

Subject Common Interest Community Act, Chapter 515B Updates

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Overview

Provides updates and changes to the laws that govern common interest communities (CICs), commonly called condominiums or condos, and Homeownership Associations (HOAs). Many provisions in the bill have a delayed effective date of January 1, 2026.

Article 1: Common Interest Communities

Makes changes and updates to the laws governing CICs and HOAs.

Section Description - Article 1: Common Interest Communities

- 1 **Applicability.**
Amends the application of chapter 515B.
- 2 **Construction and validity of declaration and bylaws.**
Provides that this chapter and the state law control when there is a conflict between the law and the declaration or bylaws of an association.
- 3 **Termination of common interest community.**
Provides that for CICs and HOAs that have no common elements, they only need 60 percent of their members to vote to end or terminate the HOA or CIC. This section also provides that if an HOA or CIC is made up of only single-family homes, the declaration can specify a smaller percentage to dissolve or terminate the HOA or CIC. This section also requires that, prior to the termination of the association, the HOA or CIC distribute, sell, or plan for the common elements.
- 4 **Powers and duties of unit owners' association.**
Provides updates to the powers and duties of HOA and CIC associations, including:
 - Providing a list of all the fees and charges that can be imposed on unit owners;
 - Providing caps for late fees and special assessments;

Section Description - Article 1: Common Interest Communities

- Prohibiting charges to owners for asking questions about the governing documents;
- Requiring a policy for fines and capping the total amount that can be collected for fines, and allowing fines to be disputed;
- Requiring notice for rule changes and an opportunity to comment;
- Requiring the association adopt dispute resolution procedures; and
- Prohibiting the sale or assignment of the association's debts.

5 Board of directors, officers and declarant control.

Provides that owners must have an opportunity to comment on agenda items at board meetings and provides conflict of interest requirements, including that associations have to comply with section 317A.255, the requirements for a nonprofit association in Minnesota, as well as prohibiting a board member, their close family, or a property management company, or their employees or family members, from having a financial interest in a company that is hired by the association for goods or services, unless those goods and services are for less than \$2,000, in total per year.

6 Bylaws; annual report.

Requires bylaws changes to be approved at the annual meeting by a majority vote.

7 Upkeep of common interest communities.

Prohibits a management company from requiring an association to work with specific vendors and requires timely decisions and an explanation by the association related to requests to update or change a unit or limited common element. Prohibits the association from limiting the use of personal and work vehicles on public roads or on their personal property, unless specifically provided for in the declaration.

8 Meetings.

Provides that meeting notices for associations must include copies of documents that will be discussed at the meeting.

9 Voting; proxies.

Provides limits related to the use of proxies.

10 Assessment for common expenses; CIC created before August 1, 2010.

For CICs created before August 1, 2010, requires the budget to be provided to unit owners and for owners to be allowed to comment on the budget prior to approval, caps the attorney fees for collection of fines and fees by the association, and prohibits the collection of interest on fines and fees and requires an association to offer a payment agreement.

Section Description - Article 1: Common Interest Communities

- 11 **Assessments for common expenses; CIC created on or after August 10, 2010.**
For CICs created after August 10, 2010, requires the budget to be provided to unit owners and for owners to be allowed to comment on the budget prior to approval, caps the attorney fees for collection of fines and fees by the association, and prohibits the collection of interest on fines and fees and requires an association to offer a payment agreement.
- 12 **Lien for assessments.**
Provides limits for foreclosure related to fees and prohibits foreclosure based on fines and attorney fees alone, and limits the costs for the foreclosure that can be assessed to the owner.
- 13 **Requirement to meet and confer.**
Provides a dispute resolution process for disputed fines, late fees, or other charges or complaints between the CIC or association and the owner, including foreclosures. Requires the association and unit owner to meet to try to resolve the dispute and prohibits the unit owner from being charged a fee to attend the meeting.
- 14 **Legal fees; notice required.**
Provides that an association must notify an owner before referring a matter to an attorney and provide information on who is responsible for paying the legal fees and an estimate of the cost of the legal work, as well as itemized receipts if the owner is billed for legal work.
- 15 **Disclosure statement; general provisions; CIC created before August 1, 2010.**
For an HOA or CIC created before August 1, 2010, requires a copy of a fact sheet by the attorney general or the Community Association Institute to be included in the disclosure for the sale of a unit to explain the basic rights and responsibilities of unit owners and HOA or CIC associations. This section also requires a schedule of fines to be provided in the disclosure.
- 16 **Disclosure statement; general provisions; CIC created on or after August 1, 2010.**
For CICs and HOAs created after August 1, 2010, requires a copy of a fact sheet by the attorney general or the Community Association Institute to be included in the disclosure for the sale of a unit to explain the basic rights and responsibilities of unit owners and HOA or CIC associations. This section also requires a schedule of fines to be provided in the disclosure.
- 17 **Resale of units.**
No changes.

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18 Rights of action; retaliation prohibited; attorney's fees.

Provides a civil penalty for violations under this chapter, and prohibits retaliation by an association against a unit owner for asserting their rights under chapter 515B.

Article 2: Local Government Preemption

This article adds new sections of law related to local government preemption and makes changes to the interaction of chapter 308C, Housing Cooperatives, and chapter 515B, Common Interest Communities.

Section Description - Article 2: Local Government Preemption

1 Homeowners associations.

Prohibits a county from requiring the creation of an HOA to get a building permit, or specific provisions in the governing documents or services by the association; or from trying to influence or requiring rules in the HOA.

2 Municipalities; homeowners associations.

Prohibits a municipality, including a joint planning board or the Metropolitan Council, from requiring the creation of an HOA to get a building permit, or specific provisions in the governing documents or services by the association; or from trying to influence or requiring rules in the HOA.

3 Effective date.

Changes the effective date for the new chapter 308C on Housing Cooperatives from August 1, 2025, to August 1, 2026.

4 Repealer.

Repeals a section of chapter 308C, the new chapter governing housing cooperatives, that says that when there is a conflict between chapter 515B (chapter of law governing CICs) and chapter 308C, that chapter 515B would control.



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