

1.1 moves to amend S. F. No. 1750, the third engrossment, as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2024, section 515B.1-102, is amended to read:

1.4 **515B.1-102 APPLICABILITY.**

1.5 (a) Except as provided in this section, this chapter, and not chapters 515 and 515A,
1.6 applies to all common interest communities created within this state on and after June 1,
1.7 1994.

1.8 (b) The applicability of this chapter to common interest communities created prior to
1.9 June 1, 1994, shall be as follows:

1.10 (1) This chapter shall apply to condominiums created under chapter 515A with respect
1.11 to events and circumstances occurring on and after June 1, 1994; provided (i) that this
1.12 chapter shall not invalidate the declarations, bylaws or condominium plats of those
1.13 condominiums, and (ii) that chapter 515A, and not this chapter, shall govern all rights and
1.14 obligations of a declarant of a condominium created under chapter 515A, and the rights and
1.15 claims of unit owners against that declarant.

1.16 (2) The following sections in this chapter apply to condominiums created under chapter
1.17 515: 515B.1-104 (Variation by Agreement); 515B.1-105 (Separate Titles and Taxation);
1.18 515B.1-106 (Applicability of Local Requirements); 515B.1-107 (Eminent Domain);
1.19 515B.1-108 (This Chapter Prevails; Supplemental Law); 515B.1-109 (Construction Against
1.20 Implicit Repeal); 515B.1-112 (Unconscionable Agreement or Term of Contract); 515B.1-113
1.21 (Obligation of Good Faith); 515B.1-114 (Remedies to be Liberally Administered);
1.22 515B.1-115 (Notice); 515B.1-116 (Recording); 515B.2-103 (Construction and Validity of
1.23 Declaration and Bylaws); 515B.2-104 (Description of Units); 515B.2-108 (d) (Allocation
1.24 of Interests); 515B.2-109 (f) (Common Elements and Limited Common Elements);

2.1 515B.2-112 (Subdivision, Combination, or Conversion of Units); 515B.2-113 (Alteration
2.2 of Units); 515B.2-114 (Relocation of Boundaries Between Adjoining Units); 515B.2-115
2.3 (Minor Variations in Boundaries); 515B.2-118 (Amendment of Declaration); 515B.2-119
2.4 (Termination of Common Interest Community); 515B.3-102 (Powers of Unit Owners'
2.5 Association); 515B.3-103 (a), (b), and (g) (Board of Directors, Officers, and Declarant
2.6 Control); 515B.3-107 (Upkeep of Common Interest Community); 515B.3-108 (Meetings);
2.7 515B.3-109 (Quorums); 515B.3-110 (Voting; Proxies); 515B.3-111 (Tort and Contract
2.8 Liability); 515B.3-112 (Conveyance of, or Creation of Security Interests in, Common
2.9 Elements); 515B.3-113 (Insurance); 515B.3-114 (Replacement Reserves); 515B.3-115 (c),
2.10 (e), (f), (g), (h), and (i) (Assessments for Common Expenses); 515B.3-116 (Lien for
2.11 Assessments); 515B.3-117 (Other Liens); 515B.3-118 (Association Records); 515B.3-119
2.12 (Association as Trustee); 515B.3-121 (Accounting Controls); 515B.4-107 (Resale of Units);
2.13 515B.4-108 (Purchaser's Right to Cancel Resale); and 515B.4-116 (Rights of Action;
2.14 Attorney's Fees). Section 515B.1-103 (Definitions) shall apply to the extent necessary in
2.15 construing any of the sections referenced in this section. Sections 515B.1-105, 515B.1-106,
2.16 515B.1-107, 515B.1-116, 515B.2-103, 515B.2-104, 515B.2-118, 515B.3-102, 515B.3-110,
2.17 515B.3-111, 515B.3-113, 515B.3-116, 515B.3-117, 515B.3-118, 515B.3-121, 515B.4-107,
2.18 515B.4-108, and 515B.4-116 apply only with respect to events and circumstances occurring
2.19 on and after June 1, 1994. All other sections referenced in this section apply only with
2.20 respect to events and circumstances occurring after July 31, 1999. A section referenced in
2.21 this section does not invalidate the declarations, bylaws or condominium plats of
2.22 condominiums created before August 1, 1999. But all sections referenced in this section
2.23 prevail over the declarations, bylaws, CIC plats, rules and regulations under them, of
2.24 condominiums created before August 1, 1999, except to the extent that this chapter defers
2.25 to the declarations, bylaws, CIC plats, or rules and regulations issued under them.

2.26 (3) This chapter shall not apply to cooperatives and planned communities created prior
2.27 to June 1, 1994, or to planned communities that were created on or after June 1, 1994, and
2.28 before August 1, 2006, and that consist of more than two but fewer than 13 units; except
2.29 by election pursuant to subsection (d), and except that sections 515B.1-116, subsections
2.30 (a), (c), (d), and (e), 515B.3-116, paragraph (h), clause (1), 515B.4-107, and 515B.4-108,
2.31 apply to all planned communities and cooperatives regardless of when they are created,
2.32 unless they are exempt under subsection (e).

2.33 (c) This chapter shall not invalidate any amendment to the declaration, bylaws or
2.34 condominium plat of any condominium created under chapter 515 or 515A if the amendment
2.35 was recorded before June 1, 1994. Any amendment recorded on or after June 1, 1994, shall

3.1 be adopted in conformity with the procedures and requirements specified by those instruments
3.2 and by this chapter. If the amendment grants to any person any rights, powers or privileges
3.3 permitted by this chapter, all correlative obligations, liabilities and restrictions contained
3.4 in this chapter shall also apply to that person.

3.5 (d) Any condominium created under chapter 515, any planned community or cooperative
3.6 which would be exempt from this chapter under subsection (e), or any planned community
3.7 or cooperative created prior to June 1, 1994, or any planned community that was created
3.8 on or after June 1, 1994, and prior to August 1, 2006, and that consists of more than two
3.9 but fewer than 13 units, may elect to be subject to this chapter, as follows:

3.10 (1) The election shall be accomplished by recording a declaration or amended declaration,
3.11 and a new or amended CIC plat where required, and by approving bylaws or amended
3.12 bylaws, which conform to the requirements of this chapter, and which, in the case of
3.13 amendments, are adopted in conformity with the procedures and requirements specified by
3.14 the existing declaration and bylaws of the common interest community, and by any applicable
3.15 statutes.

3.16 (2) In a condominium, the preexisting condominium plat shall be the CIC plat and an
3.17 amended CIC plat shall be required only if the amended declaration or bylaws contain
3.18 provisions inconsistent with the preexisting condominium plat. The condominium's CIC
3.19 number shall be the apartment ownership number or condominium number originally
3.20 assigned to it by the recording officer. In a cooperative in which the unit owners' interests
3.21 are characterized as real estate, a CIC plat shall be required. In a planned community, the
3.22 preexisting plat or registered land survey recorded pursuant to chapter 505, 508, or 508A,
3.23 or the part of the plat or registered land survey upon which the common interest community
3.24 is located, shall be the CIC plat.

3.25 (3) The amendment shall comply with section 515B.2-118(a)(3) and (c); except that the
3.26 unanimous consent of the unit owners shall not be required for (i) a clarification of the unit
3.27 boundary description if the clarified boundary description is substantially consistent with
3.28 the preexisting CIC plat, or (ii) changes from common elements to limited common elements
3.29 that occur by operation of section 515B.2-109(c) and (d).

3.30 (4) Except as permitted by paragraph (3), no declarant, affiliate of declarant, association,
3.31 master association nor unit owner may acquire, increase, waive, reduce or revoke any
3.32 previously existing warranty rights or causes of action that one of said persons has against
3.33 any other of said persons by reason of exercising the right of election under this subsection.

4.1 (5) A common interest community which elects to be subject to this chapter may, as a
4.2 part of the election process, change its form of ownership by complying with section
4.3 515B.2-123.

4.4 (e) Except as otherwise provided in this subsection, this chapter shall not apply, except
4.5 by election pursuant to subsection (d), to the following:

4.6 (1) a planned community which consists of two units, which utilizes a CIC plat complying
4.7 with section 515B.2-110(d)(1) and (2), or section 515B.2-1101(d)(1) and (2), which is not
4.8 subject to any rights to subdivide or convert units or to add additional real estate, and which
4.9 is not subject to a master association;

4.10 (2) a common interest community that consists solely of platted lots or other separate
4.11 parcels of real estate designed or utilized for detached single family dwellings or agricultural
4.12 purposes, with or without common property, where no association or master association
4.13 has an obligation to maintain any building containing a dwelling or any agricultural building
4.14 located or to be located on such platted lots or parcels; except that section 515B.4-101(e)
4.15 shall apply to the sale of such platted lots or parcels of real estate if the common interest
4.16 community is or will be subject to a master declaration;

4.17 (3) a cooperative where, at the time of creation of the cooperative, the unit owners'
4.18 interests in the dwellings as described in the declaration consist solely of proprietary leases
4.19 having an unexpired term of fewer than 20 years, including renewal options;

4.20 (4) planned communities utilizing a CIC plat complying with section 515B.2-110(d)(1)
4.21 and (2), or section 515B.2-1101(d)(1) and (2), and cooperatives, which are limited by the
4.22 declaration to nonresidential uses; or

4.23 (5) real estate subject only to an instrument or instruments filed primarily for the purpose
4.24 of creating or modifying rights with respect to access, utilities, parking, ditches, drainage,
4.25 or irrigation.

4.26 (f) Section 515B.4-101(e) applies to any platted lot or other parcel of real estate that is
4.27 subject to a master declaration and is not subject to or is exempt from this chapter.

4.28 (g) Section 515B.1-106 and section 515B.2-118, subsections (a)(5), (a)(7), and (d), shall
4.29 apply to all common interest communities.

4.30 (h) Sections 515B.1-103(33a), 515B.2-110, 515B.3-105, 515B.3-115, 515B.4-102, and
4.31 515B.4-115 apply only to common interest communities created before August 1, 2010.
4.32 Sections 515B.1-103 (33b), 515B.2-1101, 515B.3-1051, 515B.3-1151, 515B.4-1021, and

5.1 515B.4-1151 apply only to common interest communities created on or after August 1,
5.2 2010.

5.3 (i) Section 515B.3-114 applies to common interest communities only for the association's
5.4 fiscal years commencing before January 1, 2012. Section 515B.3-1141 applies to common
5.5 interest communities only for the association's fiscal years commencing on or after January
5.6 1, 2012.

5.7 (j) Section 515B.3-104 applies only to transfers of special declarant rights that are
5.8 effective before August 1, 2010. Section 515B.3-1041, subsections (a) through (i), apply
5.9 only to transfers of special declarant rights that are effective on or after August 1, 2010.
5.10 Section 515B.3-1041, subsections (j) and (k), apply only to special declarant rights reserved
5.11 in a declaration that is first recorded on or after August 1, 2010.

5.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

5.13 Sec. 2. Minnesota Statutes 2024, section 515B.1-103, is amended to read:

5.14 **515B.1-103 DEFINITIONS.**

5.15 In the declaration and bylaws, unless specifically provided otherwise or the context
5.16 otherwise requires, and in this chapter:

5.17 (1) "Additional real estate" means real estate that may be added to a flexible common
5.18 interest community.

5.19 (2) "Affiliate of a declarant" means any person who controls, is controlled by, or is under
5.20 common control with a declarant.

5.21 (A) A person "controls" a declarant if the person (i) is a general partner, officer, director,
5.22 or employer of the declarant, (ii) directly or indirectly or acting in concert with one or more
5.23 other persons, or through one or more subsidiaries, owns, controls, holds with power to
5.24 vote, or holds proxies representing, more than 20 percent of the voting interest in the
5.25 declarant, (iii) controls in any manner the election of a majority of the directors of the
5.26 declarant, or (iv) has contributed more than 20 percent of the capital of the declarant.

5.27 (B) A person "is controlled by" a declarant if the declarant (i) is a general partner, officer,
5.28 director, or employer of the person, (ii) directly or indirectly or acting in concert with one
5.29 or more other persons, or through one or more subsidiaries, owns, controls, holds with
5.30 power to vote, or holds proxies representing, more than 20 percent of the voting interest in
5.31 the person, (iii) controls in any manner the election of a majority of the directors of the
5.32 person, or (iv) has contributed more than 20 percent of the capital of the person.

6.1 (C) Control does not exist if the powers described in this subsection are held solely as
6.2 a security interest and have not been exercised.

6.3 (3) "Allocated interests" means the following interests allocated to each unit: (i) in a
6.4 condominium, the undivided interest in the common elements, the common expense liability,
6.5 and votes in the association; (ii) in a cooperative, the common expense liability and the
6.6 ownership interest and votes in the association; and (iii) in a planned community, the common
6.7 expense liability and votes in the association.

6.8 (4) "Association" means the unit owners' association organized under section 515B.3-101.

6.9 (5) "Board" or "Board of Directors" means the body, regardless of name, designated in
6.10 the articles of incorporation, bylaws or declaration to act on behalf of the association, or on
6.11 behalf of a master association when so identified.

6.12 (6) "CIC plat" means a common interest community plat described in section 515B.2-110.

6.13 (7) "Common elements" means all portions of the common interest community other
6.14 than the units.

6.15 (8) "Common expenses" means expenditures made or liabilities incurred by or on behalf
6.16 of the association, or master association when so identified, together with any allocations
6.17 to reserves.

6.18 (9) "Common expense liability" means the liability for common expenses allocated to
6.19 each unit pursuant to section 515B.2-108.

6.20 (10) "Common interest community" or "CIC" means contiguous or noncontiguous real
6.21 estate within Minnesota that is subject to an instrument which obligates persons owning a
6.22 separately described parcel of the real estate, or occupying a part of the real estate pursuant
6.23 to a proprietary lease, by reason of their ownership or occupancy, to pay for (i) real estate
6.24 taxes levied against; (ii) insurance premiums payable with respect to; (iii) maintenance of;
6.25 or (iv) construction, maintenance, repair or replacement of improvements located on, one
6.26 or more parcels or parts of the real estate other than the parcel or part that the person owns
6.27 or occupies. Real estate which satisfies the definition of a common interest community is
6.28 a common interest community whether or not it is subject to this chapter. Real estate subject
6.29 to a master declaration, regardless of when the master declaration was recorded, shall not
6.30 collectively constitute a separate common interest community unless so stated in the master
6.31 declaration.

6.32 (11) "Condominium" means a common interest community in which (i) portions of the
6.33 real estate are designated as units, (ii) the remainder of the real estate is designated for

7.1 common ownership solely by the owners of the units, and (iii) undivided interests in the
7.2 common elements are vested in the unit owners.

7.3 (11a) "Construction defect claim" means a civil action or an arbitration proceeding based
7.4 on any legal theory including, but not limited to, claims under chapter 327A for damages,
7.5 indemnity, or contribution brought against a development party to assert a claim,
7.6 counterclaim, cross-claim, or third-party claim for damages or loss to, or the loss of use of,
7.7 real or personal property caused by a defect in the initial design or construction of an
7.8 improvement to real property that is part of a common interest community, including an
7.9 improvement that is constructed on additional real estate pursuant to section 515B.2-111.
7.10 "Construction defect claim" does not include claims related to subsequent maintenance,
7.11 repairs, alterations, or modifications to, or the addition of, improvements that are part of
7.12 the common interest community, and that are contracted for by the association or a unit
7.13 owner.

7.14 (12) "Conversion property" means real estate on which is located a building that at any
7.15 time within two years before creation of the common interest community was occupied, in
7.16 whole or in part, for (i) residential use or (ii) for residential rental purposes by persons other
7.17 than purchasers and persons who occupy with the consent of purchasers.

7.18 (13) "Cooperative" means a common interest community in which the real estate is
7.19 owned by an association, each of whose members is entitled to a proprietary lease by virtue
7.20 of the member's ownership interest in the association.

7.21 (14) "Dealer" means a person in the business of selling units for the person's own account.

7.22 (15) "Declarant" means:

7.23 (i) if the common interest community has been created, (A) any person who has executed
7.24 a declaration, or a supplemental declaration or amendment to a declaration adding additional
7.25 real estate, except secured parties, a spouse holding only an inchoate interest, persons whose
7.26 interests in the real estate will not be transferred to unit owners, or, in the case of a leasehold
7.27 common interest community, a lessor who possesses no special declarant rights and who
7.28 is not an affiliate of a declarant who possesses special declarant rights, or (B) any person
7.29 who reserves, or succeeds under section 515B.3-104 to any special declarant rights;

7.30 (ii) any person or persons acting in concert who have offered prior to creation of the
7.31 common interest community to transfer their interest in a unit to be created and not previously
7.32 transferred; or

8.1 (iii) if (A) a unit has been restricted to nonresidential use and sold to a purchaser who
8.2 has agreed to modify or waive, in whole or in part, sections 515B.4-101 to 515B.4-118, and
8.3 (B) the restriction expires or is modified or terminated such that residential use of the unit
8.4 is permitted, the unit owner at the time the restriction expires or is so modified or terminated
8.5 is a declarant with respect to that unit and any improvements subject to use rights by a
8.6 purchaser of the unit.

8.7 (16) "Declaration" means any instrument, however denominated, that creates a common
8.8 interest community.

8.9 (16a) "Development party" means an architect, contractor, construction manager,
8.10 subcontractor, developer, declarant, engineer, or private inspector performing or furnishing
8.11 the design, supervision, inspection, construction, coordination, or observation of the
8.12 construction of any improvement to real property that is part of a common interest
8.13 community, or any of the person's affiliates, officers, directors, shareholders, members, or
8.14 employees.

8.15 (17) "Dispose" or "disposition" means a voluntary transfer to a purchaser of any legal
8.16 or equitable interest in the common interest community, but the term does not include the
8.17 transfer or release of a security interest.

8.18 (17a) "First mortgage" means either (i) if there is only one mortgage encumbering title
8.19 to a unit, that mortgage, or (ii) if there are multiple mortgages encumbering title to a unit,
8.20 the mortgage that is first in priority, whether by operation of applicable law or by a properly
8.21 recorded agreement.

8.22 (17b) "First mortgagee" means the holder of a first mortgage.

8.23 (18) "Flexible common interest community" means a common interest community to
8.24 which additional real estate may be added.

8.25 (18a) "Governing documents" means the declaration, articles of incorporation, bylaws,
8.26 and rules and regulations of an association as amended.

8.27 (19) "Leasehold common interest community" means a common interest community in
8.28 which all or a portion of the real estate is subject to a lease the expiration or termination of
8.29 which will terminate the common interest community or reduce its size.

8.30 (20) "Limited common element" means a portion of the common elements allocated by
8.31 the declaration or by operation of section 515B.2-109(c) or (d) for the exclusive use of one
8.32 or more but fewer than all of the units.

9.1 (21) "Master association" means an entity created on or after June 1, 1994, that directly
9.2 or indirectly exercises any of the powers set forth in section 515B.3-102 on behalf of one
9.3 or more members described in section 515B.2-121(b), (i), (ii) or (iii), whether or not it also
9.4 exercises those powers on behalf of one or more property owners' associations described
9.5 in section 515B.2-121(b)(iv). A person (i) hired by an association to perform maintenance,
9.6 repair, accounting, bookkeeping or management services, or (ii) granted authority under an
9.7 instrument recorded primarily for the purpose of creating rights or obligations with respect
9.8 to utilities, access, drainage, or recreational amenities, is not, solely by reason of that
9.9 relationship, a master association.

9.10 (22) "Master declaration" means a written instrument, however named, (i) recorded on
9.11 or after June 1, 1994, and (ii) complying with section 515B.2-121, subsection (e).

9.12 (23) "Master developer" means a person who is designated in the master declaration as
9.13 a master developer or, in the absence of such a designation, the owner or owners of the real
9.14 estate subject to the master declaration at the time the master declaration is recorded, except
9.15 (i) secured parties and (ii) a spouse holding only an inchoate interest. A master developer
9.16 is not a declarant unless the master declaration states that the real estate subject to the master
9.17 declaration collectively is or collectively will be a separate common interest community.

9.18 (24) "Period of declarant control" means the time period provided for in section
9.19 515B.3-103(c) during which the declarant may appoint and remove officers and directors
9.20 of the association.

9.21 (25) "Person" means an individual, corporation, limited liability company, partnership,
9.22 trustee under a trust, personal representative, guardian, conservator, government,
9.23 governmental subdivision or agency, or other legal or commercial entity capable of holding
9.24 title to real estate.

9.25 (26) "Planned community" means a common interest community that is not a
9.26 condominium or a cooperative. A condominium or cooperative may be a part of a planned
9.27 community.

9.28 (26a) "Property manager" means a person or entity which the association contracts to
9.29 perform management services and includes, without limitation, the property manager's
9.30 employees and agents.

9.31 (27) "Proprietary lease" means an agreement with a cooperative association whereby a
9.32 member of the association is entitled to exclusive possession of a unit in the cooperative.

10.1 (28) "Purchaser" means a person, other than a declarant, who by means of a voluntary
10.2 transfer acquires a legal or equitable interest in a unit other than (i) a leasehold interest of
10.3 less than 20 years, including renewal options, or (ii) a security interest.

10.4 (29) "Real estate" means any fee simple, leasehold or other estate or interest in, over,
10.5 or under land, including structures, fixtures, and other improvements and interests that by
10.6 custom, usage, or law pass with a conveyance of land though not described in the contract
10.7 of sale or instrument of conveyance. "Real estate" may include spaces with or without upper
10.8 or lower boundaries, or spaces without physical boundaries.

10.9 (30) "Residential use" means use as a dwelling, whether primary, secondary or seasonal,
10.10 but not (i) transient use such as hotels or motels, (ii) use for residential rental purposes if
10.11 the individual dwellings are not separate units or if the individual dwellings are not located
10.12 on separate parcels of real estate. For purposes of this chapter, a unit is restricted to
10.13 nonresidential use if the unit is subject to a restriction that prohibits residential use as defined
10.14 in this section whether or not the restriction also prohibits the uses described in this paragraph.

10.15 (31) "Secured party" means the person owning a security interest as defined in paragraph
10.16 (32).

10.17 (32) "Security interest" means a perfected interest in real estate or personal property,
10.18 created by contract or conveyance, which secures payment or performance of an obligation.
10.19 The term includes a mortgagee's interest in a mortgage, a vendor's interest in a contract for
10.20 deed, a lessor's interest in a lease intended as security, a holder's interest in a sheriff's
10.21 certificate of sale during the period of redemption, an assignee's interest in an assignment
10.22 of leases or rents intended as security, in a cooperative, a lender's interest in a member's
10.23 ownership interest in the association, a pledgee's interest in the pledge of an ownership
10.24 interest, or any other interest intended as security for an obligation under a written agreement.

10.25 (33a) This definition of special declarant rights applies only to common interest
10.26 communities created before August 1, 2010. "Special declarant rights" means rights reserved
10.27 in the declaration for the benefit of a declarant to:

10.28 (i) complete improvements indicated on the CIC plat, planned by the declarant consistent
10.29 with the disclosure statement or authorized by the municipality in which the CIC is located;

10.30 (ii) add additional real estate to a common interest community;

10.31 (iii) subdivide or combine units, or convert units into common elements, limited common
10.32 elements, or units;

11.1 (iv) maintain sales offices, management offices, signs advertising the common interest
11.2 community, and models;

11.3 (v) use easements through the common elements for the purpose of making improvements
11.4 within the common interest community or any additional real estate;

11.5 (vi) create a master association and provide for the exercise of authority by the master
11.6 association over the common interest community or its unit owners;

11.7 (vii) merge or consolidate a common interest community with another common interest
11.8 community of the same form of ownership; or

11.9 (viii) appoint or remove any officer or director of the association, or the master association
11.10 where applicable, during any period of declarant control.

11.11 (33b) This definition of special declarant rights applies only to common interest
11.12 communities created on or after August 1, 2010. "Special declarant rights" means rights
11.13 reserved in the declaration for the benefit of a declarant and expressly identified in the
11.14 declaration as special declarant rights. Such special declarant rights may include but are not
11.15 limited to the following:

11.16 (i) to complete improvements indicated on the CIC plat, planned by the declarant
11.17 consistent with the disclosure statement or authorized by the municipality in which the
11.18 common interest community is located, and to have and use easements for itself and its
11.19 employees, agents, and contractors through the common elements for such purposes;

11.20 (ii) to add additional real estate to a common interest community;

11.21 (iii) to subdivide or combine units, or convert units into common elements, limited
11.22 common elements and/or units, pursuant to section 515B.2-112;

11.23 (iv) to maintain and use sales offices, management offices, signs advertising the common
11.24 interest community, and models, and to have and use easements for itself and its employees,
11.25 agents, and invitees through the common elements for such purposes;

11.26 (v) to appoint or remove any officer or director of the association during any period of
11.27 declarant control;

11.28 (vi) to utilize an alternate common expense plan as provided in section 515B.3-115(a)(2);

11.29 (vii) to grant common element licenses as provided in section 515B.2-109(e); or

11.30 (viii) to review, and approve or disapprove, the exterior design, materials, size, site
11.31 location, and other exterior features of buildings and other structures, landscaping and other

12.1 exterior improvements, located within the common interest community, and any
12.2 modifications or alterations thereto.

12.3 Special declarant rights shall not be reserved or utilized for the purpose of evading any
12.4 limitation or obligation imposed on declarants by this chapter.

12.5 (34) "Time share" means a right to occupy a unit or any of several units during three or
12.6 more separate time periods over a period of at least three years, including renewal options,
12.7 whether or not coupled with a fee title interest in the common interest community or a
12.8 specified portion thereof.

12.9 (35) "Unit" means a portion of a common interest community the boundaries of which
12.10 are described in the common interest community's declaration and which is intended for
12.11 separate ownership, or separate occupancy pursuant to a proprietary lease.

12.12 (36) "Unit identifier" means English letters or Arabic numerals, or a combination thereof,
12.13 which identify only one unit in a common interest community and which meet the
12.14 requirements of section 515B.2-104.

12.15 (37) "Unit owner" means a declarant or other person who owns a unit, a lessee under a
12.16 proprietary lease, or a lessee of a unit in a leasehold common interest community whose
12.17 lease expires simultaneously with any lease the expiration or termination of which will
12.18 remove the unit from the common interest community, but does not include a secured party.
12.19 In a common interest community, the declarant is the unit owner of a unit until that unit has
12.20 been conveyed to another person.

12.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

12.22 Sec. 3. Minnesota Statutes 2024, section 515B.2-119, is amended to read:

12.23 **515B.2-119 TERMINATION OF COMMON INTEREST COMMUNITY.**

12.24 (a) Except as otherwise provided in this chapter, a common interest community may be
12.25 terminated as follows:

12.26 (1) if a common interest community consisting entirely of detached, single-family
12.27 dwelling that does not include any common elements and the association has no maintenance
12.28 obligations for any building that contains a dwelling, the common interest community may
12.29 be terminated only by agreement of unit owners of units to which at least 67 percent of the
12.30 votes in the association are allocated, provided that agreement shall be deemed to have been
12.31 provided by any unit owner who has not otherwise indicated a preference and whose written
12.32 refusal to consent is not received by the association within 60 days after the association has

13.1 provided notice of the proposed termination by certified United States mail, postage prepaid,
13.2 and return receipt requested. Termination of the common interest community does not
13.3 relieve the association of its obligations under any contract other than the declaration; or

13.4 (2) a common interest community not subject to clause (1) may be terminated only by
13.5 agreement of unit owners of units to which at least 80 percent of the votes in the association
13.6 are allocated, and 80 percent of the first mortgagees of units (each mortgagee having one
13.7 vote per unit financed), or any larger percentage the declaration specifies. The declaration
13.8 may specify a smaller percentage only if all of the units are restricted to nonresidential use.

13.9 (b) An agreement to terminate shall be evidenced by a written agreement, executed in
13.10 the same manner as a deed by the number of unit owners and first mortgagees of units
13.11 required by subsection (a). The agreement shall specify a date after which the agreement
13.12 shall be void unless recorded before that date. The agreement shall also specify a date by
13.13 which the termination of the common interest community and the winding up of its affairs
13.14 must be accomplished. A certificate of termination executed by the association evidencing
13.15 the termination shall be recorded on or before the termination date, or the agreement to
13.16 terminate shall be revoked. The agreement to terminate, or a memorandum thereof, and the
13.17 certificate of termination shall be recorded in every county in which a portion of the common
13.18 interest community is situated and is effective only upon recording.

13.19 (c) In the case of a condominium or planned community containing only units having
13.20 upper and lower boundaries, a termination agreement may provide that all of the common
13.21 elements and units of the common interest community must be sold following termination.
13.22 If, pursuant to the agreement, any real estate in the common interest community is to be
13.23 sold following termination, the termination agreement shall set forth the minimum terms
13.24 of sale acceptable to the association.

13.25 (d) In the case of a condominium or planned community containing any units not having
13.26 upper and lower boundaries, a termination agreement may provide for sale of the common
13.27 elements, but it may not require that the units be sold following termination, unless the
13.28 original declaration provided otherwise or all unit owners whose units are to be sold consent
13.29 to the sale. If, pursuant to the agreement, any real estate in the common interest community
13.30 is to be sold following termination, the termination agreement shall set forth the minimum
13.31 terms of sale acceptable to the association.

13.32 (e) The association, on behalf of the unit owners, shall have authority to contract for the
13.33 sale of real estate in a common interest community pursuant to this section, subject to the
13.34 required approval. The agreement to terminate shall be deemed to grant to the association

14.1 a power of attorney coupled with an interest to effect the conveyance of the real estate on
14.2 behalf of the holders of all interests in the units, including without limitation the power to
14.3 execute all instruments of conveyance and related instruments. Until the sale has been
14.4 completed, all instruments in connection with the sale have been executed and the sale
14.5 proceeds distributed, the association shall continue in existence with all powers it had before
14.6 termination.

14.7 (1) The instrument conveying or creating the interest in the common interest community
14.8 shall include as exhibits (i) an affidavit of the secretary of the association certifying that the
14.9 approval required by this section has been obtained and (ii) a schedule of the names of all
14.10 unit owners in the common interest community as of the date of the approval.

14.11 (2) Proceeds of the sale shall be distributed to unit owners and secured parties as their
14.12 interests may appear, in accordance with subsections (h), (i), (j), and (k).

14.13 (3) Unless otherwise specified in the agreement of termination, until the association has
14.14 conveyed title to the real estate, each unit owner and the unit owner's successors in interest
14.15 have an exclusive right to occupancy of the portion of the real estate that formerly constituted
14.16 the unit. During the period of that occupancy, each unit owner and the unit owner's successors
14.17 in interest remain liable for all assessments and other obligations imposed on unit owners
14.18 by this chapter, the declaration or the bylaws.

14.19 (f) The legal description of the real estate constituting the common interest community
14.20 shall, upon the date of recording of the certificate of termination referred to in subsection
14.21 (b), be as follows:

14.22 (1) In a planned community utilizing a CIC plat complying with section 515B.2-110(d)(1)
14.23 and (2), the lot and block description contained in the CIC plat, and any amendments thereto,
14.24 subject to any subsequent conveyance or taking of a fee interest in any part of the property.

14.25 (2) In a condominium or cooperative, or a planned community utilizing a CIC plat
14.26 complying with section 515B.2-110(c), the underlying legal description of the real estate
14.27 as set forth in the declaration creating the common interest community, and any amendments
14.28 thereto, subject to any subsequent conveyance or taking of a fee interest in any part of the
14.29 property.

14.30 (3) The legal description referred to in this subsection shall apply upon the recording of
14.31 the certificate of termination. The recording officer for each county in which the common
14.32 interest community is located shall index the property located in that county in its records
14.33 under the legal description required by this subsection from and after the date of recording
14.34 of the certificate of termination. In the case of registered property, the registrar of titles shall

15.1 cancel the existing certificates of title with respect to the property and issue one or more
15.2 certificates of title for the property utilizing the legal description required by this subsection.

15.3 (g) In a condominium or planned community, if the agreement to terminate provides
15.4 that the real estate constituting the common interest community is not to be sold following
15.5 termination, title to the common elements and, in a common interest community containing
15.6 only units having upper and lower boundaries described in the declaration, title to all the
15.7 real estate in the common interest community, vests in the unit owners upon termination as
15.8 tenants in common in proportion to their respective interest as provided in subsection (k),
15.9 and liens on the units shift accordingly. While the tenancy in common exists, each unit
15.10 owner and the unit owner's successors in interest have an exclusive right to occupancy of
15.11 the portion of the real estate that formerly constituted the unit.

15.12 (h) The proceeds of any sale of real estate pursuant to subsection (e), together with the
15.13 assets of the association, shall be held by the association as trustee for unit owners, secured
15.14 parties and other holders of liens on the units as their interests may appear. Before distributing
15.15 any proceeds, the association shall have authority to deduct from the proceeds of sale due
15.16 with respect to the unit (i) unpaid assessments levied by the association with respect to the
15.17 unit, (ii) unpaid real estate taxes or special assessments due with respect to the unit, and
15.18 (iii) the share of expenses of sale and winding up of the association's affairs with respect to
15.19 the unit.

15.20 (i) Following termination of a condominium or planned community, creditors of the
15.21 association holding liens on the units perfected before termination may enforce those liens
15.22 in the same manner as any lienholder, in order of priority based upon their times of perfection.
15.23 All other creditors of the association are to be treated as if they had perfected liens on the
15.24 units immediately before termination.

15.25 (j) In a cooperative, the declaration may provide that all creditors of the association have
15.26 priority over any interests of unit owners and creditors of unit owners. In that event, following
15.27 termination, creditors of the association holding liens on the cooperative which were perfected
15.28 before termination may enforce their liens in the same manner as any lienholder, in order
15.29 of priority based upon their times of perfection. All other creditors of the association shall
15.30 be treated as if they had perfected a lien against the cooperative immediately before
15.31 termination. Unless the declaration provides that all creditors of the association have that
15.32 priority:

16.1 (1) the lien of each creditor of the association which was perfected against the association
16.2 before termination becomes, upon termination, a lien against each unit owner's interest in
16.3 the unit as of the date the lien was perfected;

16.4 (2) any other creditor of the association is to be treated upon termination as if the creditor
16.5 had perfected a lien against each unit owner's interest immediately before termination;

16.6 (3) the amount of the lien of an association's creditor described in paragraphs (1) and
16.7 (2) against each of the unit owners' interest shall be proportionate to the ratio which each
16.8 unit's common expense liability bears to the common expense liability of all of the units;

16.9 (4) the lien of each creditor of each unit owner which was perfected before termination
16.10 continues as a lien against that unit owner's interest in the unit as of the date the lien was
16.11 perfected; and

16.12 (5) the assets of the association shall be distributed to all unit owners and all lienholders
16.13 as their interests may appear in the order described in this section. Creditors of the association
16.14 are not entitled to payment from any unit owner in excess of the amount of the creditor's
16.15 lien against that unit owner's interest.

16.16 (k) The respective interest of unit owners referred to in subsections (e), (f), (g), (h) and
16.17 (i) are as follows:

16.18 (1) Except as provided in paragraph (2), the respective interests of unit owners are the
16.19 fair market values of their units, allocated interests, and any limited common elements
16.20 immediately before the termination, as determined by one or more independent appraisers
16.21 selected by the association. The decision of the independent appraisers must be distributed
16.22 to the unit owners and becomes final unless disapproved within 30 days after distribution
16.23 by unit owners of units to which 25 percent of the votes in the association are allocated.
16.24 The proportion of any unit's interest to that of all units is determined by dividing the fair
16.25 market value of that unit by the total fair market values of all the units.

16.26 (2) If any unit or any limited common element is destroyed to the extent that an appraisal
16.27 of the fair market value thereof before destruction cannot be made, the interests of all unit
16.28 owners shall be measured by: (i) in a condominium, their allocations of common element
16.29 interests immediately before the termination, (ii) in a cooperative, their respective ownership
16.30 interests immediately before the termination, and (iii) in a planned community, their
16.31 respective allocations of common expenses immediately before the termination.

16.32 (l) In a condominium or planned community, except as provided in subsection (m),
16.33 foreclosure or enforcement of a lien or encumbrance against the entire common interest

17.1 community does not terminate, of itself, the common interest community, and foreclosure
17.2 or enforcement of a lien or encumbrance against a portion of the common interest community
17.3 does not withdraw that portion from the common interest community.

17.4 (m) In a condominium or planned community, if a lien or encumbrance against a portion
17.5 of the real estate comprising the common interest community has priority over the declaration
17.6 and the lien or encumbrance has not been partially released, the parties foreclosing the lien
17.7 or encumbrance, upon foreclosure, may record an instrument excluding the real estate subject
17.8 to that lien or encumbrance from the common interest community.

17.9 (n) Following the termination of a common interest community in accordance with this
17.10 section, the association shall be dissolved in accordance with law.

17.11 **EFFECTIVE DATE.** This section is effective January 1, 2027, and applies to all
17.12 terminations under this section initiated on or after that date.

17.13 Sec. 4. Minnesota Statutes 2024, section 515B.3-102, is amended to read:

17.14 **515B.3-102 POWERS AND DUTIES OF UNIT OWNERS' ASSOCIATION.**

17.15 (a) Except as provided in subsections (b), (c), (d), (e), and (f) and subject to the provisions
17.16 of the declaration or bylaws, the association shall have the power to:

17.17 (1) adopt, amend and revoke rules and regulations not inconsistent with the articles of
17.18 incorporation, bylaws and declaration, as follows: (i) regulating the use of the common
17.19 elements; (ii) regulating the use of the units, and conduct of unit occupants, which may
17.20 jeopardize the health, safety or welfare of other occupants, which involves noise or other
17.21 disturbing activity, or which may damage the common elements or other units; (iii) regulating
17.22 or prohibiting animals; (iv) regulating changes in the appearance of the common elements
17.23 and conduct which may damage the common interest community; (v) regulating the exterior
17.24 appearance of the common interest community, including, for example, balconies and patios,
17.25 window treatments, and signs and other displays, regardless of whether inside a unit; (vi)
17.26 implementing the articles of incorporation, declaration and bylaws, and exercising the
17.27 powers granted by this section; and (vii) otherwise facilitating the operation of the common
17.28 interest community. Rules and regulations adopted must be reasonable. An association must
17.29 give unit owners no less than 21 days before the association votes to adopt, amend, or revoke
17.30 a rule or regulation to review and comment on the proposed change. An association may
17.31 adopt a temporary rule without notice in exigent circumstances, provided the board acts as
17.32 soon as practicable to give the requisite notice to unit owners to adopt the rule permanently.

- 18.1 Nothing in this chapter prevents the unit owners from asking the board to adopt, amend, or
18.2 revoke a rule or regulation;
- 18.3 (2) adopt and amend budgets for revenues, expenditures and reserves, and levy and
18.4 collect assessments for common expenses from unit owners;
- 18.5 (3) hire and discharge managing agents and other employees, agents, and independent
18.6 contractors;
- 18.7 (4) institute, defend, or intervene in litigation or administrative proceedings (i) in its
18.8 own name on behalf of itself or two or more unit owners on matters affecting the common
18.9 elements or other matters affecting the common interest community or, (ii) with the consent
18.10 of the owners of the affected units on matters affecting only those units;
- 18.11 (5) make contracts and incur liabilities;
- 18.12 (6) regulate the use, maintenance, repair, replacement, and modification of the common
18.13 elements and the units;
- 18.14 (7) cause improvements to be made as a part of the common elements, and, in the case
18.15 of a cooperative, the units;
- 18.16 (8) acquire, hold, encumber, and convey in its own name any right, title, or interest to
18.17 real estate or personal property, but (i) common elements in a condominium or planned
18.18 community may be conveyed or subjected to a security interest only pursuant to section
18.19 515B.3-112, or (ii) part of a cooperative may be conveyed, or all or part of a cooperative
18.20 may be subjected to a security interest, only pursuant to section 515B.3-112;
- 18.21 (9) grant or amend easements for public utilities, public rights-of-way or other public
18.22 purposes, and cable television or other communications, through, over or under the common
18.23 elements; grant or amend easements, leases, or licenses to unit owners for purposes authorized
18.24 by the declaration; and, subject to approval by a vote of unit owners other than declarant
18.25 or its affiliates, grant or amend other easements, leases, and licenses through, over or under
18.26 the common elements;
- 18.27 (10) impose and receive any payments, fees, or charges for the use, rental, or operation
18.28 of the common elements, other than limited common elements, and for services provided
18.29 to unit owners;
- 18.30 (11) impose:
- 18.31 (i) interest and late charges for late payment of assessments, not to exceed eight percent,
18.32 only on delinquent assessments for common expense or special assessments;

19.1 (ii) a late fee for late payment of assessments not to exceed the greater of \$20 of five
19.2 percent of the amount owed for late payments of assessments for common expenses and
19.3 special assessments; and;

19.4 (iii) after notice and an opportunity to be heard before the board or a committee appointed
19.5 by it, levy reasonable fines for violations of the declaration, bylaws, and rules and regulations
19.6 of the association, provided that, if a hearing is requested by a unit owner, attorney fees and
19.7 costs must not be charged or collected from a unit owner who disputes a fine or assessment
19.8 and, if after the homeowner requests a hearing and unless a hearing is held by the board or
19.9 a committee of the board, and the board does not adopt, or the committee appointed by it,
19.10 adopts a resolution levying the fine or upholding the assessment against the unit owner or
19.11 owner's unit;

19.12 (12) impose reasonable charges for the review, preparation and recordation of
19.13 amendments to the declaration; or resale certificates required by section 515B.4-107,
19.14 statements of unpaid assessments, or furnishing copies of association records, provided that
19.15 the association may not impose any charges, including attorney fees, to respond to a question
19.16 about any governing document or any aspect of the operation or management of the common
19.17 interest community posed by a unit owner to the association;

19.18 (13) provide for the indemnification of its officers and directors, and maintain directors'
19.19 and officers' liability insurance;

19.20 (14) provide for reasonable procedures governing the conduct of meetings and election
19.21 of directors;

19.22 (15) exercise any other powers conferred by law, or by the declaration, articles of
19.23 incorporation or bylaws; and

19.24 (16) exercise any other powers necessary and proper for the governance and operation
19.25 of the association.

19.26 (b) Notwithstanding subsection (a) the declaration or bylaws may not impose limitations
19.27 on the power of the association to deal with the declarant which are more restrictive than
19.28 the limitations imposed on the power of the association to deal with other persons.

19.29 (c) An association must adopt a schedule of fines for potential violation from the
19.30 governing documents, and shall provide an explanation of the remedies available to the
19.31 association. The association must provide the policy to every unit owner in any reasonable
19.32 manner, including but not limited to electronic mailing or posting on the association's
19.33 website, when a unit owner purchases a unit or when the schedule is amended by the

20.1 association. When a violation can be cured without causing damage to property or to another,
20.2 the association must provide the unit owner with a reasonable time to correct the violation
20.3 before a fine may be imposed.

20.4 (d) Unless a fine in a greater amount has been approved by a vote of the association's
20.5 members at an annual meeting of the association, a fine levied pursuant to subsection (a)(11)
20.6 must not exceed \$100 for a single violation, except the association may impose a fine greater
20.7 than \$100 for a subsequent violation for the same conduct, or if the violation:

20.8 (1) has a serious and immediate impact on a resident's health or safety;

20.9 (2) causes physical damage to another unit or a common element; or

20.10 (3) involves using the property for financial enrichment, including renting or offering
20.11 for rent a unit in violation of the declaration, bylaws, or a rule or regulation prohibiting
20.12 short-term or long-term rentals.

20.13 An association that levies a fine pursuant to subsection (a)(11), or an assessment pursuant
20.14 to section 515B.3-115(g), or 515B.3-1151(g), must provide a dated, written notice to a unit
20.15 owner that:

20.16 (1) states the amount and reason for the fine or assessment;

20.17 (2) for fines levied under section 515B.3-102(a)(11), specifies: (i) the violation for which
20.18 a fine is being levied and the date of the levy; and (ii) the specific section of the declaration,
20.19 bylaws, rules, or regulations allegedly violated;

20.20 (3) for assessments levied under section 515B.3-115(g) or 515B.3-1151(g), identifies:
20.21 (i) the damage caused; and (ii) the act or omission alleged to have caused the damage;

20.22 (4) states that ~~all~~ unpaid fines for certain violations subject to section 515B.3-116,
20.23 subsection (h), and all assessments are liens which, if not satisfied, could lead to foreclosure
20.24 of the lien against the owner's unit;

20.25 (5) describes the unit owner's right to be heard by the board or a committee appointed
20.26 by the board and the steps a unit owner must take to schedule the hearing;

20.27 (6) states that if the assessment, fine, late fees, and other allowable charges are not paid,
20.28 the amount may increase as a result of the imposition of attorney fees and other collection
20.29 costs; and

20.30 (7) informs the unit owner that homeownership assistance is available from the Minnesota
20.31 Homeownership Center and dispute resolution and other information services are available
20.32 from the common interest community ombudsperson.

21.1 (d) Notwithstanding subsection (a), powers exercised under this section must comply
21.2 with sections 500.215, 500.216, and 500.217.

21.3 (e) Notwithstanding subsection (a)(4) or any other provision of this chapter, the
21.4 association, before instituting litigation or arbitration involving construction defect claims
21.5 against a development party, shall:

21.6 (1) mail or deliver written notice of the anticipated commencement of the action to each
21.7 unit owner at the addresses, if any, established for notices to owners in the declaration and,
21.8 if the declaration does not state how notices are to be given to owners, to the owner's last
21.9 known address. The notice shall specify the nature of the construction defect claims to be
21.10 alleged, the relief sought, and the manner in which the association proposes to fund the cost
21.11 of pursuing the construction defect claims; and

21.12 (2) obtain the approval of owners of units to which a majority of the total votes in the
21.13 association are allocated. Votes allocated to units owned by the declarant, an affiliate of the
21.14 declarant, or a mortgagee who obtained ownership of the unit through a foreclosure sale
21.15 are excluded. The association may obtain the required approval by a vote at an annual or
21.16 special meeting of the members or, if authorized by the statute under which the association
21.17 is created and taken in compliance with that statute, by a vote of the members taken by
21.18 electronic means or mailed ballots. If the association holds a meeting and voting by electronic
21.19 means or mailed ballots is authorized by that statute, the association shall also provide for
21.20 voting by those methods. Section 515B.3-110(c) applies to votes taken by electronic means
21.21 or mailed ballots, except that the votes must be used in combination with the vote taken at
21.22 a meeting and are not in lieu of holding a meeting, if a meeting is held, and are considered
21.23 for purposes of determining whether a quorum was present. Proxies may not be used for a
21.24 vote taken under this paragraph unless the unit owner executes the proxy after receipt of
21.25 the notice required under subsection (e)(1) and the proxy expressly references this notice.

21.26 (f) The association may intervene in a litigation or arbitration involving a construction
21.27 defect claim or assert a construction defect claim as a counterclaim, crossclaim, or third-party
21.28 claim before complying with subsections (e)(1) and (e)(2) but the association's complaint
21.29 in an intervention, counterclaim, crossclaim, or third-party claim shall be dismissed without
21.30 prejudice unless the association has complied with the requirements of subsection (e) within
21.31 90 days of the association's commencement of the complaint in an intervention or the
21.32 assertion of the counterclaim, crossclaim, or third-party claim.

21.33 (g) Unless otherwise agreed to by the affected unit owner and the association, a payment
21.34 made by a unit owner must be applied to assessments for common expenses and special

22.1 assessments first before any other fines, fees, or assessments owed by the unit owner. An
22.2 association shall consider offering a reasonable payment plan for a delinquency.

22.3 **EFFECTIVE DATE.** This section is effective January 1, 2027, and applies to action
22.4 taken by an association on or after that date.

22.5 Sec. 5. Minnesota Statutes 2024, section 515B.3-103, is amended to read:

22.6 **515B.3-103 BOARD OF DIRECTORS, OFFICERS AND DECLARANT**
22.7 **CONTROL.**

22.8 (a) An association shall be governed by a board of directors whose appointment or
22.9 election shall occur no later than the date of creation of the common interest community
22.10 and shall be reflected in the association's records. Except as expressly prohibited by the
22.11 declaration, the articles of incorporation, bylaws, subsection (b), or other provisions of this
22.12 chapter, the board may act in all instances on behalf of the association. In the performance
22.13 of their duties, the officers and directors are required to exercise (i) if appointed by the
22.14 declarant, the care required of fiduciaries of the unit owners and (ii) if elected by the unit
22.15 owners, the care required of a director by section 302A.251, 308B.455, 308C.455, or
22.16 317A.251, as applicable. The officers and directors appointed by the declarant shall have
22.17 a duty to fulfill, and to cause the association to fulfill, their respective obligations under the
22.18 declaration, bylaws, articles of incorporation, and this chapter and to enforce the provisions
22.19 of the declaration, bylaws, articles of incorporation, and this chapter against all unit owners,
22.20 including the declarant and its affiliates, in a uniform and fair manner. The standards of
22.21 conduct for officers and directors set forth in this subsection shall also apply to the officers
22.22 and directors of master associations in the exercise of their duties on behalf of the master
22.23 association.

22.24 (b) The board may not act unilaterally to amend the declaration, to terminate the common
22.25 interest community, to elect directors to the board, or to determine the qualifications, powers
22.26 and duties, or terms of office of directors, but the board may fill vacancies in its membership
22.27 created other than by removal by the vote of the association members for the unexpired
22.28 portion of any term.

22.29 (c) The declaration may provide for a period of declarant control of the association,
22.30 during which a declarant, or persons designated by the declarant, may appoint and remove
22.31 the officers and directors of the association. The period of declarant control begins on the
22.32 date of creation of the common interest community and terminates upon the earliest of the
22.33 following events: (i) five years after the date of the first conveyance of a unit to a unit owner
22.34 other than a declarant in the case of a flexible common interest community or three years

23.1 in the case of any other common interest community, (ii) the declarant's voluntary surrender
23.2 of control by giving written notice to the unit owners pursuant to section 515B.1-115, or
23.3 (iii) the conveyance of 75 percent of the units to unit owners other than a declarant.

23.4 (d) The board shall cause a meeting of the unit owners to be called, as follows:

23.5 (1) If the period of declarant control has terminated pursuant to subsection (c), a meeting
23.6 of the unit owners shall be called and held within 60 days after said termination, at which
23.7 the board shall be appointed or elected by all unit owners, including declarant, subject to
23.8 the requirements of subsection (e).

23.9 (2) If 50 percent of the units that a declarant is authorized by the declaration to create
23.10 have been conveyed prior to the termination of the declarant control period, a meeting of
23.11 the unit owners shall be called and held within 60 days thereafter, at which not less than
23.12 33-1/3 percent of the members of the board shall be elected by unit owners other than a
23.13 declarant or an affiliate of a declarant.

23.14 (3) If the board fails or refuses to cause a meeting of the unit owners required to be called
23.15 pursuant to subsection (d), then the unit owners other than a declarant and its affiliates may
23.16 cause the meeting to be called pursuant to the applicable provisions of the law under which
23.17 the association was created. The declarant and its affiliates shall be deemed to be present
23.18 at the meeting for purposes of establishing a quorum regardless of their failure to attend the
23.19 meeting.

23.20 (e) Following the termination of any period of declarant control, the unit owners shall
23.21 appoint or elect the board. All unit owners, including the declarant and its affiliates, may
23.22 cast the votes allocated to any units owned by them. The board shall thereafter be subject
23.23 to the following:

23.24 (1) Unless otherwise approved by a vote of unit owners other than the declarant or an
23.25 affiliate of the declarant, a majority of the directors shall be unit owners or a natural person
23.26 designated by a unit owner that is not a natural person, other than a declarant or an affiliate
23.27 of a declarant. The remaining directors need not be unit owners unless required by the
23.28 articles of incorporation or bylaws.

23.29 (2) Subject to the requirements of subsection (e)(1), the articles of incorporation or
23.30 bylaws may authorize the declarant or a person designated by the declarant to appoint one
23.31 director, who need not be a member. The articles of incorporation or bylaws shall not be
23.32 amended to change or terminate the authorization to appoint one director without the written
23.33 consent of the declarant or other person possessing the power to appoint.

24.1 (3) Subject to the requirements of subsection (e)(1), the articles of incorporation or
24.2 bylaws may authorize special classes of directors and director voting rights, as follows: (i)
24.3 classes of directors, (ii) the appointment or election of directors in certain classes by certain
24.4 classes of members, or (iii) class voting by classes of directors on issues affecting only a
24.5 certain class or classes of members, units, or other parcels of real estate, or to otherwise
24.6 protect the legitimate interest of such class or classes. No person may utilize such special
24.7 classes or class voting for the purpose of evading any limitation imposed on declarants by
24.8 this chapter. Elections of directors must occur regularly and each term of a director must
24.9 not exceed three years, provided there is no limit on the number of terms a director may
24.10 serve, and, unless expressly prohibited by the governing documents, the election of directors
24.11 must be staggered.

24.12 (4) The board shall elect the officers. The directors and officers shall take office upon
24.13 election.

24.14 (f) In determining whether the period of declarant control has terminated under subsection
24.15 (c), or whether unit owners other than a declarant are entitled to elect members of the board
24.16 of directors under subsection (d), the percentage of the units conveyed shall be calculated
24.17 using as a numerator the number of units conveyed and as a denominator the number of
24.18 units subject to the declaration plus the number of units which the declarant is authorized
24.19 by the declaration to create on any additional real estate. The percentages referred to in
24.20 subsections (c) and (d) shall be calculated without reference to units that are auxiliary to
24.21 other units, such as garage units or storage units. A person shall not use a master association
24.22 or other device to evade the requirements of this section.

24.23 (g) Except as otherwise provided in this subsection, all meetings of the board of directors
24.24 must be open to the unit owners. ~~To the extent practicable,~~ The board shall give reasonable
24.25 notice to the unit owners of the date, time, and place of a board meeting. The board must
24.26 make the meeting agenda, and contracts or other documents the board intends to approve
24.27 or disapprove at the board meeting, available to unit owners in any reasonable manner,
24.28 including but not limited to electronic mailing or posting on the association's website. If
24.29 the date, time, and place of meetings are provided for in the declaration, articles, or bylaws,
24.30 announced at a previous meeting of the board, posted in a location accessible to the unit
24.31 owners and designated by the board from time to time, or if an emergency requires immediate
24.32 consideration of a matter by the board, notice is not required. "Notice" has the meaning
24.33 given in section 317A.011, subdivision 14. At any board meeting open to unit owners before
24.34 action is taken on an agenda item, a unit owner, or a person designated in writing by the
24.35 owner, must be permitted to speak at a time designated by the board on an agenda item. To

25.1 the extent known, a unit owner must make a good faith attempt to notify the board in advance
25.2 of the owner's intent to speak on an agenda item at the meeting. Nothing prohibits a unit
25.3 owner from requesting that an item be added to the agenda or providing a written comment
25.4 to the board in advance of the meeting. The board may place a reasonable limit on the time
25.5 a member is allowed to speak but may, after a warning by the chair of the meeting, expel
25.6 any person who disrupts the meeting or causes a disturbance. A board may not impose a
25.7 fine for exercising the right to speak or provide a written statement, but may impose a fine
25.8 if a person the board has expelled refuses to leave the meeting. Meetings may be closed to
25.9 discuss the following:

25.10 (1) personnel matters;

25.11 (2) pending or potential litigation, arbitration or other potentially adversarial proceedings,
25.12 between unit owners, between the board or association and unit owners, or other matters in
25.13 which any unit owner may have an adversarial interest, if the board determines that closing
25.14 the meeting is necessary to discuss strategy or to otherwise protect the position of the board
25.15 or association or the privacy of a unit owner or occupant of a unit; or

25.16 (3) criminal activity arising within the common interest community if the board
25.17 determines that closing the meeting is necessary to protect the privacy of the victim or that
25.18 opening the meeting would jeopardize investigation of the activity.

25.19 Nothing in this subsection imposes a duty on the board to provide special facilities for
25.20 meetings. The failure to give notice as required by this subsection shall not invalidate the
25.21 board meeting or any action taken at the meeting. The minutes of any part of a meeting that
25.22 is closed under this subsection may be kept confidential at the discretion of the board. In
25.23 addition to conflict of interest provisions set forth in the statute under which the association
25.24 was organized, the following standards apply to elected boards:

25.25 (1) a board member must not participate in deliberations regarding or vote on the approval
25.26 of a contract to which the association is or may be a party where the board member or a
25.27 member of the family of a board member has a material financial interest is likely to result
25.28 in material financial gain to the board member or a family member of the board member.
25.29 For the purposes of this section, "member of the family" has the meaning given in section
25.30 317A.255, subdivision 4;

25.31 (2) a board member or property manager must not solicit or accept any money or other
25.32 compensation from any person as an inducement for the board member to vote in favor of
25.33 the approval of a contract for property maintenance, construction, repair, or reconstruction
25.34 services that is binding on the association. If an association has authorized a property manager

26.1 to enter into contracts on behalf of the association, the property manager must not solicit
26.2 or accept any money or other compensation from any person as an inducement to the property
26.3 manager to enter into a contract for property maintenance, construction, repair, or
26.4 reconstruction services that is binding on the association; or

26.5 (3) prior to entering into any contract for property maintenance, construction, repair, or
26.6 reconstruction services with an estimated cost exceeding \$50,000, the board or property
26.7 managers must solicit a minimum of three written competitive bids. All bids from a person
26.8 affiliated with a board member, a member of the family of a board member, a property
26.9 manager, or any member of the family of a property manager or employee must be disclosed
26.10 prior to consideration or a vote on the bids. A written record of the disclosures must be
26.11 retained and recorded in the meeting minutes.

26.12 (i) The board must review all bids and select a vendor based on reasonable business
26.13 criteria, including but not limited to, the cost of the project, the contractor's qualifications,
26.14 available warranties, the extent to which the bidder has met the bid solicitation requirements,
26.15 and the length of time estimated to complete the project.

26.16 (j) An association is not obligated to comply with the bidding requirements of this
26.17 subsection if:

26.18 (1) multiple bids cannot be obtained despite reasonable efforts;

26.19 (2) emergency repairs are required to protect the health or safety of the unit owners;

26.20 (3) there has been significant damage to the property that must be addressed without
26.21 delay to prevent further damage to the property;

26.22 (4) the work is covered by a warranty;

26.23 (5) the vendor is the only available vendor capable of providing the required goods or
26.24 services; or

26.25 (6) work is performed at no charge by volunteers.

26.26 (k) The association must maintain a record of the bid selection process and the contracts
26.27 awarded. The records must be made available for inspection for a period of six years. At a
26.28 minimum the record should include:

26.29 (1) the purpose of the contract;

26.30 (2) the amount of each bid proposal;

26.31 (3) the amount of the final contract;

27.1 (4) the name and address of the contractor who was awarded the contract; and

27.2 (5) if applicable, the criteria used to select the bid.

27.3 A person who requests a copy of these records may be charged a reasonable fee to copy the
27.4 materials.

27.5 (l) A property management company that is hired by a declarant or board of directors
27.6 on behalf of an association may not enter into an automatically renewing contract for goods
27.7 or services unless the contract allows for termination of the contract at any time with no
27.8 less than 90 days' notice.

27.9 **EFFECTIVE DATE.** This section is effective January 1, 2027, and applies to all
27.10 association activities on or after that date.

27.11 Sec. 6. Minnesota Statutes 2024, section 515B.3-107, is amended to read:

27.12 **515B.3-107 UPKEEP OF COMMON INTEREST COMMUNITY.**

27.13 (a) Except to the extent provided by the declaration, this subsection or section
27.14 515B.3-113, the association is responsible for the maintenance, repair and replacement of
27.15 the common elements, and each unit owner is responsible for the maintenance, repair and
27.16 replacement of the unit owner's unit. A property manager may not require an association to
27.17 work with a particular vendor. Damage to the common elements or any unit as a result of
27.18 the acts or omissions of a unit owner or the association, including damage resulting from
27.19 the unit owner's or association's lack of maintenance or failure to perform necessary repairs
27.20 or replacement, is the responsibility of the unit owner or association responsible for causing
27.21 the damage, or whose agents or invitees caused the damage.

27.22 (b) The association's board of directors shall prepare and approve a written preventative
27.23 maintenance plan, maintenance schedule, and maintenance budget for the common elements.
27.24 The association shall follow the approved preventative maintenance plan. The association's
27.25 board may amend, modify, or replace an approved preventative maintenance plan or an
27.26 approved maintenance schedule from time to time. The association must provide all unit
27.27 owners with a paper copy, electronic copy, or electronic access to the preventative
27.28 maintenance plan, the maintenance schedule, and any amendments or modifications to or
27.29 replacements of the preventative maintenance plan and the maintenance schedule. If a
27.30 common interest community was created on or before August 1, 2017, the association's
27.31 board of directors shall have until January 1, 2019, to comply with the requirements of this
27.32 subsection.

28.1 (c) The association shall have access through and into each unit for purposes of
28.2 performing maintenance, repair or replacement for which the association may be responsible.
28.3 The association and any public safety personnel shall also have access for purposes of
28.4 abating or correcting any condition in the unit which violates any governmental law,
28.5 ordinance or regulation, which may cause material damage to or jeopardize the safety of
28.6 the common interest community, or which may constitute a health or safety hazard for
28.7 occupants of units.

28.8 (d) Neither the association, nor any unit owner other than the declarant or its affiliates,
28.9 is subject to a claim for payment of expenses incurred in connection with any additional
28.10 real estate.

28.11 (e) An association with authority under the declaration to approve or disapprove a request
28.12 by a unit owner who has a right granted under this chapter, or the declaration, to make
28.13 alterations to the owner's unit must establish, by rule or regulation, a fair, reasonable, and
28.14 expeditious procedure for making any decision on the proposed alteration. The association
28.15 must provide the procedure to a unit owner who requests an alteration. Unless the declaration,
28.16 bylaws, or rules and regulations provides for a different period, the board or a committee
28.17 appointed by the board must make a decision within 90 days after submission of an
28.18 application that contains all the information required or any additional information or changes
28.19 to the proposal requested by the association's board. A decision must be in writing, must
28.20 be made in accordance with the standards of conduct for directors set forth in the statute
28.21 under which the association is organized, and must be reasonable.

28.22 (f) An association has no authority to regulate the parking of a unit owner or a guest,
28.23 tenant, or invitee of the unit owner within an improved public right of way that a unit of
28.24 government maintains and repairs, except that the association may, in its declaration or by
28.25 rule or regulation, require compliance with all applicable statutes, laws, and ordinances.
28.26 Absent legislative authorization, a unit of government does not have the authority to delegate
28.27 its police powers to a private entity. If an association is an authorized delegatee, the
28.28 delegation is valid for a period not to exceed five years, at which time it may be renewed
28.29 upon application by the association and agreement of the unit of government. As used in
28.30 this subsection, "personal vehicle" means an automobile with a gross vehicle weight of less
28.31 than 26,001 pounds that is used for personal pleasure, travel, or commuting to and from a
28.32 place of work, including but not limited to a van, pickup truck, small truck, ambulance, law
28.33 enforcement vehicle, emergency response vehicle, or utility company vehicle. A personal
28.34 vehicle does not include a motor home, a self-propelled recreational vehicle, or a commercial
28.35 vehicle used primarily for commercial business unless otherwise stated in this section. A

29.1 unit owner or resident must be permitted to park a personal or work vehicle on the portion
29.2 of the unit owner's property or the portion of the limited common element allocated to the
29.3 unit that was originally designed or subsequently modified for the parking of vehicles,
29.4 provided the vehicle's length does not encroach on another unit owner's property or interfere
29.5 with the association's ability to maintain roads or common elements.

29.6 **EFFECTIVE DATE.** This section is effective January 1, 2027.

29.7 Sec. 7. Minnesota Statutes 2024, section 515B.3-115, is amended to read:

29.8 **515B.3-115 ASSESSMENTS FOR COMMON EXPENSES; CIC CREATED**
29.9 **BEFORE AUGUST 1, 2010.**

29.10 (a) The obligation of a unit owner to pay common expense assessments shall be as
29.11 follows:

29.12 (1) If a common expense assessment has not been levied, the declarant shall pay all
29.13 operating expenses of the common interest community, and shall fund the replacement
29.14 reserve component of the common expenses as required by subsection (b).

29.15 (2) If a common expense assessment has been levied, all unit owners, including the
29.16 declarant, shall pay the assessments allocated to their units, subject to the following:

29.17 (i) If the declaration so provides, a declarant's liability, and the assessment lien, for the
29.18 common expense assessments, exclusive of replacement reserves, on any unit owned by
29.19 the declarant may be limited to 25 percent or more of any assessment, exclusive of
29.20 replacement reserves, until the unit or any building located in the unit is substantially
29.21 completed. Substantial completion shall be evidenced by a certificate of occupancy in any
29.22 jurisdiction that issues the certificate.

29.23 (ii) If the declaration provides for a reduced assessment pursuant to paragraph (2)(i),
29.24 the declarant shall be obligated, within 60 days following the termination of the period of
29.25 declarant control, to make up any operating deficit incurred by the association during the
29.26 period of declarant control. The existence and amount, if any, of the operating deficit shall
29.27 be determined using the accrual basis of accounting applied as of the date of termination
29.28 of the period of declarant control, regardless of the accounting methodology previously
29.29 used by the association to maintain its accounts.

29.30 (b) The replacement reserve component of the common expenses shall be funded for
29.31 each unit in accordance with the projected annual budget required by section
29.32 515B.4-102(a)(23) provided that the funding of replacement reserves with respect to a unit
29.33 shall commence no later than the date that the unit or any building located within the unit

30.1 boundaries is substantially completed. Substantial completion shall be evidenced by a
30.2 certificate of occupancy in any jurisdiction that issues the certificate.

30.3 (c) After an assessment has been levied by the association, assessments shall be levied
30.4 at least annually, based upon a budget approved at least annually by the association.

30.5 (d) Except as modified by subsections (a)(1) and (2), (e), (f), and (g), all common
30.6 expenses shall be assessed against all the units in accordance with the allocations established
30.7 by the declaration pursuant to section 515B.2-108.

30.8 (e) Unless otherwise required by the declaration:

30.9 (1) any common expense associated with the maintenance, repair, or replacement of a
30.10 limited common element shall be assessed against the units to which that limited common
30.11 element is assigned, equally, or in any other proportion the declaration provides;

30.12 (2) any common expense or portion thereof benefiting fewer than all of the units may
30.13 be assessed exclusively against the units benefited, equally, or in any other proportion the
30.14 declaration provides;

30.15 (3) the costs of insurance may be assessed in proportion to risk or coverage, and the
30.16 costs of utilities may be assessed in proportion to usage;

30.17 (4) subject to section 515B.3-102(a)(11), reasonable attorney fees and costs incurred by
30.18 the association in connection with (i) the collection of assessments against a unit owner,
30.19 and (ii) the enforcement of this chapter, the articles, bylaws, declaration, or rules and
30.20 regulations against a unit owner, may be assessed against the unit owner's unit subject to
30.21 section 515B.3-116(h); and

30.22 (5) fees, charges, late charges, fines and interest may be assessed as provided in section
30.23 515B.3-116(a).

30.24 (f) Assessments levied under section 515B.3-116 to pay a judgment against the association
30.25 may be levied only against the units in the common interest community at the time the
30.26 judgment was entered, in proportion to their common expense liabilities.

30.27 (g) If any damage to the common elements or another unit is caused by the act or omission
30.28 of any unit owner, or occupant of a unit, or their invitees, the association may assess the
30.29 costs of repairing the damage exclusively against the unit owner's unit to the extent not
30.30 covered by insurance.

30.31 (h) Subject to any shorter period specified by the declaration or bylaws, if any installment
30.32 of an assessment becomes more than 60 days past due, then the association may, upon ten

31.1 days' written notice to the unit owner, declare the entire amount of the assessment
 31.2 immediately due and payable in full, except that any portion of the assessment that represents
 31.3 installments that are not due and payable without acceleration as of the date of reinstatement
 31.4 must not be included in the amount that a unit owner must pay to reinstate under section
 31.5 580.30 or chapter 581.

31.6 (i) If common expense liabilities are reallocated for any purpose authorized by this
 31.7 chapter, common expense assessments and any installment thereof not yet due shall be
 31.8 recalculated in accordance with the reallocated common expense liabilities.

31.9 (j) An assessment against fewer than all of the units must be levied within three years
 31.10 after the event or circumstances forming the basis for the assessment, or shall be barred.

31.11 (k) An association must adopt a collection policy and provide a copy to all unit owners
 31.12 and prospective purchasers as required pursuant to section 515B.4-107(a)(1).

31.13 In addition to any other requirements, a collection policy must require:

31.14 (1) three separate notifications to a unit owner before the account is referred to a law
 31.15 firm or collection agency for collections, including at least one notification sent by certified
 31.16 mail to the unit owner's registered address; and

31.17 (2) the preforeclosure notice required pursuant to section 580.022 be sent by United
 31.18 States mail and certified mail to the unit owner when a law firm has been hired to foreclose
 31.19 an association's lien for assessments.

31.20 ~~(k)~~ (l) This section applies only to common interest communities created before August
 31.21 1, 2010.

31.22 **EFFECTIVE DATE.** This section is effective January 1, 2027.

31.23 Sec. 8. Minnesota Statutes 2024, section 515B.3-1151, is amended to read:

31.24 **515B.3-1151 ASSESSMENTS FOR COMMON EXPENSES; CIC CREATED ON**
 31.25 **OR AFTER AUGUST 1, 2010.**

31.26 (a) The association shall approve an annual budget of common expenses at or prior to
 31.27 the conveyance of the first unit in the common interest community to a purchaser and
 31.28 annually thereafter. The annual budget shall include all customary and necessary operating
 31.29 expenses and replacement reserves for the common interest community, consistent with
 31.30 this section and section 515B.3-114. For purposes of replacement reserves under subsection
 31.31 (b), until an annual budget has been approved, the reserves shall be paid based upon the

32.1 budget contained in the disclosure statement required by section 515B.4-102. The obligation
32.2 of a unit owner to pay common expenses shall be as follows:

32.3 (1) If a common expense assessment has not been levied by the association, the declarant
32.4 shall pay all common expenses of the common interest community, including the payment
32.5 of the replacement reserve component of the common expenses for all units in compliance
32.6 with subsection (b).

32.7 (2) If a common expense assessment has been levied by the association, all unit owners,
32.8 including the declarant, shall pay the assessments levied against their units, except as follows:

32.9 (i) The declaration may provide for an alternate common expense plan whereby the
32.10 declarant's common expense liability, and the corresponding assessment lien against the
32.11 units owned by the declarant, is limited to: (A) paying when due, in compliance with
32.12 subsection (b), an amount equal to the full share of the replacement reserves allocated to
32.13 units owned by the declarant, as set forth in the association's annual budget approved as
32.14 provided in this subsection; and (B) paying when due all accrued expenses of the common
32.15 interest community in excess of the aggregate assessments payable with respect to units
32.16 owned by persons other than a declarant; provided, that the alternate common expense plan
32.17 shall not affect a declarant's obligation to make up any operating deficit pursuant to item
32.18 (iv), and shall terminate upon the termination of any period of declarant control unless
32.19 terminated earlier pursuant to item (iii).

32.20 (ii) The alternate common expense plan may be authorized only by including in the
32.21 declaration and the disclosure statement required by section 515B.4-102 provisions
32.22 authorizing and disclosing the alternate common expense plan as described in item (i), and
32.23 including in the disclosure statement either (A) a statement that the alternate common
32.24 expense plan will have no effect on the level of services or amenities anticipated by the
32.25 association's budget contained in the disclosure statement, or (B) a statement describing
32.26 how the services or amenities may be affected.

32.27 (iii) A declarant shall give notice to the association of its intent to utilize the alternate
32.28 common expense plan and a commencement date after the date the notice is given. The
32.29 alternate common expense plan shall be valid only for periods after the notice is given. A
32.30 declarant may terminate its right to utilize the alternate common expense plan prior to the
32.31 termination of the period of declarant control only by giving notice to the association and
32.32 the unit owners at least 30 days prior to a selected termination date set forth in the notice.

32.33 (iv) If a declarant utilizes an alternate common expense plan, that declarant shall cause
32.34 to be prepared and delivered to the association, at the declarant's expense, within 90 days

33.1 after the termination of the period of declarant control, an audited balance sheet and profit
33.2 and loss statement certified to the association and prepared by an accountant having the
33.3 qualifications set forth in section 515B.3-121(b). The audit shall be binding on the declarant
33.4 and the association.

33.5 (v) If the audited profit and loss statement shows an accumulated operating deficit, the
33.6 declarant shall be obligated to make up the deficit within 15 days after delivery of the audit
33.7 to the association, and the association shall have a claim against the declarant for an amount
33.8 equal to the deficit until paid. A declarant who does not utilize an alternate common expense
33.9 plan is not liable to make up any operating deficit. If more than one declarant utilizes an
33.10 alternate common expense plan, all declarants who utilize the plan are jointly and severally
33.11 liable to the association for any operating deficit.

33.12 (vi) The existence and amount, if any, of the operating deficit shall be determined using
33.13 the accrual method of accounting applied as of the date of termination of the period of
33.14 declarant control, regardless of the accounting methodology previously used by the
33.15 association to maintain its accounts.

33.16 (vii) Unless approved by a vote of the unit owners other than the declarant and its
33.17 affiliates, the operating deficit shall not be made up, prior to the election by the unit owners
33.18 of a board of directors pursuant to section 515B.3-103(d), through the use of a special
33.19 assessment described in subsection (c) or by assessments described in subsections (e), (f),
33.20 and (g).

33.21 (viii) The use by a declarant of an alternate common expense plan shall not affect the
33.22 obligations of the declarant or the association as provided in the declaration, the bylaws, or
33.23 this chapter, or as represented in the disclosure statement required by section 515B.4-102,
33.24 except as to matters authorized by this chapter.

33.25 (b) The replacement reserves required by section 515B.3-114 shall be paid to the
33.26 association by each unit owner for each unit owned by that unit owner in accordance with
33.27 the association's annual budget approved pursuant to subsection (a), regardless of whether
33.28 an annual assessment has been levied or whether the declarant has utilized an alternate
33.29 common expense plan under subsection (a)(2). Replacement reserves shall be paid with
33.30 respect to a unit commencing as of the later of (1) the date of creation of the common interest
33.31 community or (2) the date that the structure and exterior of the building containing the unit,
33.32 or the structure and exterior of any building located within the unit boundaries, but excluding
33.33 the interior finishing of the structure itself, are substantially completed. If the association
33.34 has not approved an annual budget as of the commencement date for the payment of

34.1 replacement reserves, then the reserves shall be paid based upon the budget contained in
34.2 the disclosure statement required by section 515B.4-102.

34.3 (c) After an assessment has been levied by the association, assessments shall be levied
34.4 at least annually, based upon an annual budget approved by the association. In addition to
34.5 and not in lieu of annual assessments, an association may, if so provided in the declaration,
34.6 levy special assessments against all units in the common interest community based upon
34.7 the same formula required by the declaration for levying annual assessments. Special
34.8 assessments may be levied only (1) to cover expenditures of an emergency nature, (2) to
34.9 replenish underfunded replacement reserves, (3) to cover unbudgeted capital expenditures
34.10 or operating expenses, or (4) to replace certain components of the common interest
34.11 community described in section 515B.3-114(a), if such alternative method of funding is
34.12 approved under section 515B.3-114(a)(5). The association may also levy assessments against
34.13 fewer than all units as provided in subsections (e), (f), and (g). An assessment under
34.14 subsection (e)(2) for replacement reserves is subject to the requirements of section
34.15 515B.3-1141(a)(5).

34.16 (d) Except as modified by subsections (a), clauses (1) and (2), (e), (f), and (g), all common
34.17 expenses shall be assessed against all the units in accordance with the allocations established
34.18 by the declaration pursuant to section 515B.2-108.

34.19 (e) Unless otherwise required by the declaration:

34.20 (1) any common expense associated with the maintenance, repair, or replacement of a
34.21 limited common element shall be assessed against the units to which that limited common
34.22 element is assigned, equally, or in any other proportion the declaration provides;

34.23 (2) any common expense or portion thereof benefiting fewer than all of the units may
34.24 be assessed exclusively against the units benefited, equally, or in any other proportion the
34.25 declaration provides;

34.26 (3) the costs of insurance may be assessed in proportion to risk or coverage, and the
34.27 costs of utilities may be assessed in proportion to usage;

34.28 (4) subject to section 515B.3-102(a)(11), reasonable attorney fees and costs incurred by
34.29 the association in connection with (i) the collection of assessments, and (ii) the enforcement
34.30 of this chapter, the articles, bylaws, declaration, or rules and regulations, against a unit
34.31 owner, may be assessed against the unit owner's unit, subject to section 515B.3-116(h); and

34.32 (5) fees, charges, late charges, fines, and interest may be assessed as provided in section
34.33 515B.3-116(a).

35.1 (f) Assessments levied under section 515B.3-116 to pay a judgment against the association
35.2 may be levied only against the units in the common interest community at the time the
35.3 judgment was entered, in proportion to their common expense liabilities.

35.4 (g) If any damage to the common elements or another unit is caused by the act or omission
35.5 of any unit owner, or occupant of a unit, or their invitees, the association may assess the
35.6 costs of repairing the damage exclusively against the unit owner's unit to the extent not
35.7 covered by insurance.

35.8 (h) Subject to any shorter period specified by the declaration or bylaws, if any installment
35.9 of an assessment becomes more than 60 days past due, then the association may, upon ten
35.10 days' written notice to the unit owner, declare the entire amount of the assessment
35.11 immediately due and payable in full, except that any portion of the assessment that represents
35.12 installments that are not due and payable without acceleration as of the date of reinstatement
35.13 must not be included in the amount that a unit owner must pay to reinstate under section
35.14 580.30 or chapter 581.

35.15 (i) If common expense liabilities are reallocated for any purpose authorized by this
35.16 chapter, common expense assessments and any installment thereof not yet due shall be
35.17 recalculated in accordance with the reallocated common expense liabilities.

35.18 (j) An assessment against fewer than all of the units must be levied within three years
35.19 after the event or circumstances forming the basis for the assessment, or shall be barred.

35.20 (k) An association must adopt a collection policy and provide a copy to all unit owners
35.21 and prospective purchasers as required pursuant to section 515B.4-107(a)(1).

35.22 In addition to any other requirements, a collection policy must require:

35.23 (1) three separate notifications to a unit owner before the account is referred to a law
35.24 firm or collection agency for collections, including at least one notification sent by certified
35.25 mail to the unit owner's registered address; and

35.26 (2) the preforeclosure notice required pursuant to section 580.022 be sent by United
35.27 States mail and certified mail to the unit owner when a law firm has been hired to foreclose
35.28 an association's lien for assessments.

35.29 ~~(l)~~ (l) This section applies only to common interest communities created on or after
35.30 August 1, 2010.

35.31 **EFFECTIVE DATE.** This section is effective January 1, 2027.

36.1 Sec. 9. Minnesota Statutes 2024, section 515B.3-116, is amended to read:

36.2 **515B.3-116 LIEN FOR ASSESSMENTS.**

36.3 (a) The association has a lien on a unit for any assessment levied against that unit from
36.4 the time the assessment becomes due. If an assessment is payable in installments, the full
36.5 amount of the assessment is a lien from the time the first installment thereof becomes due.
36.6 Unless the declaration otherwise provides, fees, charges, finer as specified in subsection
36.7 (h), and late charges, ~~finer and interest charges pursuant to section 515B.3-102(a)(10), (11)~~
36.8 ~~and (12)~~ are liens, and are enforceable as assessments, under this section. Recording of the
36.9 declaration constitutes record notice and perfection of any assessment lien under this section,
36.10 and no further recording of any notice of or claim for the lien is required.

36.11 (b) Subject to subsection (c), a lien under this section is prior to all other liens and
36.12 encumbrances on a unit except (i) liens and encumbrances recorded before the declaration
36.13 and, in a cooperative, liens and encumbrances which the association creates, assumes, or
36.14 takes subject to, (ii) any first mortgage encumbering the fee simple interest in the unit, or,
36.15 in a cooperative, any first security interest encumbering only the unit owner's interest in the
36.16 unit, (iii) liens for real estate taxes and other governmental assessments or charges against
36.17 the unit, and (iv) a master association lien under section 515B.2-121(h). This subsection
36.18 shall not affect the priority of mechanic's liens.

36.19 (c) If a first mortgage on a unit is foreclosed, the first mortgage was recorded after June
36.20 1, 1994, and no owner or person who acquires the owner's interest in the unit redeems
36.21 pursuant to chapter 580, 581, or 582, the holder of the sheriff's certificate of sale from the
36.22 foreclosure of the first mortgage or any person who acquires title to the unit by redemption
36.23 as a junior creditor shall take title to the unit subject to a lien in favor of the association for
36.24 unpaid assessments for common expenses levied pursuant to section 515B.3-115(a), (e)(1)
36.25 to (3), (f), and (i) which became due, without acceleration, during the six months immediately
36.26 preceding the end of the owner's period of redemption. The common expenses shall be
36.27 based upon the association's then current annual budget, notwithstanding the use of an
36.28 alternate common expense plan under section 515B.3-115(a)(2). If a first security interest
36.29 encumbering a unit owner's interest in a cooperative unit which is personal property is
36.30 foreclosed, the secured party or the purchaser at the sale shall take title to the unit subject
36.31 to unpaid assessments for common expenses levied pursuant to section 515B.3-115(a),
36.32 (e)(1) to (3), (f), and (i) which became due, without acceleration, during the six months
36.33 immediately preceding the first day following either the disposition date pursuant to section
36.34 336.9-610 or the date on which the obligation of the unit owner is discharged pursuant to
36.35 section 336.9-622.

37.1 (d) Proceedings to enforce an assessment lien shall be instituted within three years after
37.2 the last installment of the assessment becomes payable, or shall be barred.

37.3 (e) The unit owner of a unit at the time an assessment is due shall be personally liable
37.4 to the association for payment of the assessment levied against the unit. If there are multiple
37.5 owners of the unit, they shall be jointly and severally liable.

37.6 (f) This section does not prohibit actions to recover sums for which subsection (a) creates
37.7 a lien nor prohibit an association from taking a deed in lieu of foreclosure.

37.8 (g) The association shall furnish to a unit owner or the owner's authorized agent upon
37.9 written request of the unit owner or the authorized agent a statement setting forth the amount
37.10 of unpaid assessments currently levied against the owner's unit. If the unit owner's interest
37.11 is real estate, the statement shall be in recordable form. The statement shall be furnished
37.12 within ten business days after receipt of the request and is binding on the association and
37.13 every unit owner.

37.14 (h) The association's lien may be foreclosed as provided in this subsection, provided
37.15 that an association may not commence foreclosure unless common expenses and special
37.16 assessments and fines that meet the conditions for exception to the limit specified in section
37.17 515B.3-102, subsection (c), are delinquent for more than three months.

37.18 (1) In a condominium or planned community, the association's lien may be foreclosed
37.19 in a like manner as a mortgage containing a power of sale pursuant to chapter 580, or by
37.20 action pursuant to chapter 581. The association shall have a power of sale to foreclose the
37.21 lien pursuant to chapter 580, except that any portion of the assessment that represents
37.22 attorney fees or costs shall not be included in the amount a unit owner must pay to reinstate
37.23 under section 580.30 or chapter 581.

37.24 (2) In a cooperative whose unit owners' interests are real estate, the association's lien
37.25 shall be foreclosed in a like manner as a mortgage on real estate as provided in paragraph
37.26 (1).

37.27 (3) In a cooperative whose unit owners' interests in the units are personal property, the
37.28 association's lien shall be foreclosed in a like manner as a security interest under article 9
37.29 of chapter 336. In any disposition pursuant to section 336.9-610 or retention pursuant to
37.30 sections 336.9-620 to 336.9-622, the rights of the parties shall be the same as those provided
37.31 by law, except (i) notice of sale, disposition, or retention shall be served on the unit owner
37.32 90 days prior to sale, disposition, or retention, (ii) the association shall be entitled to its
37.33 reasonable costs and attorney fees not exceeding the amount provided by section 582.01,
37.34 subdivision 1a, (iii) the amount of the association's lien shall be deemed to be adequate

38.1 consideration for the unit subject to disposition or retention, notwithstanding the value of
38.2 the unit, and (iv) the notice of sale, disposition, or retention shall contain the following
38.3 statement in capital letters with the name of the association or secured party filled in:

38.4 "THIS IS TO INFORM YOU THAT BY THIS NOTICE (fill in name of association or
38.5 secured party) HAS BEGUN PROCEEDINGS UNDER MINNESOTA STATUTES,
38.6 CHAPTER 515B, TO FORECLOSE ON YOUR INTEREST IN YOUR UNIT FOR THE
38.7 REASON SPECIFIED IN THIS NOTICE. YOUR INTEREST IN YOUR UNIT WILL
38.8 TERMINATE 90 DAYS AFTER SERVICE OF THIS NOTICE ON YOU UNLESS
38.9 BEFORE THEN:

38.10 (a) THE PERSON AUTHORIZED BY (fill in the name of association or secured party)
38.11 AND DESCRIBED IN THIS NOTICE TO RECEIVE PAYMENTS RECEIVES FROM
38.12 YOU:

38.13 (1) THE AMOUNT THIS NOTICE SAYS YOU OWE; PLUS

38.14 (2) THE COSTS INCURRED TO SERVE THIS NOTICE ON YOU; PLUS

38.15 (3) \$500 TO APPLY TO ATTORNEY FEES ACTUALLY EXPENDED OR
38.16 INCURRED; PLUS

38.17 (4) ANY ADDITIONAL AMOUNTS FOR YOUR UNIT BECOMING DUE TO (fill
38.18 in name of association or secured party) AFTER THE DATE OF THIS NOTICE; OR

38.19 (b) YOU SECURE FROM A DISTRICT COURT AN ORDER THAT THE
38.20 FORECLOSURE OF YOUR RIGHTS TO YOUR UNIT BE SUSPENDED UNTIL YOUR
38.21 CLAIMS OR DEFENSES ARE FINALLY DISPOSED OF BY TRIAL, HEARING, OR
38.22 SETTLEMENT. YOUR ACTION MUST SPECIFICALLY STATE THOSE FACTS AND
38.23 GROUNDS THAT DEMONSTRATE YOUR CLAIMS OR DEFENSES.

38.24 IF YOU DO NOT DO ONE OR THE OTHER OF THE ABOVE THINGS WITHIN
38.25 THE TIME PERIOD SPECIFIED IN THIS NOTICE, YOUR OWNERSHIP RIGHTS IN
38.26 YOUR UNIT WILL TERMINATE AT THE END OF THE PERIOD, YOU WILL LOSE
38.27 ALL THE MONEY YOU HAVE PAID FOR YOUR UNIT, YOU WILL LOSE YOUR
38.28 RIGHT TO POSSESSION OF YOUR UNIT, YOU MAY LOSE YOUR RIGHT TO
38.29 ASSERT ANY CLAIMS OR DEFENSES THAT YOU MIGHT HAVE, AND YOU WILL
38.30 BE EVICTED. IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE, CONTACT
38.31 AN ATTORNEY IMMEDIATELY."

38.32 (4) In any foreclosure pursuant to chapter 580, 581, or 582, the rights of the parties shall
38.33 be the same as those provided by law, except (i) the period of redemption for unit owners

39.1 shall be six months from the date of sale or a lesser period authorized by law, (ii) in a
39.2 foreclosure by advertisement under chapter 580, the foreclosing party shall be entitled to
39.3 costs and disbursements of foreclosure and attorney fees authorized by the declaration or
39.4 bylaws, notwithstanding the provisions of section 582.01, subdivisions 1 and 1a, (iii) in a
39.5 foreclosure by action under chapter 581, the foreclosing party shall be entitled to costs and
39.6 disbursements of foreclosure and attorney fees as the court shall determine, and (iv) the
39.7 amount of the association's lien shall be deemed to be adequate consideration for the unit
39.8 subject to foreclosure, notwithstanding the value of the unit.

39.9 (i) If a holder of a sheriff's certificate of sale, prior to the expiration of the period of
39.10 redemption, pays any past due or current assessments, or any other charges lienable as
39.11 assessments, with respect to the unit described in the sheriff's certificate, then the amount
39.12 paid shall be a part of the sum required to be paid to redeem under section 582.03.

39.13 (j) In a cooperative, if the unit owner fails to redeem before the expiration of the
39.14 redemption period in a foreclosure of the association's assessment lien, the association may
39.15 bring an action for eviction against the unit owner and any persons in possession of the unit,
39.16 and in that case section 504B.291 shall not apply.

39.17 (k) An association may assign its lien rights in the same manner as any other secured
39.18 party.

39.19 **EFFECTIVE DATE.** This section is effective January 1, 2027, and applies to
39.20 foreclosures commenced on or after that date.

39.21 **Sec. 10. [515B.3-122] DISPUTE RESOLUTION.**

39.22 If a dispute arises between a unit owner and an association that could result in a financial
39.23 loss to the unit owner, the unit owner may ask the association to engage in a dispute resolution
39.24 process. The process must, at a minimum, allow the unit owner to present information to
39.25 the board or a board member in an informal meeting that is either in-person, over the
39.26 telephone, or virtual. The owner must be allowed to present information verbally or in
39.27 writing, and either the association or the unit owner may bring an attorney, representative,
39.28 or another person to assist them in the meeting. The unit owner cannot be charged for the
39.29 initial dispute resolution process, however a unit owner can request a formal dispute
39.30 resolution process such as mediation, and the parties may agree to distribute the costs. The
39.31 policy does not have to be incorporated into the governing documents, but shall be provided
39.32 to unit owners and followed in good faith. If the dispute resolution process is not successful,
39.33 the board or board member must refer the unit owner to the common interest community
39.34 ombudsperson.

40.1 **EFFECTIVE DATE.** This section is effective January 1, 2027.

40.2 Sec. 11. **[515B.3-125] LEGAL FEES; NOTICE REQUIRED.**

40.3 (a) Prior to referring a unit owner's inquiry to the association's legal counsel, which may
40.4 result in the association incurring legal fees that the association would assess the unit owner,
40.5 the association must notify the unit owner:

40.6 (1) that the board intends to refer the inquiry to the association's legal counsel and that
40.7 the association may assess those fees against the unit owner; and

40.8 (2) the hourly rate at which the association's legal counsel assesses fees to the association.

40.9 (b) The board must provide the notification under subsection (a) at no cost to the unit
40.10 owner.

40.11 **EFFECTIVE DATE.** This section is effective January 1, 2027.

40.12 Sec. 12. Minnesota Statutes 2024, section 515B.4-1021, is amended to read:

40.13 **515B.4-1021 DISCLOSURE STATEMENT; GENERAL PROVISIONS; CIC**
40.14 **CREATED ON OR AFTER AUGUST 1, 2010.**

40.15 (a) A disclosure statement shall fully and accurately disclose:

40.16 (1) the name and, if available, the number of the common interest community;

40.17 (2) the name and principal address of each declarant holding any special declarant rights;
40.18 a description of the special declarant rights held by each declarant; a description of the units
40.19 or additional real estate to which the respective special declarant rights apply; and a copy
40.20 of any recorded transfer of special declarant rights pursuant to section 515B.3-104(a), or
40.21 any instrument recorded pursuant to section 515B.3-104(b), (g), or (h);

40.22 (3) the total number of units which all declarants have the right to include in the common
40.23 interest community and a statement that the common interest community is either a
40.24 condominium, cooperative, or planned community;

40.25 (4) a general description of the common interest community, including, at a minimum,
40.26 (i) the number of buildings, (ii) the number of dwellings per building, (iii) the type of
40.27 construction, (iv) whether the common interest community involves new construction or
40.28 rehabilitation, (v) whether any building was wholly or partially occupied, for any purpose,
40.29 before it was added to the common interest community, and the nature of the occupancy,
40.30 (vi) a general description of any roads, trails, or utilities that are located on the common
40.31 elements and that the association or master association will be required to maintain, (vii) a

41.1 description of any declarant licensing rights under section 515B.2-109(e), and (viii) the
41.2 initial maintenance plan, initial maintenance schedule, and maintenance budget under section
41.3 515B.3-107(b). The initial maintenance plan prepared by the declarant must be based on
41.4 the best available information listing all building elements to which the plan will apply and
41.5 the generally accepted standards of maintenance on which the plan is based. The initial plan
41.6 must be dated and signed by the declarant and be fully funded by the initial budget provided
41.7 by the declarant;

41.8 (5) declarant's schedule of commencement and completion of construction of any
41.9 buildings and other improvements that the declarant is obligated to build pursuant to section
41.10 515B.4-117;

41.11 (6) any expenses or services, not reflected in the budget, that the declarant pays or
41.12 provides, which may become a common expense; the projected common expense attributable
41.13 to each of those expenses or services; a description of any alternate common expense plan
41.14 under section 515B.3-115(a)(2)(i); and, if the declaration provides for an alternate common
41.15 expense plan, either (i) a statement that the alternate common expense plan will have no
41.16 effect on the level of services or amenities anticipated by the association's budget or disclosed
41.17 in the disclosure statement, or (ii) a statement describing how the services or amenities may
41.18 be affected;

41.19 (7) any initial or special fee due from the purchaser to the declarant or the association
41.20 at closing, together with a description of the purpose and method of calculating the fee;

41.21 (8) identification of any liens, defects, or encumbrances which will continue to affect
41.22 the title to a unit or to any real property owned by the association after the contemplated
41.23 conveyance;

41.24 (9) a description of any financing offered or arranged by the declarant;

41.25 (10) a statement as to whether application has been made for any project approvals for
41.26 the common interest community from the Federal National Mortgage Association (FNMA),
41.27 Federal Home Loan Mortgage Corporation (FHLMC), Department of Housing and Urban
41.28 Development (HUD), or Department of Veterans Affairs (VA), and which, if any, such
41.29 final approvals have been received;

41.30 (11) the terms of any warranties provided by the declarant, including copies of sections
41.31 515B.4-112 to 515B.4-115, and any other applicable statutory warranties, and a statement
41.32 of any limitations on the enforcement of the applicable warranties or on damages;

41.33 (12) a statement that:

42.1 (i) within ten days after the receipt of a disclosure statement, a purchaser may cancel
42.2 any contract for the purchase of a unit from a declarant; provided, that the right to cancel
42.3 terminates upon the purchaser's voluntary acceptance of a conveyance of the unit from the
42.4 declarant or by the purchaser agreeing to modify or waive the right to cancel in the manner
42.5 provided by section 515B.4-106(a);

42.6 (ii) if a purchaser receives a disclosure statement more than ten days before signing a
42.7 purchase agreement, the purchaser cannot cancel the purchase agreement; and

42.8 (iii) if a declarant obligated to deliver a disclosure statement fails to deliver a disclosure
42.9 statement which substantially complies with this chapter to a purchaser to whom a unit is
42.10 conveyed, the declarant shall be liable to the purchaser as provided in section 515B.4-106(d);

42.11 (13) a statement disclosing to the extent of the declarant's or an affiliate of a declarant's
42.12 actual knowledge, after reasonable inquiry, any unsatisfied judgments or lawsuits to which
42.13 the association is a party, and the status of those lawsuits which are material to the common
42.14 interest community or the unit being purchased;

42.15 (14) a statement (i) describing the conditions under which earnest money will be held
42.16 in and disbursed from the escrow account, as set forth in section 515B.4-109, (ii) that the
42.17 earnest money will be returned to the purchaser if the purchaser cancels the contract pursuant
42.18 to section 515B.4-106, and (iii) setting forth the name and address of the escrow agent;

42.19 (15) a detailed description of the insurance coverage provided by the association for the
42.20 benefit of unit owners, including a statement as to which, if any, of the items referred to in
42.21 section 515B.3-113(b), are insured by the association. The description of insurance must
42.22 identify the association's deductible amounts for property damage, including wind and hail
42.23 claims, that may be assessed to a unit as a loss assessment. All descriptions of insurance
42.24 must contain the following statement in a conspicuous manner: "The unit owner, at the time
42.25 a loss assessment is due, is personally liable for payment of a loss assessment. The deductible
42.26 and potential loss assessment amount are subject to change each year when the association
42.27 purchases new insurance. It is recommended that each unit owner personally purchase
42.28 insurance coverage for loss assessments in an amount at least equal to the association's
42.29 deductible. IF THE ASSOCIATION LEVIES A LOSS ASSESSMENT, THE UNIT OWNER
42.30 IS PERSONALLY RESPONSIBLE FOR PAYING IT, EVEN IF THE UNIT OWNER
42.31 DOES NOT HAVE APPROPRIATE INSURANCE COVERAGE.";

42.32 (16) any current or expected fees or charges, other than assessments for common
42.33 expenses, to be paid by unit owners for the use of the common elements or any other
42.34 improvements or facilities;

43.1 (17) the financial arrangements, including any contingencies, which have been made to
43.2 provide for completion of all improvements that the declarant is obligated to build pursuant
43.3 to section 515B.4-118, or a statement that no such arrangements have been made;

43.4 (18) in a cooperative:

43.5 (i) whether the unit owners will be entitled, for federal and state tax purposes, to deduct
43.6 payments made by the association for real estate taxes and interest paid to the holder of a
43.7 security interest encumbering the cooperative;

43.8 (ii) a statement as to the effect on the unit owners if the association fails to pay real estate
43.9 taxes or payments due the holder of a security interest encumbering the cooperative; and

43.10 (iii) the principal amount and a general description of the terms of any blanket mortgage,
43.11 contract for deed, or other blanket security instrument encumbering the cooperative property;

43.12 (19) a statement:

43.13 (i) that real estate taxes for the unit or any real property owned by the association are
43.14 not delinquent or, if there are delinquent real estate taxes, describing the property for which
43.15 the taxes are delinquent, stating the amount of the delinquent taxes, interest, and penalties,
43.16 and stating the years for which taxes are delinquent; and

43.17 (ii) setting forth the amount of real estate taxes, including the amount of any special
43.18 assessment certified for payment with the real estate taxes, due and payable with respect to
43.19 the unit in the year in which the disclosure statement is given, if real estate taxes have been
43.20 separately assessed against the unit;

43.21 (20) if the unit or other parcel of real estate being purchased is or may be subject to a
43.22 master declaration at the time of the conveyance from the declarant to the purchaser, a
43.23 statement to that effect, and all of the following information with respect to the master
43.24 association:

43.25 (i) copies of the following documents (which may be in proposed form if the master
43.26 declaration has not been recorded): the master declaration, the articles of incorporation,
43.27 bylaws, and rules and regulations for the master association, together with any amendments
43.28 thereto;

43.29 (ii) the name and address of the master developer, and the name, address, and general
43.30 description of the master association, including a general description of any other association,
43.31 unit owners, or other persons which are or may become members;

44.1 (iii) a description of any nonresidential use permitted on any property subject to the
44.2 master declaration;

44.3 (iv) a statement as to the estimated maximum number of associations, unit owners, or
44.4 other persons which may become members of the master association, and a description of
44.5 any period of control of the master association and rights to appoint master association
44.6 directors by a master developer or other person pursuant to section 515B.2-121(c);

44.7 (v) a description of any facilities intended for the benefit of the members of the master
44.8 association and not located on property owned or controlled by a member of the master
44.9 association;

44.10 (vi) the financial arrangements, including any contingencies, which have been made to
44.11 provide for completion of the facilities referred to in subsection (v), or a statement that no
44.12 arrangements have been made;

44.13 (vii) any current balance sheet of the master association and a projected or current annual
44.14 budget, as applicable, which budget shall include with respect to the master association
44.15 those items in paragraph (23), clauses (i) through (iii), and the projected monthly or other
44.16 periodic common expense assessment payment for each type of unit, lot, or other parcel of
44.17 real estate which is or is planned to be subject to assessment;

44.18 (viii) a description of any expenses or services not reflected in the budget, paid for or
44.19 provided by a master developer or another person executing the master declaration, which
44.20 may become an expense of the master association in the future;

44.21 (ix) a description of any powers delegated to and accepted by the master association
44.22 pursuant to section 515B.2-121(e)(2);

44.23 (x) identification of any liens, defects, or encumbrances that will continue to affect title
44.24 to property owned or operated by the master association for the benefit of its members;

44.25 (xi) the terms of any warranties provided by any person for construction of facilities in
44.26 which the members of the master association have or may have an interest, and any known
44.27 defects in the facilities which would violate the standards described in section
44.28 515B.4-113(b)(2);

44.29 (xii) a statement disclosing, after inquiry of the master association, any unsatisfied
44.30 judgments or lawsuits to which the master association is a party, and the status of those
44.31 lawsuits which are material to the master association;

44.32 (xiii) a description of any insurance coverage provided for the benefit of its members
44.33 by the master association. The description of insurance must identify the master association's

45.1 deductible amounts for property damage, including wind and hail claims, that may be
45.2 assessed to a unit as a loss assessment. All descriptions of insurance must contain the
45.3 following statement in a conspicuous manner: "The unit owner, at the time a loss assessment
45.4 is due, is personally liable for payment of a loss assessment. The deductible and potential
45.5 loss assessment amount are subject to change each year when the association purchases
45.6 new insurance. It is recommended that each unit owner personally purchase insurance
45.7 coverage for loss assessments in an amount at least equal to the association's deductible. IF
45.8 THE ASSOCIATION LEVIES A LOSS ASSESSMENT, THE UNIT OWNER IS
45.9 PERSONALLY RESPONSIBLE FOR PAYING IT, EVEN IF THE UNIT OWNER DOES
45.10 NOT HAVE APPROPRIATE INSURANCE COVERAGE."; and

45.11 (xiv) any current or expected fees or charges, other than assessments by the master
45.12 association, to be paid by members of the master association for the use of any facilities
45.13 intended for the benefit of the members;

45.14 (21) a statement as to whether the unit will be substantially completed at the time of
45.15 conveyance to a purchaser, and, if not substantially completed, who is responsible to complete
45.16 and pay for the construction of the unit;

45.17 (22) copies of the following documents (which may be in proposed form if the declaration
45.18 has not been recorded): the declaration and any supplemental declaration, and any
45.19 amendments thereto (exclusive of the CIC plat); any other recorded covenants, conditions,
45.20 restrictions, and reservations affecting the common interest community; the articles of
45.21 incorporation, bylaws, and any rules or regulations of the association; the names of the
45.22 current members of the association's board of directors; any agreement excluding or
45.23 modifying any implied warranties; any agreement reducing the statute of limitations for the
45.24 enforcement of warranties; any contracts or leases to be signed by the purchaser at closing;
45.25 and a description of any material contracts, leases, or other agreements affecting the common
45.26 interest community; ~~and~~

45.27 (23) a balance sheet for the association, following the creation of the association, current
45.28 within 90 days; a projected annual budget for the association; and a statement identifying
45.29 the party responsible for the preparation of the budget. The budget shall assume that all
45.30 units intended to be included in the common interest community, based upon the declarant's
45.31 good faith estimate, have been subjected to the declaration; provided, that additional budget
45.32 portrayals based upon a lesser number of units are permitted. The budget shall include,
45.33 without limitation:

46.1 (i) a statement of the amount included in the budget as a reserve for replacement, the
46.2 components of the common interest community for which the reserves are budgeted, and
46.3 the amounts of the reserves, if any, that are allocated for the replacement of each of those
46.4 components;

46.5 (ii) a statement of any other reserves;

46.6 (iii) the projected common expense for each category of expenditures for the association;

46.7 (iv) the projected monthly common expense assessment for each type of unit;

46.8 (v) a statement as to the components of the common interest community whose
46.9 replacement will be funded by assessments under section 515B.3-115(c) or (e), rather than
46.10 by replacement reserves as approved pursuant to section 515B.3-114(a). If, based upon the
46.11 association's then-current budget, the monthly common expense assessment for the unit at
46.12 the time of conveyance to the purchaser is anticipated to exceed the monthly assessment
46.13 stated in the budget, a statement to such effect shall be included; and

46.14 (vi) a copy of any reserve study or any other reports or estimates utilized by the
46.15 declaration in providing the information required by section 515B.4-102(a)(23); and

46.16 (24) the schedules of fines and allowable remedies required under section 515B.3-102
46.17 and the collection policy adopted by the association under section 515B.3-115(k) or
46.18 515B.3-1151(k).

46.19 (b) A declarant shall promptly amend the disclosure statement to reflect any material
46.20 change in the information required by this chapter.

46.21 (c) The master association, within ten days after a request by a declarant, a holder of
46.22 declarant rights, or a buyer referred to in section 515B.4-101(e), or the authorized
46.23 representative of any of them, shall furnish the information required to be provided by
46.24 subsection (a)(20). A declarant or other person who provides information pursuant to
46.25 subsection (a)(20), is not liable to the buyer for any erroneous information if the declarant
46.26 or other person: (i) is not an affiliate of or related in any way to a person authorized to
46.27 appoint the master association board pursuant to section 515B.2-121(c)(3), and (ii) has no
46.28 actual knowledge that the information is incorrect.

46.29 (d) This section applies only to common interest communities created on or after August
46.30 1, 2010.

46.31 **EFFECTIVE DATE.** This section is effective January 1, 2027.

47.1 Sec. 13. Minnesota Statutes 2024, section 515B.4-107, is amended to read:

47.2 **515B.4-107 RESALE OF UNITS.**

47.3 (a) In the event of a resale of a unit by a unit owner other than a declarant, unless exempt
47.4 under section 515B.4-101(c), the unit owner shall furnish to a purchaser, before execution
47.5 of any purchase agreement for a unit or otherwise before conveyance, the following
47.6 documents relating to the association or to the master association, if applicable:

47.7 (1) copies of the declaration (other than any CIC plat), the articles of incorporation and
47.8 bylaws, any rules and regulations, and any amendments or supplemental declarations,
47.9 including the schedules of fines and allowable remedies required under section 515B.3-102
47.10 and the collection policy adopted by the association under section 515B.3-115(k) or
47.11 515B.3-1151(k);

47.12 (2) copies of the master declaration, articles of incorporation, bylaws, and rules and
47.13 regulations, if the common interest community is subject to a master declaration; ~~and~~

47.14 (3) a resale disclosure certificate from the association dated not more than 90 days prior
47.15 to the date of the purchase agreement or the date of conveyance, whichever is earlier,
47.16 containing the information set forth in subsection (b); and

47.17 (4) a copy of any reserve study obtained by the association within the past three years
47.18 for the purposes of evaluating the adequacy of replacement reserve contributions and
47.19 compliance with section 515B.3-1141.

47.20 (b) The resale disclosure certificate must be in substantially the following form:

47.21 COMMON INTEREST COMMUNITY

47.22 RESALE DISCLOSURE CERTIFICATE

47.23 Name of Common Interest Community:.....

47.24 Name of Association:.....

47.25 Address of Association:.....

47.26 Unit Number(s) (include principal unit and any garage, storage, or other auxiliary units):

47.27 Common elements licensed under Minnesota Statutes, section 515B.2-109(e):

47.28

47.29

47.30 The following information is furnished by the association named above according to
47.31 Minnesota Statutes, section 515B.4-107.

48.1 1. There is no right of first refusal or other restraint on the free alienability of the above
48.2 unit(s) contained in the declaration, bylaws, rules and regulations, or any amendment to
48.3 them, except as follows:.....

48.4

48.5

48.6

48.7 2. The following periodic installments of common expense assessments and special
48.8 assessments are payable with respect to the above unit(s):

48.9 a. Annual assessment installments: \$..... Due:.....

48.10 b. Special assessment installments: \$..... Due:.....

48.11 c. Unpaid assessments, fines, or other charges:

48.12 (1) Annual \$.....

48.13 (2) Special \$.....

48.14 (3) Fines \$.....

48.15 (4) Other Charges \$.....

48.16 d. The association has/has not (strike one) approved a plan for levying certain
48.17 common expense assessments against fewer than all the units according to
48.18 Minnesota Statutes, section 515B.3-115, subsection (e). If a plan is approved, a
48.19 description of the plan is attached to this certificate.

48.20 3. In addition to the amounts due under paragraph 2, the following additional fees or
48.21 charges other than assessments are payable by unit owners (include late payment charges,
48.22 user fees, etc.):

48.23

48.24

48.25

48.26 4. There are no extraordinary expenditures approved by the association, and not yet
48.27 assessed, for the current and two succeeding fiscal years, except as follows:.....

48.28

48.29

48.30 5. The association is obligated to replace the following components of the common
48.31 interest community:.....

48.32

48.33

49.1 The association has the following amounts in its reserves for replacement of those
49.2 components:

49.3

49.4

49.5 The replacement of the following components is funded by assessments levied only against
49.6 the unit or units served by the component, pursuant to Minnesota Statutes, section
49.7 515B.3-115(e)(1) or (2).....

49.8

49.9

49.10 6. The following documents are furnished with this certificate according to statute:

49.11 a. The most recent regularly prepared balance sheet and income and expense
49.12 statement of the association.

49.13 b. The current budget of the association.

49.14 7. There are no unsatisfied judgments against the association, except as follows (identify
49.15 creditor and amount):.....

49.16

49.17

49.18 8. There are no pending lawsuits to which the association is a party, except as follows
49.19 (identify and summarize status):.....

49.20

49.21

49.22 9. Description of insurance coverages:

49.23 a. The association provides the following insurance coverage for the benefit of unit
49.24 owners: (Reference may be made to applicable sections of the declaration or bylaws;
49.25 however, any additional coverages should be described in this space).....

49.26

49.27

49.28

50.1 b. The following described fixtures, decorating items, or construction items within the
50.2 unit referred to in Minnesota Statutes, section 515B.3-113, subsection (b), are insured by
50.3 the association (check as applicable):

50.4 Ceiling or wall finishing materials

50.5 Finished flooring

50.6 Cabinetry

50.7 Finished millwork

50.8 Electrical, heating, ventilating, and air conditioning equipment, or plumbing fixtures
50.9 serving a single unit

50.10 Built-in appliances

50.11 Improvements and betterments as originally constructed

50.12 Additional improvements and betterments installed by unit owners

50.13 c. The association's master insurance has deductible amounts for property damage and
50.14 wind or hail claims that may be assessed to a unit as a "loss assessment." The unit owner,
50.15 at the time a loss assessment is due, is personally liable for payment of a loss assessment.
50.16 The deductible and potential loss assessment amount is subject to change each year when
50.17 the association purchases new insurance. It is recommended that you personally purchase
50.18 insurance coverage for loss assessments in the amount at least equal to the association's
50.19 deductible. IF THE ASSOCIATION LEVIES A LOSS ASSESSMENT, YOU ARE
50.20 PERSONALLY RESPONSIBLE FOR PAYING IT, EVEN IF YOU DO NOT HAVE
50.21 APPROPRIATE INSURANCE COVERAGE.

50.22 10. The board of directors of the association has not notified the unit owner (i) that any
50.23 alterations or improvements to the unit or to the limited common elements assigned to it
50.24 violate any provision of the declaration; or (ii) that the unit is in violation of any governmental
50.25 statute, ordinance, code, or regulation, except as follows:.....

50.26

50.27 11. The remaining term of any leasehold estate affecting the common interest community
50.28 and the premises governing any extension or renewal of it are as follows:.....

50.29

50.30

51.1 12. This Resale Disclosure Certificate is given in connection with the resale of a unit
 51.2 by a unit owner who is not a declarant and who, therefore, is not liable for express warranties
 51.3 under Minnesota Statutes, section 515B.4-112, or implied warranties under Minnesota
 51.4 Statutes, section 515B.4-113. The conveyance of this unit may, however, result in a transfer
 51.5 of preexisting warranties made by a declarant under the referenced statutes, subject to the
 51.6 terms of Minnesota Statutes, sections 515B.4-114 and 515B.4-115.

51.7 13. In addition to the above, the following matters affecting the occupancy or use of the
 51.8 unit, or the unit owner's obligations with respect to the unit, are deemed material:.....

51.9

51.10 I hereby certify that the foregoing information and statements are true and correct as
 51.11 of.....

51.12

51.13 (Date)

51.14 By:

51.15 Title:

51.16 (Association representative)

51.17 Address:

51.18 Phone Number:

51.19 RECEIPT

51.20 In addition to the foregoing information furnished by the association, the unit owner is
 51.21 obligated to furnish to the purchaser before execution of any purchase agreement for a unit
 51.22 or otherwise before conveyance, copies of the following documents relating to the association
 51.23 or to the master association (as applicable): the declaration (other than any common interest
 51.24 community plat), articles of incorporation, bylaws, rules and regulations (if any), and any
 51.25 amendments to these documents. Receipt of the foregoing documents, and the resale
 51.26 disclosure certificate, is acknowledged by the undersigned buyer(s).

51.27 Dated:

51.28 (Buyer)

51.29

51.30 (Buyer)

51.31 (c) If the common interest community is subject to a master declaration and governed
 51.32 by a master association to which has been delegated any of the association's powers under
 51.33 section 515B.3-102(a)(2), then the financial information required to be disclosed under
 51.34 subsection (b) may be disclosed on a consolidated basis.

52.1 (d) The association, within ten days after a request by a unit owner, or the unit owner's
52.2 authorized representative, shall furnish the certificate required in subsection (a). The
52.3 association may charge a reasonable fee for furnishing the certificate and any association
52.4 documents related thereto. A unit owner providing a certificate pursuant to subsection (a)
52.5 is not liable to the purchaser for any erroneous information provided by the association and
52.6 included in the certificate. A unit owner who has acquired title to a unit pursuant to section
52.7 515B.3-104 including, but not limited to, a unit owner who has acquired title through
52.8 foreclosure or a deed in lieu of foreclosure, must indicate to the association in connection
52.9 with a request for a resale disclosure certificate whether the requesting unit owner is or is
52.10 not a declarant. The unit owner, not the association, is liable for any damage, loss, or other
52.11 consequence arising out of the incorrect representation of its declarant status.

52.12 (e) A purchaser is not liable for any unpaid common expense assessments, including
52.13 special assessments, if any, not set forth in the certificate required in subsection (a). A
52.14 purchaser is not liable for the amount by which the annual or special assessments exceed
52.15 the amount of annual or special assessments stated in the certificate for assessments payable
52.16 in the year in which the certificate was given, except to the extent of any increases
52.17 subsequently approved in accordance with the declaration or bylaws. A unit owner is not
52.18 liable to a purchaser for the failure of the association to provide the certificate, or a delay
52.19 by the association in providing the certificate in a timely manner.

52.20 **EFFECTIVE DATE.** This section is effective January 1, 2027.

52.21 Sec. 14. Minnesota Statutes 2024, section 515B.4-116, is amended to read:

52.22 **515B.4-116 RIGHTS OF ACTION; RETALIATION PROHIBITED; ATTORNEY'S**
52.23 **FEES.**

52.24 (a) In addition to any other rights to recover damages, attorney's fees, costs or expenses,
52.25 whether authorized by this chapter or otherwise, if a declarant, an association, or any other
52.26 person violates any provision of this chapter, or any provision of the declaration, bylaws,
52.27 or rules and regulations any person or class of persons adversely affected by the failure to
52.28 comply has a claim for appropriate relief. Subject to the requirements of section 515B.3-102,
52.29 the association shall have standing to pursue claims on behalf of the unit owners of two or
52.30 more units.

52.31 (b) The court may award reasonable attorney's fees and costs of litigation to the prevailing
52.32 party. Punitive damages may be awarded for a willful failure to comply.

53.1 (c) As a condition precedent to any construction defect claim, the parties to the claim
53.2 must submit the matter to mediation before a mutually agreeable neutral third party. For
53.3 the purposes of this section, mediation has the meaning given under the General Rules of
53.4 Practice, rule 114.02 (7). If the parties are not able to agree on a neutral third-party mediator
53.5 from the roster maintained by the Minnesota Supreme Court, the parties may petition the
53.6 district court in the jurisdiction in which the common interest community is located to
53.7 appoint a mediator. The applicable statute of limitations and statute of repose for an action
53.8 based on breach of a warranty imposed by this section, or any other action in contract, tort,
53.9 or other law for any injury to real or personal property or bodily injury or wrongful death
53.10 arising out of the alleged construction defect, is tolled from the date that any party makes
53.11 a written demand for mediation under this section until the latest of the following:

53.12 (1) five business days after mediation is completed; or

53.13 (2) 180 days.

53.14 Notwithstanding the foregoing, mediation shall not be required prior to commencement
53.15 of a construction defect claim if the parties have completed home warranty dispute resolution
53.16 under section 327A.051.

53.17 (d) The remedies provided for under this chapter are not exclusive and do not abrogate
53.18 any remedies under other statutes or the common law, notwithstanding whether those
53.19 remedies are referred to in this chapter.

53.20 (e) An association may not retaliate against a unit owner for asserting any right the unit
53.21 owner has under this chapter or other law.

53.22 **EFFECTIVE DATE.** This section is effective January 1, 2027.

53.23 Sec. 15. **[515B.200] LOCAL GOVERNMENT REGULATIONS.**

53.24 Subdivision 1. **Definition.** For purposes of this section, "local government" means a
53.25 county; a municipality as defined in section 462.352, subdivision 2; a joint planning board;
53.26 or a public corporation, including the Metropolitan Council.

53.27 Subd. 2. **Prohibited regulations.** Except as required by state or federal law or rule, a
53.28 local government must not condition approval of a residential building permit or conditional
53.29 use permit, residential subdivision development or residential planned unit development,
53.30 or any other permit related to residential development on the:

53.31 (1) creation of a homeowners association;

54.1 (2) inclusion of any service, feature, or common property necessitating a homeowners
 54.2 association, unless requested by the developer;

54.3 (3) inclusion of any terms in a homeowners association declaration, bylaws, articles of
 54.4 incorporation, or any other governing document; or

54.5 (4) adoption or revocation of, or amendment to, a rule or regulation governing the
 54.6 homeowners association or its members.

54.7 Subd. 3. Exemptions. Nothing in this section prohibits:

54.8 (1) a local government from requiring the maintenance or insurance of common elements;

54.9 or

54.10 (2) a project applicant from providing an easement to access public infrastructure.

54.11 EFFECTIVE DATE. This section is effective January 1, 2027.

54.12 Sec. 16. APPLICATION.

54.13 Sections 1 to 14 are effective on the dates provided and apply to common interest
 54.14 communities created before, on, or after the date of enactment. Notwithstanding any other
 54.15 law, common interest communities shall have three years from the date of enactment to
 54.16 update governing documents to reflect the changes in sections 1 to 14, however, until a
 54.17 common interest community has updated their governing documents, a copy of sections 1
 54.18 to 14 must be provided with each disclosure statement required under sections 515B.4-102
 54.19 and 515B.4-1021. The schedule of fees required under section 515B.3-102, paragraph (c),
 54.20 shall be provided to all current unit owners no later than January 31, 2027."

54.21 Delete the title and insert:

54.22 "A bill for an act
 54.23 relating to common interest communities; modifying powers and duties of common
 54.24 interest communities; modifying rights of a unit owner; modifying threshold for
 54.25 termination of a common interest community; requiring dispute resolution options;
 54.26 modifying notice of meetings; limiting late fees, fines, and attorney fees; modifying
 54.27 foreclosure requirements; prohibiting local governments from requiring creation
 54.28 of homeowners associations; amending Minnesota Statutes 2024, sections
 54.29 515B.1-102; 515B.1-103; 515B.2-119; 515B.3-102; 515B.3-103; 515B.3-107;
 54.30 515B.3-115; 515B.3-1151; 515B.3-116; 515B.4-1021; 515B.4-107; 515B.4-116;
 54.31 proposing coding for new law in Minnesota Statutes, chapter 515B."