confirm that the property insurance policy meets the replacement cost coverage requirements in “<i>Coverage Sufficiency</i>” in “<i>Property Insurance Requirements for One-to Four-unit Properties</i>” in this Lender Letter and document its efforts in the individual mortgage loan file.</td> </tr> <tr> <td data-bbox="310 1136 911 1367">has not decreased from the last known coverage amount</td> <td data-bbox="911 1136 1515 1367">any additional action the servicer takes to confirm that the property insurance policy meets the replacement cost coverage requirements in “<i>Coverage Sufficiency</i>” in “<i>Property Insurance Requirements for One-to Four-unit Properties</i>” in this Lender Letter is at its discretion.</td> </tr> </tbody> </table>		If the policy coverage amount...	Then....	has decreased from the last known coverage amount or the servicer cannot determine the last known coverage amount	the servicer must take additional steps it deems appropriate to confirm that the property insurance policy meets the replacement cost coverage requirements in “ <i>Coverage Sufficiency</i> ” in “ <i>Property Insurance Requirements for One-to Four-unit Properties</i> ” in this Lender Letter and document its efforts in the individual mortgage loan file.	has not decreased from the last known coverage amount	any additional action the servicer takes to confirm that the property insurance policy meets the replacement cost coverage requirements in “ <i>Coverage Sufficiency</i> ” in “ <i>Property Insurance Requirements for One-to Four-unit Properties</i> ” in this Lender Letter is at its discretion.
If the policy coverage amount...	Then....							
has decreased from the last known coverage amount or the servicer cannot determine the last known coverage amount	the servicer must take additional steps it deems appropriate to confirm that the property insurance policy meets the replacement cost coverage requirements in “ <i>Coverage Sufficiency</i> ” in “ <i>Property Insurance Requirements for One-to Four-unit Properties</i> ” in this Lender Letter and document its efforts in the individual mortgage loan file.							
has not decreased from the last known coverage amount	any additional action the servicer takes to confirm that the property insurance policy meets the replacement cost coverage requirements in “ <i>Coverage Sufficiency</i> ” in “ <i>Property Insurance Requirements for One-to Four-unit Properties</i> ” in this Lender Letter is at its discretion.							

Upon identifying that a property insurance policy does not comply with one or more of the above requirements, the servicer must notify the borrower of the insufficiency.

The servicer must have procedures that describe the methods used to adhere to the minimum monitoring requirements. If the servicer relies on a process to monitor for instances when a policy’s coverage amount decreases, the procedures must describe the methods used to monitor for coverage decreases and the subsequent steps to confirm evidence of coverage that meets our requirements. Additionally, the servicer’s procedures must describe the steps, as applicable, used to attempt to resolve a non-compliant property insurance policy, which may include lender-placed insurance.

General Requirements

Annual Insurance Reminder

We are establishing a new requirement with this Lender Letter. At least annually, the servicer must provide a reminder to the borrower of their responsibility to maintain insurance on the property and recommend they contact their insurance provider to review their coverage. The servicer is authorized to include such reminder in or with another borrower communication and may



refer the borrower to applicable borrower-facing insurance information on Fannie Mae's or the servicer's website. Additionally, the servicer is authorized to use any outreach method permitted by applicable law.

Lender-placed insurance

We are modifying our requirements related to obtaining lender-placed property insurance coverage, as described in *Servicing Guide* [B-2-01, Property Insurance Requirements Applicable to All Property Types](#). The servicer must obtain lender-placed insurance in response to notification that coverage is being cancelled, non-renewed, or has lapsed, in accordance with *Servicing Guide* [B-6-01, Lender-Placed Insurance Requirements](#).

All other requirements in *Servicing Guide* [B-2-01, Property Insurance Requirements Applicable to All Property Types](#) remain unchanged.

Effective: With respect to all servicing policies in this Lender Letter, servicers are encouraged to implement these changes immediately but must do so by Jan. 1, 2027.

NOTE: *The selling policy updates set forth above are not intended to impact servicers' current processes for monitoring coverage for unit owners' property insurance policies for units in a project development or master property insurance policies for project developments, as applicable.*

Lenders may contact their Fannie Mae Account Team if they have questions about this Lender Letter. Servicers who have questions may contact their Fannie Mae Servicing Manager or Fannie Mae's Single-Family Servicer Resource Center at 1-800-2FANNIE (1-800-232-6643).
Have guide questions? Get answers to all your policy questions, straight from the source. [Ask Poli](#).

OPPOSE HF 1268 / SF 1750 – DOES NOT SUPPORT AFFORDABLE HOUSING

I am a current HOA Board Member of a 22 acre / 14 building / 148 Unit Side by Side Townhome Association built in 1995/1996. I have volunteered for the board for approximately 10 years. Dues are currently \$355, up \$90 in last 3 years primarily due to increased insurance premiums. I attended, observed, and testified at 95% of HOA working committee meetings and open forums in 3 corners of the Cities in Fall 2024/Spring 2025.

MY RECOMMENDATION:

Let the NEW Ombudsperson role do its job for 2 years and determine if there is truly a need for this burdensome and incredibly expense legislation. (SF2216/HF2443, passed 6/2025) HF 1268 / SF 1750 are not making homes more affordable, nor HOA's less contentious.

Here is the Ultimate Question: Should all of these issues result in legislation creating roadblocks, increased costs, and often subjecting the entire HOA to additional legal consequences and costs; **OR** should the Ombudsperson office be given the time to collect, evaluate, and make recommendations for laws and/or clearly identify what should be best practices supplied in education materials only? Support Education Not Legislation.

SF 1750 by capping late fees has reduced **the one opportunity** to encourage payment, to having **no consequence at all**. The \$20 or 5% cap ($\$355 \times 0.05 = \17.75) will move most association collection plans backward in time. (16.4/DE12) Our association currently has 6-8 homeowners per month that disregard a \$50 late charge. All 4 of my personal credit card late fees exceed \$40, which may result in homeowners erroneously opting to pay a personal expense over a housing expense. Not paying a credit card results in some bad debt write-off; Not paying a housing responsibility results in foreclosure and financial burden shifting to other homeowners. This feels like the intent to protect the less than 1% at the cost of the whole.

SF 1750 will significantly increase association dues due to new and excess administration costs related to the extensive processes that will have to be put in place and maintained by the management companies and attorneys. Examples include new pre-meeting agenda and documentation prep processes, new collection processes, new maintenance bid processes, new architectural review process, new dispute hearing processes, and new fines/fees restriction processes. **These processes are burdensome and have not been proven statistically via the Ombudsperson role to be necessary as legislation versus best practices.** This feels like a lot of work to seemingly protect the less than 1% at the administrative COST of the whole. (DE12)

SF 1750 states “the board must make ... contracts ... (it) intends to approve ... available”. (20.28/DE12) This is a lot of work for a collection of homeowners who DO NOT CARE. Our association on average has 2 homeowners attend a meeting somewhere throughout a year. So, **for a year** we have to **pay the management company's time** to collect and post for the **minute chance** that a homeowner **might someday** have an interest? This again feels like a lot of work for the management company where the cost will be passed onto the homeowner budget **for the benefit of the 1%, not the whole.**

SF 1750 states no fine greater than \$100 unless “the association’s members approve, a greater amount at **an annual meeting.**” (14.29/DE12) Why are we tying the hands of an “elected” board? We can’t motivate homeowners to attend an annual meeting or submit a proxy. It takes approximately 6 eblasts *begging* for 37 proxy submissions to reach quorum of 25% per our governing documents. This is legislation meant to provide roadblocks to actual administration of an HOA and to remove powers of an “elected” board. **Intent again is to support the non-compliant 1% at the Cost to the whole homeowner population.**

SF 1750’s prohibitions on charging back legal fees or related costs to the homeowner they apply too, whether an inquiry, complaint or disruption, is unfair to other homeowners in the association. There may be a homeowner that is not involved in the dispute, that is paycheck to paycheck and paying their own dues, that could be burdened by the extra costs a disruptive homeowner causes them in increased dues. **Cost shifting from the Individual responsible to the whole population is unethical and unfair.**

SF 1750 states “The unit owner has the right to be represented by an attorney or a designated representative.” **At whose Cost**, individual homeowner or association? (15.9/ DE12)

SF 1750 states “**shall** consider offering a reasonable payment plan for a delinquency.” (17.31/DE12) The legal HOA trainings I’ve attended shared that “shall” means “obligation under law / duty, not optional.” When? After one payment delinquent, six payments, twelve payments? Unintended discrimination will occur based on personal stories and individual situations. If the association implements a process to have all payment plans reviewed by an attorney to ensure reasonable, enforceable, and non-discriminatory, who pays for the attorney? The delinquent homeowner or the association? Board members, who are not collection agents nor lenders, will unknowingly put themselves and the association in liability situations. **This is shifting debt responsibility** from the non-paying 1% to the compliant paying homeowners and increasing liability to the board members and the association.

SF 1750 states “The unit owner CANNOT BE CHARGED for the initial dispute resolution process.” When does the “initial” stage end? (36.30/DE12) Also states “The board must provide the notification ... at NO COST to the unit owner.” (37.9/DE12) Then who is charged, who foots the bill? The other non-involved compliant homeowners? **This is cost shifting again.**

SF 1750 is creating more disruption at a board meeting and discouraging board members from volunteering. Ex. “Nothing prohibits a unit owner from requesting that an item be added to the agenda...” (21.5/DE12) An association meeting runs very much like the legislative committee meetings. From observation, the “professional/paid” Representatives and Senators are not able to function in this way, so how is it favorable to put “elected/volunteer” board members in this position. This is an opportunity for a disruptive homeowner to create chaos, which is the only reason ever in real life that a homeowner asks for this. **It seems the intent here is to take away the authority of the “elected” board.**

Please OPPOSE SF 1750 / HF 1268. Support Education Not Legislation.

Respectfully,

Cindy Haase

Secretary/Treasurer

Personal work experience in Collections, Mortgage, Insurance, Fraud and Risk Management

March 24, 2026

The Honorable Tina Liebling, Co-Chair of the House Judiciary Finance and Civil Law Committee
The Honorable Peggy Scott, Co-Chair of the House Judiciary Finance and Civil Law Committee
Minnesota State Legislature
Centennial Office Building
95 University West
St. Paul, MN 55155

Dear Co-Chairs Liebling and Scott and Judiciary Committee Members:

We are writing on behalf of the Crosscroft Homeowners Association in Rosemount. We are a self-managed association of 150 detached townhomes. As such, we do not contract with a management company and we do not have the issues created by multiple housing units. We believe that S.F. 1750 and H.F. 1268 provide excessive over-regulation for associations with those two characteristics and that self-managed associations of detached townhomes should be exempted from this legislation. Without such an exemption, we oppose the legislation.

Thank you for your consideration of our position.

Sincerely,

Pierre Menard
President
Crosscroft Homeowners Association
3640 Crosslough Trail
Rosemount, MN 55068

Gerry Falkowski
Vice-President
Crosscroft Homeowners Association
3640 Crosslough Trail
Rosemount, MN 55068

Date: March 25, 2026

To: Minnesota Committee on Health, Finance, and Policy

From: Patrick Dengate, *President, Capitol Heights HOA*

Committee Members:

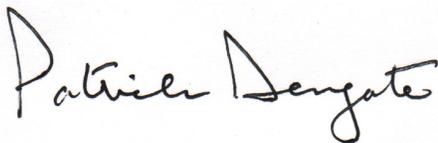
I am writing as (but not on behalf of) a board of directors member of a St. Paul HOA. I serve as its president.

I cannot state strongly enough my opposition to the so-called reform bill **MN SF 1750** now being considered by the Minnesota lawmakers. To put it in the simplest terms, the changes proposed are deeply-flawed, one-size-fits-all “solutions” in search of problems, which—while they may exist—are extremely isolated.

Our HOA is comprised of just 25 units. We struggle every year to deal with rising insurance costs while trying to keep our monthly assessments reasonable for owners to afford, and their townhouses marketable. There are other challenges. Two of our owners are chronically delinquent in their payments and it takes months to try to recover what the HOA needs to operate. If we had more—and our ability to recover funds which everyone else has, per their contract, faithfully paid—we would fail. Infrastructure would fall apart, insurance would go unpaid, other obligations would go unfulfilled. This could lead to lawsuits by homeowners against board members, all of whom are volunteers and neighbors. Currently, our HOA is well-run, and members have no complaints; we should not pay the price for those isolated few that are poorly-run.

I am seriously considering leaving our HOA board if this legislation passes and becomes law. It is unworkable in the real world, and will make it almost impossible for boards to responsibly manage their HOAs. Furthermore, my wife and I would consider moving and going to a non-HOA residence for all the same reasons.

If this bill passes, I believe that within a year or two, the legislature will be faced with fixing all the unintended consequences that will inevitably result.

A handwritten signature in black ink that reads "Patrick Dengate". The signature is written in a cursive style with a large initial 'P' and a long, sweeping underline.



March 25, 2026

We are writing in opposition to SF1750.

The **HOA Leadership Network** (www.hoalnet.com) has provided free monthly educational and networking meetings for board leaders of townhome, condominium, and other homeowner associations (HOAs) in the seven-county metro area since January 2018.

SF1750 seeks to make significant changes to the Minnesota Common Interest Ownership Act or MCIOA (515B). MCIOA has been very beneficial legislation for HOA board leaders and for HOA homeowners. HOA board leaders have accepted significant authority and fiduciary duties through MCIOA and their HOA's governing documents. They need and want to be successful. We believe the best way to support their success is through education to establish the knowledge and skills they need in their important leadership roles.

We support helpful provisions of SF1750; for example, establishing a fine and fee schedule and a written dispute resolution policy as a best practice. However, other harmful provisions limit the board's fiduciary duty to collect unpaid fees and fines, and grant homeowners unreasonable and disruptive speaking access at board meetings. More legislation will only increase complexity and discourage future leaders from joining these volunteer board positions.

We urge you to oppose SF1750.

Lynn Boergerhoff, President

Mark Luis Foster, Vice President



March 26, 2026

Re: SF 1750 (Bahner) Common Interest Communities and Homeowners Associations

Chair Liebling, Chair Scott and members of the House Judiciary Committee:

The League of Minnesota Cities appreciates the opportunity to provide comments on SF 1750, which includes many of the policy recommendations of the Legislative Working Group on Common Interest Communities and Homeowners Associations. Homeowner associations (HOAs) when effectively run are important aspects of residential development and property management that ensure management of private common area property, provide services, amenities, and facilities, and set and enforce community rules.

It is important to note that while cities may seek to ensure private common area property in a development is properly managed by those benefiting from the common property, cities do not have the legal authority to directly mandate the establishment of HOAs nor do cities have oversight over HOA covenants, conditions, and restrictions or governance. There are also areas in statute including Minn. Stat. 515B that requires ownership associations for Common Interest Communities (CICs).

We appreciate the conversations with Representative Bahner and others who have worked on recommendations from the legislative working group. We also acknowledge and appreciate the current language includes several of the League's recommendations to improve the language. While the language is improved, we continue to have concerns that the language may result in cities being forced to manage property in a development that should be private property, which could increase costs to the city and taxpayers. More specifically, our members continue to raise concerns as to how Section 15, Subd. 2, paragraph 2 of the bill may result in certain new residential developments forcing costs for the appropriate management of stormwater onto the general taxpayers of the city.

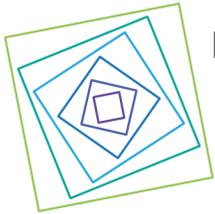
We would strongly recommend in line 51.1 after the word "rule" inserting "or for the management of stormwater" to ensure cities can continue to meet state and federal stormwater management requirements. While cities are responsible for the public collection portion of a stormwater system, individual property owners are responsible for the management of stormwater runoff until it enters the public collection system. Without this change, it could put cities in the difficult position to potentially deny residential developments because of the costs to taxpayers of subsidizing the components of private stormwater handling systems.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Daniel Lightfoot". The signature is written in a cursive style.

Daniel Lightfoot
Senior Intergovernmental Relations Representative
League of Minnesota Cities



MINNESOTA HOMEOWNERSHIP CENTER

March 26, 2026
House Judiciary Committee
Minnesota Legislature

Dear Chair Scott, Chair Lieblich, and Committee Members,

My name is Roxanne Young Kimball, President & CEO of the Minnesota Homeownership Center and a member of the Minnesota Legislature's HOA and CIC Working Group, convened to examine the experiences of Minnesota homeowners and identify needed statutory reforms in 2024-2025. I am writing in strong support of SF 1750, a balanced and evidence-based update to Minnesota's HOA and CIC statute.

Our organization supports a statewide network of more than 100 housing advisors who serve over 6,000 Minnesota households annually through homebuyer education, financial wellness coaching, and foreclosure prevention support. HOC housing advisors meet consistently with homeowners struggling to resolve issues with their HOAs—issues that stem not from individual personalities, but from structural gaps in Minnesota law. With more than 8,000 HOAs and over a quarter of Minnesota households living in them, the absence of clear statewide standards creates confusion, inconsistent governance, and avoidable financial harm. During the legislative working group, we heard deeply consistent themes that demonstrate why reform is urgently needed.

1. Homeowners Face Legal and Financial Escalation Without Due Process

Across the state, homeowners reported being charged attorney fees simply for asking questions, requesting documents, or seeking clarification about their dues. Several homeowners testified to receiving attorney bills after management companies forwarded routine inquiries directly to legal counsel.

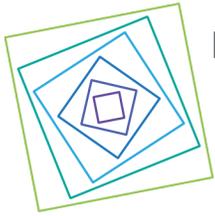
One homeowner assisted by a foreclosure counselor correctly submitted the required paperwork for automatic HOA payments, only to discover months later that the management company never processed it. The homeowner received no communication until a pre-foreclosure notice arrived—attached to \$3,600 in attorney fees, charged solely for asking for a statement of the balance owed. This is not an isolated case; our advisors regularly see homeowners facing sudden legal escalation for issues that could have been resolved informally and at no cost.

How SF1750 addresses these concerns:

- Establishes reasonable standards for late fees and fines, while still protecting HOA board rights to establish fines for their own communities at a properly noticed meeting.
- Creates clear notice requirements for fines, assessments, and potential foreclosure proceedings.
- Protects homeowners from retaliation for asking questions or asserting their rights.

2. Lack of Transparency and Barriers to Basic Information

Homeowners repeatedly testified that they were denied access to meeting information, financial records, competitive bids, or board decisions—even though their dues fund HOA operations. In some



MINNESOTA HOMEOWNERSHIP CENTER

cases, homeowners were fined for requesting documents or for speaking outside of designated times, despite no authority for these penalties in the governing documents.

SF1750 responds by:

- Requiring reasonable access to financial and operational records.
- Mandating clear, timely notice of meetings, agendas, and board decisions.
- Requiring HOAs to adopt reasonable, transparent rule-making processes and conflict-of-interest protections.

3. Conflicts of Interest and Non-Competitive Contracting

Testimony referenced repeated situations in which property management companies steered contracts to affiliated vendors, inflating costs and undermining the fiduciary responsibility of volunteer HOA boards. Homeowners from multiple communities—including several citing experiences consistent with [this 2025 Minnesota Reformer article](#)—described pressure to approve vendor contracts that financially benefitted management-company subsidiaries.

SF1750 responds by:

- Establishing conflict-of-interest standards for board members and property managers.
- Requiring good faith effort to secure multiple proposals for major contracts, to save homeowners money and increase competition.
- Increasing transparency so homeowners and board members can trust the integrity of decisions affecting their communities.

4. Outdated Dissolution Standards Harm Homeowners

Heritage Park homeowners testified that even though their City supports dissolution of their HOA, they cannot meet the 80% of homeowner and 80% of mortgage-company approval requirement—a threshold far higher than in other states and functionally impossible for many communities. SF1750 modernizes this process, creating a fair and achievable standard of 67% of homeowners for certain types of single-family detached homeowner associations that lack common elements.

The SF 1750 is a thoughtful, bipartisan response to real harms documented through homeowner testimony, advisor experience, and legislative study. Many concerns raised by industry stakeholders have been heard thoughtfully and revisions incorporated by the authors. It provides clarity, fairness, transparency, and due-process protections that benefit both homeowners and volunteer boards. These reforms do not undermine HOAs; they support them—ensuring that communities run smoothly and that homeowners are treated fairly and consistently.

I respectfully urge your full support for SF 1750.

Roxanne Young Kimball

Roxanne Young Kimball
President & CEO, Minnesota Homeownership Center

To: Co-Chairs Liebling and Scott and Members of the House Judiciary Finance and Civil Law Committee

From: Ellen Bump, Board Member of Eagan Oaks Townhomes Association

Date: March 25, 2026

RE: Oppose SF 1750

Dear Co-Chairs Liebling and Scott and Members of the Committee:

I am the secretary and treasurer of a 45-unit townhome association. I volunteer to serve on my HOA board simply because someone has to do it. It is very difficult to find 5 people (11% of my community) willing to do their part and serve on the board. It's a thankless job that takes a significant amount of my personal time but is necessary to ensure that the community in which I live remains a desirable place to live.

I do not support SF 1750 for the following reasons.

- **The capped fines and limitations imposed on associations related to collecting on past due accounts will lead to increased costs for those homeowners who are not delinquent in paying their assessments.** HOAs are non-profit corporations owned by the homeowners in the community, which means that we have to be able to collect all dues in order to pay our bills. In 2020, our budget allocations were ~20% to insurance, ~30% to reserves and ~50% to maintain the association grounds and buildings. Since then, our insurance costs have more than tripled, making it 50% of our budget, and our annual reserve allocations are almost double due to aging assets and inflation. If we are hindered by caps on fees, which incent people to pay, and by collections processes, everyone will lose. The only options to cover a budget shortfall as a result of unpaid dues are foregoing maintenance for the entire association or charging a special assessment.
- **Mandatory rewriting of documents, new record keeping and legal reviews will increase our dues.** None of these new requirements are free. While large associations can spread these costs over many homeowners, smaller associations like mine have fewer people over which to spread the increased burden brought about by this legislation.
- **The bill creates a liability trap.** This bill obligates us to perform maintenance, but we have to wait for three bids for any expense over \$50,000. There are times when emergencies arise that are expensive. We risk a lawsuit if we don't address the emergency, and yet we risk a lawsuit if we don't wait to receive three bids. Who will want to serve on an HOA board with these risks?

Like every other type of living situation, HOAs have their pros and their cons. I don't dispute that there are some HOA boards who overstep their boundaries, but the authors of this bill state that most associations are well-run. Why do those of us who live in well-run associations have to pay for the handful that aren't? Under SF 1750, costs will increase for all members of an HOA thereby making our homes less affordable. And we will have even greater difficulty in attracting homeowners to step up and serve as board members. An HOA cannot function without a board of directors to run the "business" that homeowners buy into when they make the decision to purchase a home in an HOA.

Thank you for taking the time to consider the detrimental impacts of this proposed legislation.

Sincerely,
Ellen Bump

RE: MN SF 1750
Hearing before Judiciary Finance and Civil Law Committee
Thursday, March 26, 10:15 AM

Representative Liebling,

I am providing written testimony for this hearing since I am unable to attend in person. I am a townhome owner and also serve as an officer and board member for the governing association. As one of over 50,000 volunteer board members in the state, I donate my time to support our owners in this nonprofit community. My goals are to serve the needs and desires of the ownership group as a whole, protect property values, and keep housing affordable.

I have grave concerns about SF 1750 in its current form. The bill protects the few at the expense of the many. The majority of owners in community associations are happy with current governance and oppose more regulation. Among the 1.5 million people living in these communities, there will always be a few who are dissatisfied. Further, there will always be the rare community that is poorly run. I support greater transparency and fair rules to assure proper management by boards and property management firms. However, I believe this bill will result in:

- Increased delinquencies
- Improperly funded budgets
- More costly litigation
- Fewer qualified individuals willing to volunteer their services
- Most importantly, **higher costs for owners**

Community association documents are complex. Many owners have not read them, and they simply don't understand how these communities work. They aren't clear that dollars spent by the association come from **their pockets**.

We need to better educate owners, boards, and property managers, rather than punishing well-run communities with satisfied owners. As just one example, this legislation would prohibit associations from prioritizing payment of fines for violating rules supported by most owners, such as cleaning up after pets and following parking rules. It would also prohibit prioritization of penalties imposed on delinquent owners. Where would the incentive to follow rules and make prompt payments come from under this structure?

I urge you to review this bill closely and oppose this legislation due to the many burdensome provisions contained within it. Thank you for your consideration.

Respectfully,

Jean E. Sundlof, CIC, CPCU, CCI, ACI, CPIA

Treasurer, Board Member, and Owner – Neill Lake Townhome Owners Association

Member, Legislative Action Community – Community Association Institute



March 24, 2026

Members of the Judiciary Finance and Civil Law Committee
RE: SF 1750 Modifications to Common Interest Communities

Dear Co-Chair Liebling, Co-Chair Scott and Members of the Committee,

Twin Cities Habitat for Humanity is glad to support SF 1750 and encourages the committee to consider its passage. Over the years, we've worked with homeowners across over 60 different HOAs. As such, we have become very familiar with the challenges they face and the need for legislation to better protect homeowners across Minnesota.

We are aware that HOAs provide valuable benefits to the communities in which they operate, but believe there is a clear need for improved transparency, communication, and oversight to ensure this environment works better for everyone. Across our organization and other housing providers, we have seen homeowners charged for asking simple questions, conflicts of interest between management companies and vendors, barriers to participating in board meetings, and homeowners who face foreclosure for minor violations. We believe HOAs should not jeopardize the ability of residents to stay in their homes or feel comfortable in their communities, and this bill helps ensure homeownership remains fair, attainable, and affordable.

This bill provides balanced, common-sense reforms based on successful protections already implemented in other states and extensive input from industry leaders and stakeholders. Last year, the legislature made major progress by establishing an Ombudsperson's Office to provide resources and dispute resolution services to homeowners and boards. Now is an opportunity to build off that progress and pursue meaningful change to increase consumer protections for homeowners, and we look forward to the improvements this bill can provide to the housing ecosystem.

I appreciate your consideration of this issue. Thank you for your leadership and service to our state, and we look forward to working with you to pass this important legislation.

Sincerely,

A handwritten signature in black ink that reads "Chris Coleman". The signature is fluid and cursive.

Chris Coleman
President & CEO, Twin Cities Habitat for Humanity



Building homes, community, and hope.

26 March 2026

Re: SF1750 Common Interest Communities/Homeowner Associations Modifications

To: Chair Liebling, Chair Scott, and Members of the Judiciary Finance and Civil Law Committee

Dear Chair Liebling, Chair Scott, and Members of the Committee,

Thank you for the opportunity to share Habitat for Humanity of Minnesota's (Habitat Minnesota) support of SF1750, which is the result of the critical work of the Working Group on Common Interest Communities (CIC) and Homeowners Associations (HOA). Habitat Minnesota is a statewide support organization that provides training, technical assistance, lending, grants, and other support to the 24 local Habitat affiliates in Minnesota, working in 59 counties across the state.

Across Minnesota, more than 8,000 HOAs affect over one million residents, yet our state lacks consumer protections that other states have long implemented. While many HOAs function well and in good faith, in some HOAs, homeowners report difficulty accessing financial records, learning meeting dates, or receiving answers to basic questions without incurring attorney fees. Some homeowners have faced escalating fines and fees without clear notice or an opportunity to address the concerns.

I have seen firsthand the impact of leaving these fees unchecked. I've worked directly with homeowners who faced foreclosure, not because of mortgage delinquency, but because of the lack of regulation on HOA fees. Habitat's model of affordable homeownership works; our foreclosure rate due to mortgage delinquency is less than 1%. Habitat homeowners are educated on owning a home in an HOA and the responsibilities of doing so prior to closing on their home, including a review of their documents and how to get involved with the HOA. Creating clear regulations that support ongoing affordability and homeowner protections advances the stability of homeowners and the HOA.

We support SF1750/HF1268, which establishes standards that improve transparency, ensure clear communication, prevent conflicts of interest, and promote stable homeownership by creating clear governance expectations. These reforms strengthen fairness and homeowner protections within HOAs. They require rules to be reasonable, clearly communicated, and open to homeowner input; cap fines and late fees in line with national best practices; and provide a fair dispute resolution process before issues escalate. The changes also protect homeowners from retaliation when asserting their rights, set a clear delinquency threshold before foreclosure can begin, and guarantee access to essential operational and financial information without fear of legal penalties.

Thank you for the opportunity to share our support in this responsible step toward fairness, transparency, and housing stability. Please reach out to me or Jeru Gobeze (jeru.gobeze@habitatminnesota.org) with any questions.

Sincerely,

A handwritten signature in blue ink that reads "Cristen Incitti".

Cristen Incitti, President & CEO

Habitat for Humanity of Minnesota

cristen.incitti@habitatminnesota.org



March 25, 2026

RE: SF 1750 Common Interest Communities / Homeowner Association (HOA) Modifications
To: Chair Liebling, Chair Scott, and Members of the of the Judiciary Finance and Civil Law Committee

Dear Chair Liebling, Chair Scott, and Committee Members,

We are writing to express Homeownership Minnesota's (HOM's) support for **SF 1750**, a thoughtful update to Minnesota's Common Interest Community (CIC) and Homeowners Association (HOA) laws. Homeownership Minnesota is a coalition of organizations dedicated to the production and preservation of affordable homeownership and to preparing households for homeownership. Together, the organizations act as a united affordable homeownership voice advancing meaningful ideas and bold new approaches. The list of our members can be found at www.homemn.org.

Across Minnesota, more than 8,000 HOAs affect more than one million residents, yet our state lacks consumer protections that many other states have long implemented. While many HOAs function well and in good faith, in some HOAs, homeowners report difficulty accessing financial records, learning dates of upcoming meetings, and/or receiving answers to basic questions without incurring attorney fees. Some homeowners have faced escalating fines and fees without clear notice nor an opportunity to remedy concerns. Others have encountered inconsistent governance, barriers to participating in board leadership, or unclear dispute-resolution options.

The members of our coalition support SF 1750 because it establishes common-sense standards that improve transparency, ensure clear communication, limit fees, prevent conflicts of interest, and promote stable and attainable homeownership by creating clear governance expectations. Not only do the reforms require **HOA rules to be reasonable**, clearly noticed, and open for homeowner comment, but they also ensure a **fair, no-cost** initial dispute resolution process before matters escalate, and they **create protections** against retaliation for homeowners who request information or assert their rights.

We appreciate the opportunity to share our support in this important component of affordable homeownership. Please don't hesitate to reach out to us with any questions.

Sincerely,

Jeru Gobeze, Steering Committee Member, on behalf of the Steering Committee

A handwritten signature in cursive script that reads 'Jeru Gobeze'.

Homeownership Minnesota (HOM) Coalition

jeru.gobeze@habitatminnesota.org | 612.331.4439 ext. 2

March 24, 2026

Dear House Judiciary, Finance, and Civil Law Committee:

I am the board President for the Lemay Shores Homeowners Association, a 60-unit community in Mendota Heights, Minnesota. I am writing with great concern regarding SF 1750, the proposed legislation amending MN Statute 515b.

I have provided written testimony twice and have actively contacted several legislators, and I know that you have heard from many HOA leaders, homeowners, HOA management company representatives and attorneys on this matter. Please take our collective concerns seriously.

Provisions that support greater transparency, fiduciary responsibility, fairness to each homeowner and all homeowners collectively, and clarity of board operations are all welcome, supported and appreciated. Provisions that significantly increase costs, add unworkable burden on HOA boards, cap reasonable fines and collections, limit collection of legal fees, and threaten or weaken association cash flows are not.

While I understand that there are some HOAs that utilize unfair practices, impose unreasonable rules and regulations, and potentially violate (knowingly or not) the provisions of MnCIOA, and as a result, get all the media coverage and your attention, the vast majority of the thousands of HOAs in Minnesota operate fairly, efficiently and within the boundaries of the law.

The homeowners who serve on HOA boards do so voluntarily out of a sense of service to their communities. Each brings a varied background of skills, but most have little or no "board" experience. I've spoken personally with many, and nearly all comment that they "had no idea the amount of work being on a HOA board would be". Many serve one term, then decline to run for re-election! If passed in its current form, the boards would assume greater responsibilities, have more processes to follow, and have more costs to pass on to homeowners.

More costs for small associations, like ours here at Lemay Shores, are harder for homeowners to accept than in larger associations, especially in times where costs of all vendor-provided services have increased significantly, insurance premiums have skyrocketed, and greater amounts need to be stowed away as reserves for future capital expenditures.

Please don't make things worse by trying to make things better!

If passed in its current form, SF 1750 will significantly increase costs, reduce the ability for boards to enforce rules, threaten cash flows needed to pay for services, reduce the ability to collect legal fees, and make the job of a board member less desirable.

I urge you to listen carefully to the folks providing testimony to you. Think carefully about the downstream impacts of your proposed changes, and if these changes are worth the negative impact to the thousands of well-performing HOAs, simply to address the so-called "injustices" raised by a few vocal constituents. Fix the things that need to be fixed, but don't create more problems, process, and cost as a result.

Sincerely,

A handwritten signature in black ink, appearing to read "Philip W. Frosch". The signature is fluid and cursive, with a prominent loop at the end.

Philip W. Frosch

Lemay Shores HOA (Mendota Heights) Board President



Representative Tina Liebling, Co-Chair

House Judiciary Finance and Civil Law Committee
5th Floor Centennial Office Building
Saint Paul, Minnesota, 55155

Representative Peggy Scott Co-Chair

House Judiciary Finance and Civil Law Committee
2nd Floor Centennial Office Building
Saint Paul, Minnesota, 55155

RE: Written Testimony Concerning S.F. 1750

Madame Chair Rep. Tina Liebling, Co-Chair Rep. Peggy Scott, and members of the House Judiciary Finance and Civil Law Committee:

Thank you for the opportunity to comment on S.F. 1750 (Rep. Bahner). I write today on behalf of Minnesota Community Association Advocates (“MCAA”).

MCAA is a Minnesota-based 501(c)(6) nonprofit organization dedicated to advancing practical, informed advocacy on behalf of common interest communities and the volunteers and professionals who govern and manage them. Our member firms collectively manage more than 145,000 homes across Minnesota on behalf of unit owners and their volunteer association boards.

We engage in policy analysis, legislative education, and constructive dialogue to support effective governance, responsible management, and long-term community stability across the state. MCAA appreciates Rep. Bahner’s continued leadership on issues impacting common interest communities. We are grateful for the ongoing engagement and willingness to work collaboratively with stakeholders beginning in the 2025 legislative session.

Through that process, we have reached alignment on several provisions in the bill. We remain concerned about certain provisions related to business processes that may have the unintended consequence of increasing costs for homeowners without a corresponding consumer protection benefit.

We believe these concerns are addressable and look forward to continuing to work with Rep. Bahner and other stakeholders as the bill moves through the legislative process to reach a workable resolution.

Sincerely,

Broc Coen
President, FirstService Residential Minnesota
Board President, Minnesota Community Association Advocates

www.MinnesotaCAA.org | 7900 Xerxes Avenue S, Suite 600, Bloomington, MN 55431

Written Testimony for MN SF 1750 – 2026 Session

Hello,

First off thank you for taking my testimony, as it's difficult to make this meeting and carry a full time job.

I appreciate your interest in improving HOAs overall, but I want to share some of my experiences as you vote on this legislation so you will have an idea of the immediate impact it will have on my community.

I live in a townhome in a small HOA community in Fridley. I am on the board and have been president for the last 3 years. Our community has 43 homes and many of us are struggling in this economy, so we are doing our best to balance repairs and affordability on a monthly basis. Here are 5 observations of my experience that I hope you consider.

#1. Most boards are not retaliatory on fines, and caps on fines will give more power to the a small number of offenders than the average homeowner. Me and my neighbors share 7 buildings are in close contact. Most follow the rules to help keep the community safe, comfortable, nice-looking and thriving. Most fines come after warning letters asking for compliance and efforts are made to ensure that we are fairly applying these rules (ex. if a unit is breaking the rule and gets a letter, we check to see if others are as well so it's fair). Most common issues are visitor parking, noise, obstructions for the lawn crews and messy patios. But for the egregious offenders paying the fines is easy and the caps would make it easier. In these circumstances, we would have no leverage for the owner (or landlord) who refuses to get a rental license, or whose teenagers run 4-wheelers across the lawns and preventing the kids next door from playing, or the owner who insists on using a fire pit within 5 feet of their door, blowing smoke into the buildings, even after the cops are called. The cap would send a message that safety and comfort for 90-95% of the community means nothing to the state and it's not worth it to even have rules. Food for thought.

#2. Board members are hard to find, don't make it harder. We are lucky in that we currently have 4 members right now, but with working families and most of us holding full time jobs, it's a challenge and struggle. I myself do about 50 hours at my other job and between other obligations, I squeeze in my HOA duties of looking at bids, budget needs, community communications, etc. I like when we have a good representation of ages, new and old community members, etc. to help us with decisions. Any legislation that deters people from serving will not help us.

#3. Don't create limits on bids. Two years ago we had a sinkhole of 10 x 20 feet due to a water main break on a private road. The City of Fridley required us to use their contract service to fix the main and we only got 2 bids for the immediate street repair and it was October. The current legislation would give us no choice but to break the law in order to have a working street by the time the snow flies. Plus we could not have fixed the water main. Be sure to consider this. One of our biggest issues is affordability of maintenance due to materials and the impact of labor staffing for our vendors. In a nutshell inflation is killing us so we are already paying close attention and getting the bids when we can. We have a road project with a bill of \$130K and we will need to divide into 3 years in order to keep dues and assessments reasonable for families. Our lawn care and snow removal are both up, which I don't blame the vendors and all talk of the struggle to find crews, so in addition it's hard to get bids as vendors with crews book up quick. Legislation requiring 3 bids for every project would gum us up for sure.

#4. The biggest areas policy areas you could help with is **Insurance reform**. Five years ago when I joined my community board we were paying around \$40K for our annual insurance. This year we paid \$72K for a policy that is not as helpful if anything were to happen. We need to weigh whether

we even attempt to file a claim, lest we be dropped (aka punished for doing so) the very next year. We are a working class community and this has impacted our budget and dues severely.

#5. HOAs are communities. Last year when I wrote a DFL legislator wrote back noting “many are forced” to live in HOAs. I know some are bad and overly picky, but most are not! If done right they can be very helpful for building community. **A Minnesota value as you know.** I know housing affordability is a big issue, but so is quality of community. People stay and invest when there is community. If you can thread the needle on both, that’s appreciated.

Thanks for listening and I hope my comments help with the decisions you make.

Sincerely

Julie Hill

Fridley resident and president of the Hillwind HOA townhomes