

Dt: February 23, 2026

To: Samuel O'Neill

Fr: Philip W. Frosch, President Lemay Shore HOA

Rr: Testimony - SF 1750

Administrator O'Neill,

I am the President of the Lemay Shores Homeowners Association (Mendota Heights, MN), a community of sixty resident families. I applaud the Minnesota legislature in their efforts to improve upon MN statute 515B, the Minnesota Common Interest Ownership Act. While already a beneficial act governing HOA communities for several years, periodic review and updates are welcome and appreciated.

I believe that the vast majority of HOA communities are running well and to the great benefit of their homeowners. Unfortunately, the well-run communities don't make the local news. The comparatively few HOA boards that either abuse their power or enforce unreasonable rules likely are either unaware of MCIOA or choose to ignore it. It only takes a handful of resident complains of "extreme abuse" to be picked up by the media and blown up into a full "HOA crisis". HOA board members are volunteers in their communities. Many have not had any formal board experience, and most are not aware of the significant responsibilities of a board member until they begin their designated term. Being a HOA board member is a responsibility that most folks in a community don't wish to assume, as it is much easier to sit back and let someone else do the necessary work. I'm currently starting my second three-year term on our board, as I find it as a good way to give back to my community and to help preserve the property values of our homesites.

I'm a big advocate of transparency in most everything a HOA board does (save certain actions that are not disclosed to ensure individual homeowner privacy), so I advocate for open meetings, access to documents, fair vendor bidding for projects/services, and homeowner input on proposed actions. As I read through the 3rd Engrossment of SF 1750, I have some concerns as to the expected effectiveness of a few of the proposed changes, particularly the following:

- Section 515B.3-102 POWERS AND DUTIES OF UNIT OWNERS' ASSOCIATION
 - (a)(11) - Limiting late fees to \$15 or 5% of amounts owed, for late payment of assessments or for fines levied for violations of the declaration, bylaws, or

rules/regulations, and requirement of both notice and provision of an opportunity to be formally heard before the board (or committee of the board). Like all communities, we have various vendor contracts that require prompt monthly payment, hence consistent and predictable cash flow is necessary for payment of these obligations. Residents who fall behind in their monthly association fee payments interrupt this necessary cash flow. Late fees need to be significant enough to drive response from the homeowner to get their account current quickly. While the 5% stipulation is good for full monthly assessments that are late, unfortunately it is not sufficient for partial monthly assessments being late, such as when the monthly fee amounts change from year to year and homeowners continue to send in "last year's" fees and not "this year's" fees. Of most concern, however, is the requirement to provide the homeowner with the opportunity to be formally heard by the board **prior** to a fine being levied for a violation of the declaration, bylaws or rules. Assuming homeowners are provided with access to these documents and with a description of applicable fine amounts for violation, this requirement only serves to delay enforcement, and it places a burden of convening special meetings of the board (or committee) to hear the homeowner position. Requiring the board to allow the homeowner to appeal an assessed fine is a better and more efficient solution.

- (a)(16) - Introduces the concept of fines being "commensurate with the violation". This intuitively makes sense as some violations are clearly more impactful than others. However, there appears to be no guidance as to what a "commensurate" fee amount would be. If this change is adopted into law, how will HOA boards know what a "commensurate" fee amount is? The term "reasonable" is also used throughout the document, with little guidance as to what constitutes "reasonability." Please take care to clarify terms like "commensurate" and "reasonable", so that boards know how to comply.
- Section 515B.3-1151 ASSESSMENTS FOR COMMON EXPENSES
 - Stipulates that proposed annual budgets be approved at the association's annual meeting. Since association annual meetings typically are scheduled near to the fiscal year-end (slightly before or after), waiting until such meeting to approve the budget and levy the subsequent new monthly assessment is not workable. Management companies, contracted by the boards, need time to update systems so that they are ready to assess the

new monthly fees on the first day of the new fiscal year. Hence, boards need to be able to create and approve budgets in a normal periodic board meeting well in advance of the start of the fiscal year. The concern here is the use of the term "annual meeting" in this section. Does this mean the association's formal "Annual Homeowner Meeting", or does this simply mean any board meeting scheduled where the annual budget proposal is discussed and voted upon? Please clarify this.

- Generally, across the text of this proposed amendment, any limitation of the ability of HOA boards to collect the full amount of legal fees charged to enforce any provisions of MCIOA or the declaration, bylaws and rules, must be lifted. Boards cannot control the amount of legal fees other than to abandon enforcement actions if fees grow beyond any limitations on reimbursement. An action by a homeowner that results in the board needing to initiate a formal legal action to resolve, needs to result in no undue financial risk to the community at large. As these types of actions are most commonly regarding collection of assessments and fees, boards must be able to preserve cash flow and not incur legal fees that it cannot in turn collect from the offending homeowner.

Again, I applaud the efforts to strengthen the Act and to clarify the rules for governance of a HOA. There are many proposed revisions that are positive and beneficial, and a few (some of which are mentioned above) that without some additional work, will result in new problems and potentially new costs for boards to address. Please take extra care to not make some things worse while trying to make things better!

I appreciate you taking the time to read through this letter.

Sincerely,



Philip W. Frosch

Lemay Shores HOA Board President