

1.1 Koegel and O'Driscoll from the Committee on Commerce Finance and Policy to which
1.2 was referred:

1.3 S.F. No. 1750, A bill for an act relating to common interest communities; modifying
1.4 powers and duties of common interest communities; modifying rights of a unit owner;
1.5 modifying threshold for termination of a common interest community; establishing dispute
1.6 resolution process; modifying notice of meetings; limiting late fees, fines, and attorney fees;
1.7 modifying foreclosure requirements; establishing conflict of interest standards for board
1.8 members; prohibiting local governments from requiring creation of homeowners associations;
1.9 amending Minnesota Statutes 2024, sections 515B.1-102; 515B.1-103; 515B.2-103;
1.10 515B.2-119; 515B.3-102; 515B.3-103; 515B.3-106; 515B.3-107; 515B.3-108; 515B.3-115;
1.11 515B.3-1151; 515B.3-116; 515B.4-102; 515B.4-1021; 515B.4-116; Laws 2024, chapter
1.12 96, article 2, section 13; proposing coding for new law in Minnesota Statutes, chapter 515B.

1.13 Reported the same back with the following amendments:

1.14 Delete everything after the enacting clause and insert:

1.15 "Section 1. Minnesota Statutes 2024, section 515B.1-103, is amended to read:

1.16 **515B.1-103 DEFINITIONS.**

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

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

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

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

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

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

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

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

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

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

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

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

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

(10) "Common interest community" or "CIC" means contiguous or noncontiguous real estate within Minnesota that is subject to an instrument which obligates persons owning a separately described parcel of the real estate, or occupying a part of the real estate pursuant to a proprietary lease, by reason of their ownership or occupancy, to pay for (i) real estate taxes levied against; (ii) insurance premiums payable with respect to; (iii) maintenance of; or (iv) construction, maintenance, repair or replacement of improvements located on, one or more parcels or parts of the real estate other than the parcel or part that the person owns or occupies. Real estate which satisfies the definition of a common interest community is

a common interest community whether or not it is subject to this chapter. Real estate subject to a master declaration, regardless of when the master declaration was recorded, shall not collectively constitute a separate common interest community unless so stated in the master declaration.

(11) "Condominium" means a common interest community in which (i) portions of the real estate are designated as units, (ii) the remainder of the real estate is designated for common ownership solely by the owners of the units, and (iii) undivided interests in the common elements are vested in the unit owners.

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

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

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

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

(15) "Declarant" means:

(i) if the common interest community has been created, (A) any person who has executed a declaration, or a supplemental declaration or amendment to a declaration adding additional real estate, except secured parties, a spouse holding only an inchoate interest, persons whose interests in the real estate will not be transferred to unit owners, or, in the case of a leasehold common interest community, a lessor who possesses no special declarant rights and who

4.1 is not an affiliate of a declarant who possesses special declarant rights, or (B) any person
4.2 who reserves, or succeeds under section 515B.3-104 to any special declarant rights;

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

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

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

4.14 (16a) "Development party" means an architect, contractor, construction manager,
4.15 subcontractor, developer, declarant, engineer, or private inspector performing or furnishing
4.16 the design, supervision, inspection, construction, coordination, or observation of the
4.17 construction of any improvement to real property that is part of a common interest
4.18 community, or any of the person's affiliates, officers, directors, shareholders, members, or
4.19 employees.

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

4.23 (17a) "First mortgage" means either (i) if there is only one mortgage encumbering title
4.24 to a unit, that mortgage, or (ii) if there are multiple mortgages encumbering title to a unit,
4.25 the mortgage that is first in priority, whether by operation of applicable law or by a properly
4.26 recorded agreement.

4.27 (17b) "First mortgagee" means the holder of a first mortgage.

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

4.30 (18a) "Governing documents" means the declaration, articles of incorporation, bylaws,
4.31 and rules and regulations of an association as amended.

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

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

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

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

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

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

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

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

6.1 (26a) "Property manager" means a person with whom the association contracts to perform
6.2 management services and includes, without limitation, the property manager's employees
6.3 and agents.

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

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

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

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

6.20 (31) "Secured party" means the person owning a security interest as defined in paragraph
6.21 (32).

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

6.30 (33a) This definition of special declarant rights applies only to common interest
6.31 communities created before August 1, 2010. "Special declarant rights" means rights reserved
6.32 in the declaration for the benefit of a declarant to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(viii) to review, and approve or disapprove, the exterior design, materials, size, site location, and other exterior features of buildings and other structures, landscaping and other exterior improvements, located within the common interest community, and any modifications or alterations thereto.

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

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

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

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

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

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

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

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

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

(1) if a common interest community consists entirely of detached, single-family dwellings that does not include any common elements and the association has no maintenance obligations for any building that contains a dwelling, the common interest community may

9.1 be terminated only by the written agreement of unit owners of units to which at least 67
9.2 percent of the votes in the association are allocated, provided that agreement shall be deemed
9.3 to have been provided by any unit owner who has not otherwise indicated a preference and
9.4 whose written refusal to agree is not received by the association within 60 days after the
9.5 association has provided notice of the proposed termination by certified United States mail,
9.6 postage prepaid, and return receipt requested. Termination of the common interest community
9.7 does not relieve the association of its obligations under any contract other than the
9.8 declaration; or

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

9.14 (b) An agreement to terminate shall be evidenced by a written agreement, executed in
9.15 the same manner as a deed by the number of unit owners and first mortgagees of units
9.16 required by subsection (a). The agreement shall specify a date after which the agreement
9.17 shall be void unless recorded before that date. The agreement shall also specify a date by
9.18 which the termination of the common interest community and the winding up of its affairs
9.19 must be accomplished. A certificate of termination executed by the association evidencing
9.20 the termination shall be recorded on or before the termination date, or the agreement to
9.21 terminate shall be revoked. The agreement to terminate, or a memorandum thereof, and the
9.22 certificate of termination shall be recorded in every county in which a portion of the common
9.23 interest community is situated and is effective only upon recording.

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

9.30 (d) In the case of a condominium or planned community containing any units not having
9.31 upper and lower boundaries, a termination agreement may provide for sale of the common
9.32 elements, but it may not require that the units be sold following termination, unless the
9.33 original declaration provided otherwise or all unit owners whose units are to be sold consent
9.34 to the sale. If, pursuant to the agreement, any real estate in the common interest community

10.1 is to be sold following termination, the termination agreement shall set forth the minimum
10.2 terms of sale acceptable to the association.

10.3 (e) The association, on behalf of the unit owners, shall have authority to contract for the
10.4 sale of real estate in a common interest community pursuant to this section, subject to the
10.5 required approval. The agreement to terminate shall be deemed to grant to the association
10.6 a power of attorney coupled with an interest to effect the conveyance of the real estate on
10.7 behalf of the holders of all interests in the units, including without limitation the power to
10.8 execute all instruments of conveyance and related instruments. Until the sale has been
10.9 completed, all instruments in connection with the sale have been executed and the sale
10.10 proceeds distributed, the association shall continue in existence with all powers it had before
10.11 termination.

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

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

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

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

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

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

(3) The legal description referred to in this subsection shall apply upon the recording of the certificate of termination. The recording officer for each county in which the common interest community is located shall index the property located in that county in its records under the legal description required by this subsection from and after the date of recording of the certificate of termination. In the case of registered property, the registrar of titles shall cancel the existing certificates of title with respect to the property and issue one or more certificates of title for the property utilizing the legal description required by this subsection.

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

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

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

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

12.1 termination. Unless the declaration provides that all creditors of the association have that
12.2 priority:

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

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

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

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

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

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

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

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

(l) In a condominium or planned community, except as provided in subsection (m), foreclosure or enforcement of a lien or encumbrance against the entire common interest community does not terminate, of itself, the common interest community, and foreclosure or enforcement of a lien or encumbrance against a portion of the common interest community does not withdraw that portion from the common interest community.

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

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

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

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

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

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

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

- 14.1 soon as practicable to give the requisite notice to unit owners to adopt the rule permanently.
14.2 Nothing in this chapter prevents the unit owners from asking the board to adopt, amend, or
14.3 revoke a rule or regulation;
- 14.4 (2) adopt and amend budgets for revenues, expenditures and reserves, and levy and
14.5 collect assessments for common expenses from unit owners;
- 14.6 (3) hire and discharge managing agents and other employees, agents, and independent
14.7 contractors;
- 14.8 (4) institute, defend, or intervene in litigation or administrative proceedings (i) in its
14.9 own name on behalf of itself or two or more unit owners on matters affecting the common
14.10 elements or other matters affecting the common interest community or, (ii) with the consent
14.11 of the owners of the affected units on matters affecting only those units;
- 14.12 (5) make contracts and incur liabilities;
- 14.13 (6) regulate the use, maintenance, repair, replacement, and modification of the common
14.14 elements and the units;
- 14.15 (7) cause improvements to be made as a part of the common elements, and, in the case
14.16 of a cooperative, the units;
- 14.17 (8) acquire, hold, encumber, and convey in its own name any right, title, or interest to
14.18 real estate or personal property, but (i) common elements in a condominium or planned
14.19 community may be conveyed or subjected to a security interest only pursuant to section
14.20 515B.3-112, or (ii) part of a cooperative may be conveyed, or all or part of a cooperative
14.21 may be subjected to a security interest, only pursuant to section 515B.3-112;
- 14.22 (9) grant or amend easements for public utilities, public rights-of-way or other public
14.23 purposes, and cable television or other communications, through, over or under the common
14.24 elements; grant or amend easements, leases, or licenses to unit owners for purposes authorized
14.25 by the declaration; and, subject to approval by a vote of unit owners other than declarant
14.26 or its affiliates, grant or amend other easements, leases, and licenses through, over or under
14.27 the common elements;
- 14.28 (10) impose and receive any payments, fees, or charges for the use, rental, or operation
14.29 of the common elements, other than limited common elements, and for services provided
14.30 to unit owners;
- 14.31 ~~(11) impose interest and late charges for late payment of assessments and, after notice~~
14.32 ~~and an opportunity to be heard before the board or a committee appointed by it, levy~~
14.33 ~~reasonable fines for violations of the declaration, bylaws, and rules and regulations of the~~

15.1 ~~association, provided that attorney fees and costs must not be charged or collected from a~~
15.2 ~~unit owner who disputes a fine or assessment and, if after the homeowner requests a hearing~~
15.3 ~~and a hearing is held by the board or a committee of the board, the board does not adopt a~~
15.4 ~~resolution levying the fine or upholding the assessment against the unit owner or owner's~~
15.5 ~~unit; unless the board proposes, and the association's members approve, a greater amount~~
15.6 at an annual meeting, impose a fine not to exceed \$100 for a single violation of the
15.7 declaration, bylaws, and rules and regulations, except the association may impose a fine
15.8 greater than \$100 for a subsequent violation for the same conduct, or if the violation:

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

15.10 (ii) causes physical damage to another unit or a common element; or

15.11 (iii) involves using the property for financial enrichment, including renting or offering
15.12 for rent a unit in violation of the declaration, bylaws, or a rule or regulation prohibiting
15.13 short-term or long-term rentals.

15.14 A unit owner, after receiving notice of a violation or a notice of an assessment, has the
15.15 opportunity to be heard before the board or a committee appointed by it to contest the fine
15.16 or assessment. A unit owner, within 30 days after receipt of the notice, must request a
15.17 hearing, unless the declaration provides for a different period. The unit owner has the right
15.18 to be represented by an attorney or a designated representative. If a hearing is requested by
15.19 a unit owner, attorney fees and costs must not be charged or collected from a unit owner
15.20 unless the hearing is held and the board or committee adopts a resolution upholding the fine
15.21 or assessment against the unit owner or owner's unit. The association must provide a copy
15.22 of the resolution, which must contain the rationale for upholding the fine or assessment, to
15.23 the unit owner within 30 days of adoption.

15.24 If the association's governing documents authorize the association to impose fines for
15.25 violations of the governing documents, an association must adopt a schedule of fines for
15.26 potential violations of the governing documents and must provide a description of the
15.27 remedies available to the association. The association must provide the schedule and
15.28 description to every unit owner in any reasonable manner, including but not limited to
15.29 electronic mailing or posting on the association's website, including when a unit owner
15.30 purchases a unit or when the schedule is amended by the association;

15.31 (12) impose reasonable charges for the review, preparation and recordation of
15.32 amendments to the declaration; or resale certificates required by section 515B.4-107,
15.33 ~~statements of unpaid assessments, or furnishing copies of association records;~~

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

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

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

16.7 (16) exercise any other powers necessary and proper for the governance and operation
16.8 of the association;

16.9 (17) impose interest only on delinquent assessments for common expenses or special
16.10 assessments not to exceed eight percent; and

16.11 (18) impose a fee for late payment of common expenses and special assessments not to
16.12 exceed the greater of \$20 or five percent of the amount owed.

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

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

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

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

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

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

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

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

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

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

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

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

17.15 (2) obtain the approval of owners of units to which a majority of the total votes in the
17.16 association are allocated. Votes allocated to units owned by the declarant, an affiliate of the
17.17 declarant, or a mortgagee who obtained ownership of the unit through a foreclosure sale
17.18 are excluded. The association may obtain the required approval by a vote at an annual or
17.19 special meeting of the members or, if authorized by the statute under which the association
17.20 is created and taken in compliance with that statute, by a vote of the members taken by
17.21 electronic means or mailed ballots. If the association holds a meeting and voting by electronic
17.22 means or mailed ballots is authorized by that statute, the association shall also provide for
17.23 voting by those methods. Section 515B.3-110(c) applies to votes taken by electronic means
17.24 or mailed ballots, except that the votes must be used in combination with the vote taken at
17.25 a meeting and are not in lieu of holding a meeting, if a meeting is held, and are considered
17.26 for purposes of determining whether a quorum was present. Proxies may not be used for a
17.27 vote taken under this paragraph unless the unit owner executes the proxy after receipt of
17.28 the notice required under subsection (e)(1) and the proxy expressly references this notice.

17.29 (f) The association may intervene in a litigation or arbitration involving a construction
17.30 defect claim or assert a construction defect claim as a counterclaim, crossclaim, or third-party
17.31 claim before complying with subsections (e)(1) and (e)(2) but the association's complaint
17.32 in an intervention, counterclaim, crossclaim, or third-party claim shall be dismissed without
17.33 prejudice unless the association has complied with the requirements of subsection (e) within

18.1 90 days of the association's commencement of the complaint in an intervention or the
18.2 assertion of the counterclaim, crossclaim, or third-party claim.

18.3 (g) Unless otherwise agreed to by the affected unit owner and the association, a payment
18.4 made by a unit owner must be applied to assessments for common expenses and special
18.5 assessments first before it is applied to any other fines, fees, or assessments owed by the
18.6 unit owner. An association shall consider offering a reasonable payment plan for a
18.7 delinquency.

18.8 (h) A board must allow a unit owner to present or have the unit owner's attorney or other
18.9 designated representative, present orally or in writing, a grievance to the board or a committee
18.10 appointed by the board on a matter other than a fine governed under subsection (a)(11), or
18.11 an application to alter a unit under section 515B.3-107, subsection (e). The board must make
18.12 a good faith effort to resolve the grievance or, if resolution is not achieved, refer the unit
18.13 owner to the common interest community ombudsperson. An association may not impose
18.14 any fees or charges on the unit owner for making the presentation.

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

18.17 Sec. 4. Minnesota Statutes 2024, section 515B.3-103, is amended to read:

18.18 **515B.3-103 BOARD OF DIRECTORS, OFFICERS AND DECLARANT**
18.19 **CONTROL.**

18.20 (a) An association shall be governed by a board of directors whose appointment or
18.21 election shall occur no later than the date of creation of the common interest community
18.22 and shall be reflected in the association's records. Except as expressly prohibited by the
18.23 declaration, the articles of incorporation, bylaws, subsection (b), or other provisions of this
18.24 chapter, the board may act in all instances on behalf of the association. In the performance
18.25 of their duties, the officers and directors are required to exercise (i) if appointed by the
18.26 declarant, the care required of fiduciaries of the unit owners and (ii) if elected by the unit
18.27 owners, the care required of a director by section 302A.251, 308B.455, 308C.455, or
18.28 317A.251, as applicable. The officers and directors appointed by the declarant shall have
18.29 a duty to fulfill, and to cause the association to fulfill, their respective obligations under the
18.30 declaration, bylaws, articles of incorporation, and this chapter and to enforce the provisions
18.31 of the declaration, bylaws, articles of incorporation, and this chapter against all unit owners,
18.32 including the declarant and its affiliates, in a uniform and fair manner. The standards of
18.33 conduct for officers and directors set forth in this subsection shall also apply to the officers

19.1 and directors of master associations in the exercise of their duties on behalf of the master
19.2 association.

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

19.8 (c) The declaration may provide for a period of declarant control of the association,
19.9 during which a declarant, or persons designated by the declarant, may appoint and remove
19.10 the officers and directors of the association. The period of declarant control begins on the
19.11 date of creation of the common interest community and terminates upon the earliest of the
19.12 following events: (i) five years after the date of the first conveyance of a unit to a unit owner
19.13 other than a declarant in the case of a flexible common interest community or three years
19.14 in the case of any other common interest community, (ii) the declarant's voluntary surrender
19.15 of control by giving written notice to the unit owners pursuant to section 515B.1-115, or
19.16 (iii) the conveyance of 75 percent of the units to unit owners other than a declarant.

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

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

19.22 (2) If 50 percent of the units that a declarant is authorized by the declaration to create
19.23 have been conveyed prior to the termination of the declarant control period, a meeting of
19.24 the unit owners shall be called and held within 60 days thereafter, at which not less than
19.25 33-1/3 percent of the members of the board shall be elected by unit owners other than a
19.26 declarant or an affiliate of a declarant.

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

19.33 (e) Following the termination of any period of declarant control, the unit owners shall
19.34 appoint or elect the board. All unit owners, including the declarant and its affiliates, may

20.1 cast the votes allocated to any units owned by them. The board shall thereafter be subject
20.2 to the following:

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

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

20.13 (3) Subject to the requirements of subsection (e)(1), the articles of incorporation or
20.14 bylaws may authorize special classes of directors and director voting rights, as follows: (i)
20.15 classes of directors, (ii) the appointment or election of directors in certain classes by certain
20.16 classes of members, or (iii) class voting by classes of directors on issues affecting only a
20.17 certain class or classes of members, units, or other parcels of real estate, or to otherwise
20.18 protect the legitimate interest of such class or classes. No person may utilize such special
20.19 classes or class voting for the purpose of evading any limitation imposed on declarants by
20.20 this chapter. If an association's governing documents provide for the election of directors,
20.21 then elections of directors must occur regularly and each term of a director must not exceed
20.22 three years, provided there is no limit on the number of terms a director may serve, and,
20.23 unless expressly prohibited by the governing documents, the election of directors must be
20.24 staggered.

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

20.27 (f) In determining whether the period of declarant control has terminated under subsection
20.28 (c), or whether unit owners other than a declarant are entitled to elect members of the board
20.29 of directors under subsection (d), the percentage of the units conveyed shall be calculated
20.30 using as a numerator the number of units conveyed and as a denominator the number of
20.31 units subject to the declaration plus the number of units which the declarant is authorized
20.32 by the declaration to create on any additional real estate. The percentages referred to in
20.33 subsections (c) and (d) shall be calculated without reference to units that are auxiliary to

21.1 other units, such as garage units or storage units. A person shall not use a master association
21.2 or other device to evade the requirements of this section.

21.3 (g) Except as otherwise provided in this subsection, all meetings of the board of directors
21.4 must be open to the unit owners. ~~To the extent practicable,~~ The board shall give reasonable
21.5 notice to the unit owners of the date, time, and place of a board meeting. The board must
21.6 make the meeting agenda, and contracts or other documents the board intends to approve
21.7 or disapprove at the board meeting, available to unit owners in any reasonable manner,
21.8 including but not limited to electronic mailing or posting on the association's website. If
21.9 the date, time, and place of meetings are provided for in the declaration, articles, or bylaws,
21.10 announced at a previous meeting of the board, posted in a location accessible to the unit
21.11 owners and designated by the board from time to time, or if an emergency requires immediate
21.12 consideration of a matter by the board, notice is not required. "Notice" has the meaning
21.13 given in section 317A.011, subdivision 14. At any board meeting open to unit owners before
21.14 action is taken on an agenda item, a unit owner, or a person designated in writing by the
21.15 owner, must be permitted to speak at a time designated by the board on an agenda item. To
21.16 the extent known, a unit owner must make a good faith attempt to notify the board in advance
21.17 of the owner's intent to speak on an agenda item at the meeting. Nothing prohibits a unit
21.18 owner from requesting that an item be added to the agenda or providing a written comment
21.19 to the board in advance of the meeting. The board may place a reasonable limit on the time
21.20 a member is allowed to speak and may, after a warning by the chair of the meeting, expel
21.21 any person who disrupts the meeting or causes a disturbance. A board may not impose a
21.22 fine for exercising the right to speak or provide a written statement, but may impose a fine
21.23 if a person the board has expelled refuses to leave the meeting. Meetings may be closed to
21.24 discuss the following:

21.25 (1) personnel matters;

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

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

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

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

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

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

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

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

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

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

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

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

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

23.7 (6) the cost of materials does not exceed \$50,000 and labor is performed at no charge
23.8 by volunteers.

23.9 (j) The association must maintain a record of the bid selection process and the contracts
23.10 awarded. The records must be made available for inspection for a period of six years. At a
23.11 minimum the record should include:

23.12 (1) the purpose of the contract;

23.13 (2) the amount of each bid proposal;

23.14 (3) the amount of the final contract;

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

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

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

23.19 (k) A property management company contract entered into by a declarant shall terminate
23.20 no later than 12 months after the declarant control period has ended. A property management
23.21 contract entered into by a board elected by the unit owners may be terminated by the board,
23.22 with or without cause, upon three months' notice.

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

23.25 Sec. 5. Minnesota Statutes 2024, section 515B.3-106, is amended to read:

23.26 **515B.3-106 BYLAWS; ANNUAL REPORT.**

23.27 (a) A common interest community shall have bylaws which comply with this chapter
23.28 and the statute under which the association is incorporated. The bylaws and any amendments
23.29 may be recorded, but need not be recorded to be effective unless so provided in the bylaws.

23.30 (b) The bylaws shall provide that, in addition to any statutory requirements:

(1) A meeting of the members shall be held at least once each year, and a specified officer of the association shall give notice of the meeting as provided in section 515B.3-108.

(2) An annual report shall be prepared by the association and a copy of the report shall be provided to each unit owner at or prior to the annual meeting.

(c) The annual report shall contain at a minimum:

(1) a statement of any capital expenditures in excess of two percent of the current budget or \$5,000, whichever is greater, approved by the association for the current fiscal year or succeeding two fiscal years;

(2) a statement of the association's total replacement reserves, the components of the common interest community for which the reserves are set aside, and the amounts of the reserves, if any, that the board has allocated for the replacement of each of those components;

(3) a copy of the statement of revenues and expenses for the association's last fiscal year, and a balance sheet as of the end of said fiscal year;

(4) a statement of the status of any pending litigation or judgments to which the association is a party;

(5) a detailed description of the insurance coverage provided by the association including a statement as to which, if any, of the items referred to in section 515B.3-113, subsection (b), are insured by the association and the amount of the association's deductible and the following notice: "IF THE ASSOCIATION LEVIES A LOSS ASSESSMENT, THE UNIT OWNER IS PERSONALLY RESPONSIBLE FOR PAYING IT, EVEN IF THE UNIT OWNER DOES NOT HAVE APPROPRIATE INSURANCE COVERAGE"; and

(6) a statement of the total past due assessments on all units, current as of not more than 60 days prior to the date of the meeting.

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

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

(a) Except to the extent provided by the declaration, this subsection or section 515B.3-113, the association is responsible for the maintenance, repair and replacement of the common elements, and each unit owner is responsible for the maintenance, repair and replacement of the unit owner's unit. Damage to the common elements or any unit as a result of the acts or omissions of a unit owner or the association, including damage resulting from the unit owner's or association's lack of maintenance or failure to perform necessary repairs

25.1 or replacement, is the responsibility of the unit owner or association responsible for causing
25.2 the damage, or whose agents or invitees caused the damage.

25.3 (b) The association's board of directors shall prepare and approve a written preventative
25.4 maintenance plan, maintenance schedule, and maintenance budget for the common elements.
25.5 The association shall follow the approved preventative maintenance plan. The association's
25.6 board may amend, modify, or replace an approved preventative maintenance plan or an
25.7 approved maintenance schedule from time to time. The association must provide all unit
25.8 owners with a paper copy, electronic copy, or electronic access to the preventative
25.9 maintenance plan, the maintenance schedule, and any amendments or modifications to or
25.10 replacements of the preventative maintenance plan and the maintenance schedule. If a
25.11 common interest community was created on or before August 1, 2017, the association's
25.12 board of directors shall have until January 1, 2019, to comply with the requirements of this
25.13 subsection.

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

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

25.24 (e) An association with authority under the declaration to approve or disapprove a request
25.25 by a unit owner who has a right granted under this chapter, or the declaration, to make
25.26 alterations to the owner's unit must establish, by rule or regulation, a fair, reasonable, and
25.27 expeditious procedure for making any decision on the proposed alteration. The association
25.28 must provide the procedure to a unit owner who requests an alteration. Unless the declaration,
25.29 bylaws, or rules and regulations provide for a different period, the board or a committee
25.30 appointed by the board must make a decision within 90 days after submission of an
25.31 application that contains all the information required or any additional information or changes
25.32 to the proposal requested by the association's board. A decision must be in writing, must
25.33 be made in accordance with the standards of conduct for directors set forth in the statute
25.34 under which the association is organized, and must be reasonable.

(f) An association has no authority to regulate the parking of a unit owner or a guest, tenant, or invitee of the unit owner within an improved public right of way that a unit of government maintains and repairs, except that the association may, in its declaration or by rule or regulation, require compliance with all applicable statutes, laws, and ordinances. Absent legislative authorization, a unit of government does not have the authority to delegate its police powers to a private entity. If an association is an authorized delegatee, the delegation is valid for a period not to exceed five years, at which time it may be renewed upon application by the association and agreement of the unit of government. As used in this subsection, "personal vehicle" means an automobile with a gross vehicle weight of less than 26,001 pounds that is used for personal pleasure, travel, or commuting to and from a place of work, including but not limited to a van, pickup truck, small truck, ambulance, law enforcement vehicle, emergency response vehicle, or utility company vehicle. A personal vehicle does not include a motor home, a self-propelled recreational vehicle, or a commercial vehicle used primarily for commercial business unless otherwise stated in this section. A unit owner or resident must be permitted to park a personal or work vehicle on the portion of the unit owner's property or the portion of the limited common element allocated to the unit that was originally designed or subsequently modified for the parking of vehicles, provided the vehicle's length does not encroach on another unit owner's property or interfere with the association's ability to maintain roads or common elements.

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

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

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

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

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

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

(i) If the declaration so provides, a declarant's liability, and the assessment lien, for the common expense assessments, exclusive of replacement reserves, on any unit owned by the declarant may be limited to 25 percent or more of any assessment, exclusive of

27.1 replacement reserves, until the unit or any building located in the unit is substantially
27.2 completed. Substantial completion shall be evidenced by a certificate of occupancy in any
27.3 jurisdiction that issues the certificate.

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

27.11 (b) The replacement reserve component of the common expenses shall be funded for
27.12 each unit in accordance with the projected annual budget required by section
27.13 515B.4-102(a)(23) provided that the funding of replacement reserves with respect to a unit
27.14 shall commence no later than the date that the unit or any building located within the unit
27.15 boundaries is substantially completed. Substantial completion shall be evidenced by a
27.16 certificate of occupancy in any jurisdiction that issues the certificate.

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

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

27.22 (e) Unless otherwise required by the declaration:

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

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

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

27.31 (4) subject to section 515B.3-102(a)(11), reasonable attorney fees and costs incurred by
27.32 the association in connection with (i) the collection of assessments against a unit owner,
27.33 and (ii) the enforcement of this chapter, the articles, bylaws, declaration, or rules and

28.1 regulations against a unit owner, may be assessed against the unit owner's unit subject to
28.2 section 515B.3-116(h); and

28.3 (5) fees, charges, late charges, fines and interest may be assessed as provided in section
28.4 515B.3-116(a).

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

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

28.12 (h) Subject to any shorter period specified by the declaration or bylaws, if any installment
28.13 of an assessment becomes more than 60 days past due, then the association may, upon ten
28.14 days' written notice to the unit owner, declare the entire amount of the assessment
28.15 immediately due and payable in full, except that any portion of the assessment that represents
28.16 installments that are not due and payable without acceleration as of the date of reinstatement
28.17 must not be included in the amount that a unit owner must pay to reinstate under section
28.18 580.30 or chapter 581.

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

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

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

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

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

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

29.1 ~~(k)~~ (l) This section applies only to common interest communities created before August
29.2 1, 2010.

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

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

29.5 **515B.3-1151 ASSESSMENTS FOR COMMON EXPENSES; CIC CREATED ON**
29.6 **OR AFTER AUGUST 1, 2010.**

29.7 (a) The association shall approve an annual budget of common expenses at or prior to
29.8 the conveyance of the first unit in the common interest community to a purchaser and
29.9 annually thereafter. The annual budget shall include all customary and necessary operating
29.10 expenses and replacement reserves for the common interest community, consistent with
29.11 this section and section 515B.3-114. For purposes of replacement reserves under subsection
29.12 (b), until an annual budget has been approved, the reserves shall be paid based upon the
29.13 budget contained in the disclosure statement required by section 515B.4-102. The obligation
29.14 of a unit owner to pay common expenses shall be as follows:

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

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

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

29.32 (ii) The alternate common expense plan may be authorized only by including in the
29.33 declaration and the disclosure statement required by section 515B.4-102 provisions

30.1 authorizing and disclosing the alternate common expense plan as described in item (i), and
30.2 including in the disclosure statement either (A) a statement that the alternate common
30.3 expense plan will have no effect on the level of services or amenities anticipated by the
30.4 association's budget contained in the disclosure statement, or (B) a statement describing
30.5 how the services or amenities may be affected.

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

30.12 (iv) If a declarant utilizes an alternate common expense plan, that declarant shall cause
30.13 to be prepared and delivered to the association, at the declarant's expense, within 90 days
30.14 after the termination of the period of declarant control, an audited balance sheet and profit
30.15 and loss statement certified to the association and prepared by an accountant having the
30.16 qualifications set forth in section 515B.3-121(b). The audit shall be binding on the declarant
30.17 and the association.

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

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

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

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

31.5 (b) The replacement reserves required by section 515B.3-114 shall be paid to the
31.6 association by each unit owner for each unit owned by that unit owner in accordance with
31.7 the association's annual budget approved pursuant to subsection (a), regardless of whether
31.8 an annual assessment has been levied or whether the declarant has utilized an alternate
31.9 common expense plan under subsection (a)(2). Replacement reserves shall be paid with
31.10 respect to a unit commencing as of the later of (1) the date of creation of the common interest
31.11 community or (2) the date that the structure and exterior of the building containing the unit,
31.12 or the structure and exterior of any building located within the unit boundaries, but excluding
31.13 the interior finishing of the structure itself, are substantially completed. If the association
31.14 has not approved an annual budget as of the commencement date for the payment of
31.15 replacement reserves, then the reserves shall be paid based upon the budget contained in
31.16 the disclosure statement required by section 515B.4-102.

31.17 (c) After an assessment has been levied by the association, assessments shall be levied
31.18 at least annually, based upon an annual budget approved by the association. In addition to
31.19 and not in lieu of annual assessments, an association may, if so provided in the declaration,
31.20 levy special assessments against all units in the common interest community based upon
31.21 the same formula required by the declaration for levying annual assessments. Special
31.22 assessments may be levied only (1) to cover expenditures of an emergency nature, (2) to
31.23 replenish underfunded replacement reserves, (3) to cover unbudgeted capital expenditures
31.24 or operating expenses, or (4) to replace certain components of the common interest
31.25 community described in section 515B.3-114(a), if such alternative method of funding is
31.26 approved under section 515B.3-114(a)(5). The association may also levy assessments against
31.27 fewer than all units as provided in subsections (e), (f), and (g). An assessment under
31.28 subsection (e)(2) for replacement reserves is subject to the requirements of section
31.29 515B.3-114(a)(5).

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

31.33 (e) Unless otherwise required by the declaration:

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

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

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

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

32.13 (5) fees, charges, late charges, fines, and interest may be assessed as provided in section
32.14 515B.3-116(a).

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

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

32.22 (h) Subject to any shorter period specified by the declaration or bylaws, if any installment
32.23 of an assessment becomes more than 60 days past due, then the association may, upon ten
32.24 days' written notice to the unit owner, declare the entire amount of the assessment
32.25 immediately due and payable in full, except that any portion of the assessment that represents
32.26 installments that are not due and payable without acceleration as of the date of reinstatement
32.27 must not be included in the amount that a unit owner must pay to reinstate under section
32.28 580.30 or chapter 581.

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

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

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

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

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

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

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

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

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

33.14 **515B.3-116 LIEN FOR ASSESSMENTS.**

33.15 (a) The association has a lien on a unit for any assessment levied against that unit from
 33.16 the time the assessment becomes due. If an assessment is payable in installments, the full
 33.17 amount of the assessment is a lien from the time the first installment thereof becomes due.
 33.18 Unless the declaration otherwise provides, fees, charges, fines as specified in subsection
 33.19 (h), and late charges, ~~fin~~es and interest charges pursuant to section 515B.3-102(a)(10), (11)
 33.20 ~~and (12)~~ are liens, and are enforceable as assessments, under this section. Recording of the
 33.21 declaration constitutes record notice and perfection of any assessment lien under this section,
 33.22 and no further recording of any notice of or claim for the lien is required.

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

33.31 (c) If a first mortgage on a unit is foreclosed, the first mortgage was recorded after June
 33.32 1, 1994, and no owner or person who acquires the owner's interest in the unit redeems

pursuant to chapter 580, 581, or 582, the holder of the sheriff's certificate of sale from the foreclosure of the first mortgage or any person who acquires title to the unit by redemption as a junior creditor shall take title to the unit subject to a lien in favor of the association for unpaid assessments for common expenses levied pursuant to section 515B.3-115(a), (e)(1) to (3), (f), and (i) which became due, without acceleration, during the six months immediately preceding the end of the owner's period of redemption. The common expenses shall be based upon the association's then current annual budget, notwithstanding the use of an alternate common expense plan under section 515B.3-115(a)(2). If a first security interest encumbering a unit owner's interest in a cooperative unit which is personal property is foreclosed, the secured party or the purchaser at the sale shall take title to the unit subject to unpaid assessments for common expenses levied pursuant to section 515B.3-115(a), (e)(1) to (3), (f), and (i) which became due, without acceleration, during the six months immediately preceding the first day following either the disposition date pursuant to section 336.9-610 or the date on which the obligation of the unit owner is discharged pursuant to section 336.9-622.

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

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

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

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

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

(1) In a condominium or planned community, regardless of when the condominium or planned community was created, the association's lien may be foreclosed in a like manner

as a mortgage containing a power of sale pursuant to chapter 580, or by action pursuant to chapter 581. The association shall have a power of sale to foreclose the lien pursuant to chapter 580, except that any portion of the assessment that represents attorney fees or costs shall not be included in the amount a unit owner must pay to reinstate under section 580.30 or chapter 581.

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

(3) In a cooperative whose unit owners' interests in the units are personal property, the association's lien shall be foreclosed in a like manner as a security interest under article 9 of chapter 336. In any disposition pursuant to section 336.9-610 or retention pursuant to sections 336.9-620 to 336.9-622, the rights of the parties shall be the same as those provided by law, except (i) notice of sale, disposition, or retention shall be served on the unit owner 90 days prior to sale, disposition, or retention, (ii) the association shall be entitled to its reasonable costs and attorney fees not exceeding the amount provided by section 582.01, subdivision 1a, (iii) the amount of the association's lien shall be deemed to be adequate consideration for the unit subject to disposition or retention, notwithstanding the value of the unit, and (iv) the notice of sale, disposition, or retention shall contain the following statement in capital letters with the name of the association or secured party filled in:

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

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

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

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

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

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

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

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

(4) In any foreclosure pursuant to chapter 580, 581, or 582, the rights of the parties shall be the same as those provided by law, except (i) the period of redemption for unit owners shall be six months from the date of sale or a lesser period authorized by law, (ii) in a foreclosure by advertisement under chapter 580, the foreclosing party shall be entitled to costs and disbursements of foreclosure and attorney fees authorized by the declaration or bylaws, notwithstanding the provisions of section 582.01, subdivisions 1 and 1a, (iii) in a foreclosure by action under chapter 581, the foreclosing party shall be entitled to costs and disbursements of foreclosure and attorney fees as the court shall determine, and (iv) the amount of the association's lien shall be deemed to be adequate consideration for the unit subject to foreclosure, notwithstanding the value of the unit.

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

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

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

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

37.5 Sec. 10. **[515B.3-125] LEGAL FEES; NOTICE REQUIRED.**

37.6 (a) If an association elects to refer a unit owner's inquiry to the association's legal counsel,
37.7 the association must notify the unit owner in advance that the association:

37.8 (1) intends to refer the inquiry to the association's legal counsel; and

37.9 (2) may incur legal fees which may result in an assessment to the unit owner.

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

37.12 (c) The association shall refer the unit owner or the unit owner's attorney to the
37.13 association's legal counsel if the inquiry concerns a pending legal matter involving the unit
37.14 owner and the association.

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

37.16 Sec. 11. Minnesota Statutes 2024, section 515B.4-1021, is amended to read:

37.17 **515B.4-1021 DISCLOSURE STATEMENT; GENERAL PROVISIONS; CIC**
37.18 **CREATED ON OR AFTER AUGUST 1, 2010.**

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

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

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

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

37.29 (4) a general description of the common interest community, including, at a minimum,
37.30 (i) the number of buildings, (ii) the number of dwellings per building, (iii) the type of

38.1 construction, (iv) whether the common interest community involves new construction or
38.2 rehabilitation, (v) whether any building was wholly or partially occupied, for any purpose,
38.3 before it was added to the common interest community, and the nature of the occupancy,
38.4 (vi) a general description of any roads, trails, or utilities that are located on the common
38.5 elements and that the association or master association will be required to maintain, (vii) a
38.6 description of any declarant licensing rights under section 515B.2-109(e), and (viii) the
38.7 initial maintenance plan, initial maintenance schedule, and maintenance budget under section
38.8 515B.3-107(b). The initial maintenance plan prepared by the declarant must be based on
38.9 the best available information listing all building elements to which the plan will apply and
38.10 the generally accepted standards of maintenance on which the plan is based. The initial plan
38.11 must be dated and signed by the declarant and be fully funded by the initial budget provided
38.12 by the declarant;

38.13 (5) declarant's schedule of commencement and completion of construction of any
38.14 buildings and other improvements that the declarant is obligated to build pursuant to section
38.15 515B.4-117;

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

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

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

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

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

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

(12) a statement that:

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

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

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

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

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

(15) a detailed description of the insurance coverage provided by the association for the benefit of unit owners, including but not limited to:

(i) a statement as to which, if any, of the items referred to in section 515B.3-113(b), are insured by the association;

(ii) the amount of the association's deductible; and

(iii) the following statement: "IF THE ASSOCIATION LEVIES A LOSS ASSESSMENT, THE UNIT OWNER IS PERSONALLY RESPONSIBLE FOR PAYING IT, EVEN IF THE UNIT OWNER DOES NOT HAVE APPROPRIATE INSURANCE COVERAGE. A unit owner should conduct a regular review of their individual insurance policy and increase coverage as necessary to fully cover their portion of the master insurance deductible.";

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

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

40.7 (18) in a cooperative:

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

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

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

40.15 (19) a statement:

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

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

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

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

- 41.1 (ii) the name and address of the master developer, and the name, address, and general
41.2 description of the master association, including a general description of any other association,
41.3 unit owners, or other persons which are or may become members;
- 41.4 (iii) a description of any nonresidential use permitted on any property subject to the
41.5 master declaration;
- 41.6 (iv) a statement as to the estimated maximum number of associations, unit owners, or
41.7 other persons which may become members of the master association, and a description of
41.8 any period of control of the master association and rights to appoint master association
41.9 directors by a master developer or other person pursuant to section 515B.2-121(c);
- 41.10 (v) a description of any facilities intended for the benefit of the members of the master
41.11 association and not located on property owned or controlled by a member of the master
41.12 association;
- 41.13 (vi) the financial arrangements, including any contingencies, which have been made to
41.14 provide for completion of the facilities referred to in subsection (v), or a statement that no
41.15 arrangements have been made;
- 41.16 (vii) any current balance sheet of the master association and a projected or current annual
41.17 budget, as applicable, which budget shall include with respect to the master association
41.18 those items in paragraph (23), clauses (i) through (iii), and the projected monthly or other
41.19 periodic common expense assessment payment for each type of unit, lot, or other parcel of
41.20 real estate which is or is planned to be subject to assessment;
- 41.21 (viii) a description of any expenses or services not reflected in the budget, paid for or
41.22 provided by a master developer or another person executing the master declaration, which
41.23 may become an expense of the master association in the future;
- 41.24 (ix) a description of any powers delegated to and accepted by the master association
41.25 pursuant to section 515B.2-121(e)(2);
- 41.26 (x) identification of any liens, defects, or encumbrances that will continue to affect title
41.27 to property owned or operated by the master association for the benefit of its members;
- 41.28 (xi) the terms of any warranties provided by any person for construction of facilities in
41.29 which the members of the master association have or may have an interest, and any known
41.30 defects in the facilities which would violate the standards described in section
41.31 515B.4-113(b)(2);

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

(xiii) a description of any insurance coverage provided for the benefit of its members by the master association. The description of insurance must identify the master association's deductible amounts for property damage, including wind and hail claims, that may be assessed to a unit as a loss assessment. All descriptions of insurance must contain the following statement in a conspicuous manner: "The unit owner, at the time a loss assessment is due, is personally liable for payment of a loss assessment. The deductible and potential loss assessment amount are subject to change each year when the association purchases new insurance. It is recommended that each unit owner personally purchase insurance coverage for loss assessments in an amount at least equal to the association's deductible, which the unit owner should review and update if the deductible changes. IF THE ASSOCIATION LEVIES A LOSS ASSESSMENT, THE UNIT OWNER IS PERSONALLY RESPONSIBLE FOR PAYING IT, EVEN IF THE UNIT OWNER DOES NOT HAVE APPROPRIATE INSURANCE COVERAGE. This is separate insurance, independent of the insurance a unit owner should purchase for the interior of their unit and personal property."; and

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

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

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

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

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

(ii) a statement of any other reserves;

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

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

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

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

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

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

(c) The master association, within ten days after a request by a declarant, a holder of declarant rights, or a buyer referred to in section 515B.4-101(e), or the authorized representative of any of them, shall furnish the information required to be provided by subsection (a)(20). A declarant or other person who provides information pursuant to subsection (a)(20), is not liable to the buyer for any erroneous information if the declarant or other person: (i) is not an affiliate of or related in any way to a person authorized to

44.1 appoint the master association board pursuant to section 515B.2-121(c)(3), and (ii) has no
 44.2 actual knowledge that the information is incorrect.

44.3 (d) This section applies only to common interest communities created on or after August
 44.4 1, 2010.

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

44.6 Sec. 12. Minnesota Statutes 2024, section 515B.4-107, is amended to read:

44.7 **515B.4-107 RESALE OF UNITS.**

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

44.12 (1) copies of the declaration (other than any CIC plat), the articles of incorporation and
 44.13 bylaws, any rules and regulations, and any amendments or supplemental declarations,
 44.14 including the schedules of fines and allowable remedies required under section 515B.3-102
 44.15 and the collection policy adopted by the association under section 515B.3-115(k) or
 44.16 515B.3-1151(k);

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

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

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

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

44.26 COMMON INTEREST COMMUNITY

44.27 RESALE DISCLOSURE CERTIFICATE

44.28 Name of Common Interest Community:.....

44.29 Name of Association:.....

44.30 Address of Association:.....

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

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

45.2

45.3

45.4 The following information is furnished by the association named above according to

45.5 Minnesota Statutes, section 515B.4-107.

45.6 1. There is no right of first refusal or other restraint on the free alienability of the above

45.7 unit(s) contained in the declaration, bylaws, rules and regulations, or any amendment to

45.8 them, except as follows:.....

45.9

45.10

45.11

45.12 2. The following periodic installments of common expense assessments and special

45.13 assessments are payable with respect to the above unit(s):

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

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

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

45.17 (1) Annual \$.....

45.18 (2) Special \$.....

45.19 (3) Fines \$.....

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

45.21 d. The association has/has not (strike one) approved a plan for levying certain

45.22 common expense assessments against fewer than all the units according to

45.23 Minnesota Statutes, section 515B.3-115, subsection (e). If a plan is approved, a

45.24 description of the plan is attached to this certificate.

45.25 3. In addition to the amounts due under paragraph 2, the following additional fees or

45.26 charges other than assessments are payable by unit owners (include late payment charges,

45.27 user fees, etc.):

45.28

45.29

45.30

45.31 4. There are no extraordinary expenditures approved by the association, and not yet

45.32 assessed, for the current and two succeeding fiscal years, except as follows:.....

45.33

46.1
46.2 5. The association is obligated to replace the following components of the common
46.3 interest community:.....
46.4
46.5
46.6 The association has the following amounts in its reserves for replacement of those
46.7 components:
46.8
46.9
46.10 The replacement of the following components is funded by assessments levied only against
46.11 the unit or units served by the component, pursuant to Minnesota Statutes, section
46.12 515B.3-115(e)(1) or (2)......
46.13
46.14
46.15 6. The following documents are furnished with this certificate according to statute:
46.16 a. The most recent regularly prepared balance sheet and income and expense
46.17 statement of the association.
46.18 b. The current budget of the association.
46.19 7. There are no unsatisfied judgments against the association, except as follows (identify
46.20 creditor and amount):.....
46.21
46.22
46.23 8. There are no pending lawsuits to which the association is a party, except as follows
46.24 (identify and summarize status):.....
46.25
46.26
46.27 9. Description of insurance coverages:
46.28 a. The association provides the following insurance coverage for the benefit of unit
46.29 owners: (Reference may be made to applicable sections of the declaration or bylaws;
46.30 however, any additional coverages should be described in this space).....

47.1
47.2
47.3
47.4 b. The following described fixtures, decorating items, or construction items within the
47.5 unit referred to in Minnesota Statutes, section 515B.3-113, subsection (b), are insured by
47.6 the association (check as applicable):
47.7 Ceiling or wall finishing materials
47.8 Finished flooring
47.9 Cabinetry
47.10 Finished millwork
47.11 Electrical, heating, ventilating, and air conditioning equipment, or plumbing fixtures
47.12 serving a single unit
47.13 Built-in appliances
47.14 Improvements and betterments as originally constructed
47.15 Additional improvements and betterments installed by unit owners
47.16 c. The association's master insurance has deductible amounts for property damage and
47.17 wind or hail claims that may be assessed to a unit as a "loss assessment." The unit owner,
47.18 at the time a loss assessment is due, is personally liable for payment of a loss assessment.
47.19 The deductible and potential loss assessment amount is subject to change each year when
47.20 the association purchases new insurance. It is recommended that you personally purchase
47.21 insurance coverage for loss assessments in the amount at least equal to the association's
47.22 deductible, which the unit owner should review and update if the deductible changes. IF
47.23 THE ASSOCIATION LEVIES A LOSS ASSESSMENT, YOU ARE PERSONALLY
47.24 RESPONSIBLE FOR PAYING IT, EVEN IF YOU DO NOT HAVE APPROPRIATE
47.25 INSURANCE COVERAGE. This is separate insurance, independent of the insurance a unit
47.26 owner should purchase for the interior of their unit and personal property.
47.27 10. The board of directors of the association has not notified the unit owner (i) that any
47.28 alterations or improvements to the unit or to the limited common elements assigned to it
47.29 violate any provision of the declaration; or (ii) that the unit is in violation of any governmental
47.30 statute, ordinance, code, or regulation, except as follows:.....
47.31

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

.....

.....

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

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

.....

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

.....

(Date)

By:

Title:

(Association representative)

Address:

Phone Number:

RECEIPT

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

Dated: (Buyer)

49.1
49.2 (Buyer)

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

49.7 (d) The association, within ten days after a request by a unit owner, or the unit owner's
49.8 authorized representative, shall furnish the certificate required in subsection (a). The
49.9 association may charge a reasonable fee for furnishing the certificate and any association
49.10 documents related thereto. A unit owner providing a certificate pursuant to subsection (a)
49.11 is not liable to the purchaser for any erroneous information provided by the association and
49.12 included in the certificate. A unit owner who has acquired title to a unit pursuant to section
49.13 515B.3-104 including, but not limited to, a unit owner who has acquired title through
49.14 foreclosure or a deed in lieu of foreclosure, must indicate to the association in connection
49.15 with a request for a resale disclosure certificate whether the requesting unit owner is or is
49.16 not a declarant. The unit owner, not the association, is liable for any damage, loss, or other
49.17 consequence arising out of the incorrect representation of its declarant status.

49.18 (e) A purchaser is not liable for any unpaid common expense assessments, including
49.19 special assessments, if any, not set forth in the certificate required in subsection (a). A
49.20 purchaser is not liable for the amount by which the annual or special assessments exceed
49.21 the amount of annual or special assessments stated in the certificate for assessments payable
49.22 in the year in which the certificate was given, except to the extent of any increases
49.23 subsequently approved in accordance with the declaration or bylaws. A unit owner is not
49.24 liable to a purchaser for the failure of the association to provide the certificate, or a delay
49.25 by the association in providing the certificate in a timely manner.

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

49.27 Sec. 13. Minnesota Statutes 2024, section 515B.4-116, is amended to read:

49.28 **515B.4-116 RIGHTS OF ACTION; RETALIATION PROHIBITED; ATTORNEY'S**
49.29 **FEES.**

49.30 (a) In addition to any other rights to recover damages, attorney's fees, costs or expenses,
49.31 whether authorized by this chapter or otherwise, if a declarant, an association, or any other
49.32 person violates any provision of this chapter, or any provision of the declaration, bylaws,
49.33 or rules and regulations any person or class of persons adversely affected by the failure to

50.1 comply has a claim for appropriate relief. Subject to the requirements of section 515B.3-102,
50.2 the association shall have standing to pursue claims on behalf of the unit owners of two or
50.3 more units.

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

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

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

50.18 (2) 180 days.

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

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

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

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

50.28 Sec. 14. **[515B.5-101] LOCAL GOVERNMENT REGULATIONS.**

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

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

(1) creation of a homeowners association;

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

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

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

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

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

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

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

Sec. 15. **APPLICATION.**

Sections 1 to 13 are effective on the dates provided and apply to common interest communities created before, on, or after the date of enactment. Notwithstanding any other law, common interest communities shall have three years from the date of enactment to update governing documents to reflect the changes in sections 1 to 13, however, until a common interest community has updated their governing documents, a copy of sections 1 to 13 must be provided with each disclosure statement required under Minnesota Statutes, sections 515B.4-102 and 515B.4-1021. The schedule of fees required under section Minnesota Statutes, 515B.3-102, subsection (c), shall be provided to all current unit owners no later than January 31, 2027."

Delete the title and insert:

"A bill for an act

relating to common interest communities; modifying powers and duties of common interest communities; modifying rights of a unit owner; modifying threshold for termination of a common interest community; requiring dispute resolution options; modifying notice of meetings; limiting late fees, fines, and attorney fees; modifying foreclosure requirements; prohibiting local governments from requiring creation of homeowners associations; amending Minnesota Statutes 2024, sections

52.1 515B.1-103; 515B.2-119; 515B.3-102; 515B.3-103; 515B.3-106; 515B.3-107;
52.2 515B.3-115; 515B.3-1151; 515B.3-116; 515B.4-1021; 515B.4-107; 515B.4-116;
52.3 proposing coding for new law in Minnesota Statutes, chapter 515B."

52.4 With the recommendation that when so amended the bill be re-referred to the Committee
52.5 on Judiciary Finance and Civil Law.

52.6 This Committee action taken March 18, 2026

52.7, Co-Chair

52.8, Co-Chair