

**SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION**

S.F. No. 1750

(SENATE AUTHORS: LUCERO, Pha, Limmer, Coleman and Port)

| DATE | D-PG | OFFICIAL STATUS |
|------------|------|--|
| 02/20/2025 | 463 | Introduction and first reading Referred to Judiciary and Public Safety |
| 02/24/2025 | 494 | Author added Port |
| 03/17/2025 | 524 | Withdrawn and re-referred to Housing and Homelessness Prevention |
| 04/07/2025 | 816a | Comm report: To pass as amended and re-refer to Judiciary and Public Safety Comm report: To pass as amended Second reading |

1.1 A bill for an act

1.2 relating to common interest communities; modifying powers and duties of common

1.3 interest communities; modifying rights of a unit owner; modifying threshold for

1.4 termination of a common interest community; establishing a meet and confer

1.5 process; modifying notice of meetings; limiting late fees, fines, and attorney fees;

1.6 limiting proxy voting; modifying foreclosure requirements; modifying regulations

1.7 for certain housing cooperatives; prohibiting local government bodies from

1.8 requiring or incentivizing creation of homeowners associations; amending

1.9 Minnesota Statutes 2024, sections 394.25, by adding a subdivision; 515B.1-102;

1.10 515B.2-103; 515B.2-119; 515B.3-101; 515B.3-102; 515B.3-103; 515B.3-106;

1.11 515B.3-107; 515B.3-108; 515B.3-110; 515B.3-115; 515B.3-1151; 515B.3-116;

1.12 515B.4-102; 515B.4-1021; 515B.4-116; Laws 2024, chapter 96, article 2, section

1.13 13; proposing coding for new law in Minnesota Statutes, chapters 462; 515B;

1.14 repealing Minnesota Statutes 2024, section 308C.003, subdivision 3.

1.15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.16 **ARTICLE 1**

1.17 **COMMON INTEREST COMMUNITIES**

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

1.19 **515B.1-102 APPLICABILITY.**

1.20 (a) Except as provided in this section, this chapter, and not chapters 515 and 515A,

1.21 applies to all common interest communities created within this state on and after June 1,

1.22 1994.

1.23 (b) The applicability of this chapter to common interest communities created prior to

1.24 June 1, 1994, shall be as follows:

1.25 (1) This chapter shall apply to condominiums created under chapter 515A with respect

1.26 to events and circumstances occurring on and after June 1, 1994; provided (i) that this

2.1 chapter shall not invalidate the declarations, bylaws or condominium plats of those
2.2 condominiums, and (ii) that chapter 515A, and not this chapter, shall govern all rights and
2.3 obligations of a declarant of a condominium created under chapter 515A, and the rights and
2.4 claims of unit owners against that declarant.

2.5 (2) The following sections in this chapter apply to condominiums created under chapter
2.6 515: 515B.1-104 (Variation by Agreement); 515B.1-105 (Separate Titles and Taxation);
2.7 515B.1-106 (Applicability of Local Requirements); 515B.1-107 (Eminent Domain);
2.8 515B.1-108 (This Chapter Prevails; Supplemental Law); 515B.1-109 (Construction Against
2.9 Implicit Repeal); 515B.1-112 (Unconscionable Agreement or Term of Contract); 515B.1-113
2.10 (Obligation of Good Faith); 515B.1-114 (Remedies to be Liberally Administered);
2.11 515B.1-115 (Notice); 515B.1-116 (Recording); 515B.2-103 (Construction and Validity of
2.12 Declaration and Bylaws); 515B.2-104 (Description of Units); 515B.2-108(d) (Allocation
2.13 of Interests); 515B.2-109(f) (Common Elements and Limited Common Elements);
2.14 515B.2-112 (Subdivision, Combination, or Conversion of Units); 515B.2-113 (Alteration
2.15 of Units); 515B.2-114 (Relocation of Boundaries Between Adjoining Units); 515B.2-115
2.16 (Minor Variations in Boundaries); 515B.2-118 (Amendment of Declaration); 515B.2-119
2.17 (Termination of Common Interest Community); 515B.3-102 (Powers of Unit Owners'
2.18 Association); 515B.3-103(a), (b), and (g) (Board of Directors, Officers, and Declarant
2.19 Control); 515B.3-107 (Upkeep of Common Interest Community); 515B.3-108 (Meetings);
2.20 515B.3-109 (Quorums); 515B.3-110 (Voting; Proxies); 515B.3-111 (Tort and Contract
2.21 Liability); 515B.3-112 (Conveyance of, or Creation of Security Interests in, Common
2.22 Elements); 515B.3-113 (Insurance); 515B.3-114 (Replacement Reserves); 515B.3-115(c),
2.23 (e), (f), (g), (h), and (i) (Assessments for Common Expenses); 515B.3-116 (Lien for
2.24 Assessments); 515B.3-117 (Other Liens); 515B.3-118 (Association Records); 515B.3-119
2.25 (Association as Trustee); 515B.3-121 (Accounting Controls); 515B.4-107 (Resale of Units);
2.26 515B.4-108 (Purchaser's Right to Cancel Resale); and 515B.4-116 (Rights of Action;
2.27 Attorney's Fees). Section 515B.1-103 (Definitions) shall apply to the extent necessary in
2.28 construing any of the sections referenced in this section. Sections 515B.1-105, 515B.1-106,
2.29 515B.1-107, 515B.1-116, 515B.2-103, 515B.2-104, 515B.2-118, 515B.3-102, 515B.3-110,
2.30 515B.3-111, 515B.3-113, 515B.3-116, 515B.3-117, 515B.3-118, 515B.3-121, 515B.4-107,
2.31 515B.4-108, and 515B.4-116 apply only with respect to events and circumstances occurring
2.32 on and after June 1, 1994. All other sections referenced in this section apply only with
2.33 respect to events and circumstances occurring after July 31, 1999. A section referenced in
2.34 this section does not invalidate the declarations, bylaws or condominium plats of
2.35 condominiums created before August 1, 1999. But all sections referenced in this section
2.36 prevail over the declarations, bylaws, CIC plats, rules and regulations under them, of

3.1 condominiums created before August 1, 1999, except to the extent that this chapter defers
3.2 to the declarations, bylaws, CIC plats, or rules and regulations issued under them.

3.3 (3) This chapter shall not apply to cooperatives ~~and~~ created prior to June 1, 1994, or
3.4 created under chapter 308C, to planned communities created prior to June 1, 1994, or to
3.5 planned communities that were created on or after June 1, 1994, and before August 1, 2006,
3.6 and that consist of more than two but fewer than 13 units; except by election pursuant to
3.7 subsection (d), and except that the following sections apply to all planned communities and
3.8 townhome associations regardless of when created, unless they are exempt under subsection
3.9 (e): sections 515B.1-116, subsections (a), (c), (d), and (e); 515B.3-102, subsections (a),
3.10 paragraphs (1), (3), (11), and (12), (c), and (g); 515B.3-103, subsections (a), (e), paragraph
3.11 (4), (g), and (h); 515B.3-107, subsections (a), (d), (e), (f), and (g); 515B.3-115, subsections
3.12 (e), paragraphs (4) and (5), (g), and (k); 515.3-1151, subsections (e), paragraphs (4) and
3.13 (5), (g), and (k); 515.3-116, subsections (a) and (h); 515.3-122; 515B.4-107; and 515B.4-108;
3.14 ~~apply to all planned communities and cooperatives regardless of when they are created,~~
3.15 ~~unless they are exempt under subsection (e).~~

3.16 (c) This chapter shall not invalidate any amendment to the declaration, bylaws or
3.17 condominium plat of any condominium created under chapter 515 or 515A if the amendment
3.18 was recorded before June 1, 1994. Any amendment recorded on or after June 1, 1994, shall
3.19 be adopted in conformity with the procedures and requirements specified by those instruments
3.20 and by this chapter. If the amendment grants to any person any rights, powers or privileges
3.21 permitted by this chapter, all correlative obligations, liabilities and restrictions contained
3.22 in this chapter shall also apply to that person.

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

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

4.1 (2) In a condominium, the preexisting condominium plat shall be the CIC plat and an
4.2 amended CIC plat shall be required only if the amended declaration or bylaws contain
4.3 provisions inconsistent with the preexisting condominium plat. The condominium's CIC
4.4 number shall be the apartment ownership number or condominium number originally
4.5 assigned to it by the recording officer. In a cooperative in which the unit owners' interests
4.6 are characterized as real estate, a CIC plat shall be required. In a planned community, the
4.7 preexisting plat or registered land survey recorded pursuant to chapter 505, 508, or 508A,
4.8 or the part of the plat or registered land survey upon which the common interest community
4.9 is located, shall be the CIC plat.

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

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

4.19 (5) A common interest community which elects to be subject to this chapter may, as a
4.20 part of the election process, change its form of ownership by complying with section
4.21 515B.2-123.

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

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

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

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

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

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

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

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

5.14 (h) Sections 515B.1-103(33a), 515B.2-110, 515B.3-105, 515B.3-115, 515B.4-102, and
5.15 515B.4-115 apply only to common interest communities created before August 1, 2010.
5.16 Sections 515B.1-103(33b), 515B.2-1101, 515B.3-1051, 515B.3-1151, 515B.4-1021, and
5.17 515B.4-1151 apply only to common interest communities created on or after August 1,
5.18 2010.

5.19 (i) Section 515B.3-114 applies to common interest communities only for the association's
5.20 fiscal years commencing before January 1, 2012. Section 515B.3-1141 applies to common
5.21 interest communities only for the association's fiscal years commencing on or after January
5.22 1, 2012.

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

5.28 **EFFECTIVE DATE.** This section is effective January 1, 2026.

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

5.30 **515B.2-103 CONSTRUCTION AND VALIDITY OF DECLARATION AND**
5.31 **BYLAWS.**

5.32 (a) All provisions of the declaration and bylaws are severable.

6.1 (b) The rule against perpetuities may not be applied to defeat any provision of the
6.2 declaration or this chapter, or any instrument executed pursuant to the declaration or this
6.3 chapter.

6.4 (c) In the event of a conflict between the provisions of the declaration and the bylaws,
6.5 the declaration prevails except to the extent that the declaration is inconsistent with this
6.6 chapter. In the event of a conflict between the provisions of the declaration or the bylaws
6.7 and this chapter, this chapter prevails.

6.8 (d) The declaration and bylaws must comply with sections 500.215, 500.216, and 500.217.

6.9 **EFFECTIVE DATE.** This section is effective January 1, 2026.

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

6.11 **515B.2-119 TERMINATION OF COMMON INTEREST COMMUNITY.**

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

6.14 (1) if the common interest community does not own any common elements, the common
6.15 interest community may be terminated only by agreement of unit owners of units to which
6.16 at least 60 percent of the votes in the association are allocated; or

6.17 (2) if the common interest community owns common elements, the common interest
6.18 community may be terminated only by agreement of unit owners of units to which at least
6.19 80 percent of the votes in the association are allocated, and 80 percent of the first mortgagees
6.20 of units (each mortgagee having one vote per unit financed), or any larger percentage the
6.21 declaration specifies. The declaration may specify a smaller percentage only if all of the
6.22 units are single-family homes or if all of the units are restricted to nonresidential use.

6.23 (b) An agreement to terminate shall be evidenced by a written agreement, executed in
6.24 the same manner as a deed by the number of unit owners ~~and first mortgagees of units~~
6.25 required by subsection (a), and shall contain and include property and interest transfers,
6.26 including easements or sales, for any common elements. The agreement shall specify a date
6.27 after which the agreement shall be void unless recorded before that date. The agreement
6.28 shall also specify a date by which the termination of the common interest community and
6.29 the winding up of its affairs must be accomplished. A certificate of termination executed
6.30 by the association evidencing the termination shall be recorded on or before the termination
6.31 date, or the agreement to terminate shall be revoked. The agreement to terminate, or a
6.32 memorandum thereof, and the certificate of termination shall be recorded in every county

7.1 in which a portion of the common interest community is situated and is effective only upon
7.2 recording.

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

7.9 (d) In the case of a condominium or planned community containing any units not having
7.10 upper and lower boundaries, a termination agreement may provide for sale of the common
7.11 elements, but it may not require that the units be sold following termination, unless ~~the~~
7.12 ~~original declaration provided otherwise or~~ all unit owners whose units are to be sold consent
7.13 to the sale.

7.14 (e) The association, on behalf of the unit owners, shall have authority to contract for the
7.15 sale of real estate in a common interest community pursuant to this section, subject to the
7.16 required approval. The agreement to terminate shall be deemed to grant to the association
7.17 a power of attorney coupled with an interest to effect the conveyance of the real estate on
7.18 behalf of the holders of all interests in the units, including without limitation the power to
7.19 execute all instruments of conveyance and related instruments. Until the sale has been
7.20 completed, all instruments in connection with the sale have been executed and the sale
7.21 proceeds distributed, the association shall continue in existence with all powers it had before
7.22 termination.

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

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

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

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

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

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

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

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

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

9.1 (iii) the share of expenses of sale and winding up of the association's affairs with respect to
9.2 the unit.

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

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

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

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

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

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

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

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

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

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

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

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

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

10.27 **EFFECTIVE DATE.** This section is effective January 1, 2026.

10.28 Sec. 4. Minnesota Statutes 2024, section 515B.3-101, is amended to read:

10.29 **515B.3-101 ORGANIZATION OF UNIT OWNERS' ASSOCIATION.**

10.30 A common interest community shall be administered by an association. The association
10.31 shall be incorporated no later than the date the common interest community is created. The
10.32 membership of the association at all times consists exclusively of all unit owners or, following
10.33 termination of the common interest community, of all former unit owners entitled to

11.1 distributions of proceeds under section 515B.2-119 or their heirs, successors, or assigns.
11.2 The association shall be organized as a Minnesota profit or nonprofit corporation, or may,
11.3 in the case of a cooperative, be organized under chapter 308A, or 308B, ~~or 308C~~. In the
11.4 event of a conflict between this chapter and any other chapter under which the association
11.5 is incorporated, this chapter shall control.

11.6 Sec. 5. Minnesota Statutes 2024, section 515B.3-102, is amended to read:

11.7 **515B.3-102 POWERS AND DUTIES OF UNIT OWNERS' ASSOCIATION.**

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

11.10 (1) adopt, amend and revoke rules and regulations not inconsistent with the articles of
11.11 incorporation, bylaws and declaration, and consistent with the requirements of subsection
11.12 (g) as follows: (i) regulating the use of the common elements; (ii) regulating the use of the
11.13 units, and conduct of unit occupants, which may jeopardize the health, safety or welfare of
11.14 other occupants, which involves noise or other disturbing activity, or which may damage
11.15 the common elements or other units; (iii) regulating or prohibiting animals; (iv) regulating
11.16 changes in the appearance of the common elements and conduct which may damage the
11.17 common interest community; (v) regulating the exterior appearance of the common interest
11.18 community, including, for example, balconies and patios, window treatments, and signs
11.19 and other displays, regardless of whether inside a unit; (vi) implementing the articles of
11.20 incorporation, declaration and bylaws, and exercising the powers granted by this section;
11.21 and (vii) otherwise facilitating the operation of the common interest community;

11.22 (2) adopt and amend budgets for revenues, expenditures and reserves, and levy and
11.23 collect assessments for common expenses from unit owners;

11.24 (3) hire and discharge managing agents and other employees, agents, and independent
11.25 contractors;

11.26 (4) institute, defend, or intervene in litigation or administrative proceedings (i) in its
11.27 own name on behalf of itself or two or more unit owners on matters affecting the common
11.28 elements or other matters affecting the common interest community or, (ii) with the consent
11.29 of the owners of the affected units on matters affecting only those units;

11.30 (5) make contracts and incur liabilities;

11.31 (6) regulate the use, maintenance, repair, replacement, and modification of the common
11.32 elements and the units;

12.1 (7) cause improvements to be made as a part of the common elements, and, in the case
12.2 of a cooperative, the units;

12.3 (8) acquire, hold, encumber, and convey in its own name any right, title, or interest to
12.4 real estate or personal property, but (i) common elements in a condominium or planned
12.5 community may be conveyed or subjected to a security interest only pursuant to section
12.6 515B.3-112, or (ii) part of a cooperative may be conveyed, or all or part of a cooperative
12.7 may be subjected to a security interest, only pursuant to section 515B.3-112;

12.8 (9) grant or amend easements for public utilities, public rights-of-way or other public
12.9 purposes, and cable television or other communications, through, over or under the common
12.10 elements; grant or amend easements, leases, or licenses to unit owners for purposes authorized
12.11 by the declaration; and, subject to approval by a vote of unit owners other than declarant
12.12 or its affiliates, grant or amend other easements, leases, and licenses through, over or under
12.13 the common elements;

12.14 (10) impose and receive any payments, fees, or charges for the use, rental, or operation
12.15 of the common elements, other than limited common elements, and for services provided
12.16 to unit owners. The association must compile and provide to every unit owner a schedule
12.17 of the fees and charges that may be imposed;

12.18 (11) impose ~~interest and a late charges fee~~ for late payment of assessments, provided
12.19 that an association may not impose a late fee in excess of \$15; may not impose, for a special
12.20 assessment, an amount greater than five percent of the amount owed or more than \$100,
12.21 whichever is lower; and, after notice and an opportunity to be heard before the board or a
12.22 committee appointed by it, levy ~~reasonable~~ fines for violations of the declaration, bylaws,
12.23 and rules and regulations of the association as specified in subsection (c), provided that
12.24 attorney fees and costs must not be charged or collected from a unit owner who disputes or
12.25 questions a fine or assessment and, if after the ~~homeowner~~ unit owner requests a hearing
12.26 and a hearing is held by the board or a committee of the board, the board does not adopt a
12.27 resolution levying the fine or upholding the assessment against the unit owner or owner's
12.28 unit;

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

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

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

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

13.7 ~~(16) exercise any other powers necessary and proper for the governance and operation~~
13.8 ~~of the association.~~

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

13.12 (c) An association must adopt and provide to every unit owner a policy regarding fines
13.13 that includes a list of the violations for which a fine may be imposed and a schedule of fines
13.14 for those violations. When a violation can be cured without causing damage to property or
13.15 to another, the association must provide the unit owner with a reasonable time to correct
13.16 the violation before a fine may be imposed. A fine levied pursuant to subsection (a)(11),
13.17 must be commensurate with the violation and must not exceed \$100 for a single violation,
13.18 except when the violation is a repeated, willful, and knowing violation and the owner has
13.19 been given notice that the fine will be increased due to the repeated nature of the violation,
13.20 then the fine may be up to \$300. When combined with additional fines for an ongoing
13.21 violation, late fees, and other allowable charges, the fine must not exceed \$2,500 in total
13.22 for the violation. An association that levies a fine pursuant to subsection (a)(11), or an
13.23 assessment pursuant to section 515B.3-115(g), or 515B.3-1151(g), must provide a dated,
13.24 written notice to a unit owner that:

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

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

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

13.31 (4) states that all unpaid ~~fines and~~ assessments are liens which, if not satisfied, could
13.32 lead to foreclosure of the lien against the owner's unit;

14.1 (5) describes the unit owner's right to be heard by the board or a committee appointed
14.2 by the board and the procedures for disputing the fine;

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

14.6 (7) informs the unit owner that homeownership assistance is available from the Minnesota
14.7 Homeownership Center.

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

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

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

14.19 (2) obtain the approval of owners of units to which a majority of the total votes in the
14.20 association are allocated. Votes allocated to units owned by the declarant, an affiliate of the
14.21 declarant, or a mortgagee who obtained ownership of the unit through a foreclosure sale
14.22 are excluded. The association may obtain the required approval by a vote at an annual or
14.23 special meeting of the members or, if authorized by the statute under which the association
14.24 is created and taken in compliance with that statute, by a vote of the members taken by
14.25 electronic means or mailed ballots. If the association holds a meeting and voting by electronic
14.26 means or mailed ballots is authorized by that statute, the association shall also provide for
14.27 voting by those methods. Section 515B.3-110(c) applies to votes taken by electronic means
14.28 or mailed ballots, except that the votes must be used in combination with the vote taken at
14.29 a meeting and are not in lieu of holding a meeting, if a meeting is held, and are considered
14.30 for purposes of determining whether a quorum was present. Proxies may not be used for a
14.31 vote taken under this paragraph unless the unit owner executes the proxy after receipt of
14.32 the notice required under subsection (e)(1) and the proxy expressly references this notice.

14.33 (f) The association may intervene in a litigation or arbitration involving a construction
14.34 defect claim or assert a construction defect claim as a counterclaim, crossclaim, or third-party

15.1 claim before complying with subsections (e)(1) and (e)(2) but the association's complaint
 15.2 in an intervention, counterclaim, crossclaim, or third-party claim shall be dismissed without
 15.3 prejudice unless the association has complied with the requirements of subsection (e) within
 15.4 90 days of the association's commencement of the complaint in an intervention or the
 15.5 assertion of the counterclaim, crossclaim, or third-party claim.

15.6 (g) Rules and regulations adopted must not be arbitrary or capricious and must otherwise
 15.7 be reasonable. An association must give unit owners 60 days' advance notice of a board's
 15.8 intention to adopt a new rule, or amend or revoke a rule. A rule change must be approved
 15.9 at a board meeting, and an association must give unit owners the opportunity to comment
 15.10 on the proposed rule change at the meeting at which the change is considered. Any rule in
 15.11 effect may be revoked by a majority vote of the unit owners at a board meeting, where unit
 15.12 owners may vote in person, by a written statement signed and dated by the unit owner prior
 15.13 to the meeting at which revocation is considered, or by proxy.

15.14 (h) Each association must adopt procedures for dispute resolution and the meet and
 15.15 confer process as provided under section 515B.3-122.

15.16 (i) Associations must not sell or assign any debt owed by a unit owner.

15.17 **EFFECTIVE DATE.** This section is effective January 1, 2026.

15.18 Sec. 6. Minnesota Statutes 2024, section 515B.3-103, is amended to read:

15.19 **515B.3-103 BOARD OF DIRECTORS, OFFICERS AND DECLARANT**
 15.20 **CONTROL.**

15.21 (a) An association shall be governed by a board of directors whose appointment or
 15.22 election shall occur no later than the date of creation of the common interest community
 15.23 and shall be reflected in the association's records. Except as expressly prohibited by the
 15.24 declaration, the articles of incorporation, bylaws, subsection (b), or other provisions of this
 15.25 chapter, the board may act in all instances on behalf of the association. In the performance
 15.26 of their duties, the officers and directors are required to exercise (i) if appointed by the
 15.27 declarant, the care required of fiduciaries of the unit owners and (ii) if elected by the unit
 15.28 owners, the care required of a director by section 302A.251, 308B.455, ~~308C.455~~, or
 15.29 317A.251, as applicable. The officers and directors appointed by the declarant shall have
 15.30 a duty to fulfill, and to cause the association to fulfill, their respective obligations under the
 15.31 declaration, bylaws, articles of incorporation, and this chapter and to enforce the provisions
 15.32 of the declaration, bylaws, articles of incorporation, and this chapter against all unit owners,
 15.33 including the declarant and its affiliates, in a uniform and fair manner. The standards of

16.1 conduct for officers and directors set forth in this subsection shall also apply to the officers
16.2 and directors of master associations in the exercise of their duties on behalf of the master
16.3 association.

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

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

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

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

16.23 (2) If 50 percent of the units that a declarant is authorized by the declaration to create
16.24 have been conveyed prior to the termination of the declarant control period, a meeting of
16.25 the unit owners shall be called and held within 60 days thereafter, at which not less than
16.26 33-1/3 percent of the members of the board shall be elected by unit owners other than a
16.27 declarant or an affiliate of a declarant.

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

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

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

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

17.15 (3) Subject to the requirements of subsection (e)(1), the articles of incorporation or
17.16 bylaws may authorize special classes of directors and director voting rights, as follows: (i)
17.17 classes of directors, (ii) the appointment or election of directors in certain classes by certain
17.18 classes of members, or (iii) class voting by classes of directors on issues affecting only a
17.19 certain class or classes of members, units, or other parcels of real estate, or to otherwise
17.20 protect the legitimate interest of such class or classes. No person may utilize such special
17.21 classes or class voting for the purpose of evading any limitation imposed on declarants by
17.22 this chapter.

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

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

18.1 (g) Except as otherwise provided in this subsection, all meetings of the board of directors
18.2 must be open to the unit owners. ~~To the extent practicable,~~ The board shall give reasonable
18.3 notice to the unit owners of the date, time, ~~and place,~~ and agenda of a board meeting. If the
18.4 date, time, and place of meetings are provided for in the declaration, articles, or bylaws,
18.5 announced at a previous meeting of the board, posted in a location accessible to the unit
18.6 owners and designated by the board from time to time, or if an emergency requires immediate
18.7 consideration of a matter by the board, notice is not required. "Notice" has the meaning
18.8 given in section 317A.011, subdivision 14. Prior to the board taking action on an agenda
18.9 item, any unit owner or any person designated in writing by a member as the member's
18.10 representative must be permitted to attend and speak during any meeting on any subject
18.11 that is on the meeting agenda. A time must be designated by the board at each meeting for
18.12 any unit owner, or the unit owner's designee, to raise any issue that is not on the meeting
18.13 agenda and that is related to the association or the common interest community. The board
18.14 may place a reasonable limit on the time a member is allowed to speak. Meetings may occur
18.15 virtually but an association must provide access to all members to assert their right under
18.16 this section, including technical assistance to participate in virtual meetings and electronic
18.17 voting. Meetings may be closed to discuss the following:

18.18 (1) personnel matters;

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

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

18.27 Nothing in this subsection imposes a duty on the board to provide special facilities for
18.28 meetings. The failure to give notice as required by this subsection shall not invalidate the
18.29 board meeting or any action taken at the meeting. The minutes of any part of a meeting that
18.30 is closed under this subsection may be kept confidential at the discretion of the board.

18.31 (h) The conflict of interest standards set forth in section 317A.255 are required of officers
18.32 and directors and apply to an actual or potential conflict of interest that arises concerning
18.33 an officer or director, regardless of whether appointed or elected, and in addition to those
18.34 requirements:

19.1 (1) no board member, or the spouse, sibling, child, or parent of any board member, may
19.2 have a financial interest in a business that the association or a property management company
19.3 has hired or contracted with for goods or services over \$2,000 in a calendar year;

19.4 (2) no board member, or the spouse, sibling, child, or parent of any board member, may
19.5 solicit or accept any form of direct or indirect compensation, gift, money, rebate, gratuity,
19.6 remuneration of any kind, or anything of value from any person or entity performing services
19.7 for the association or a board member or any person or entity with which the association or
19.8 a board member has a contract or other business relationship;

19.9 (3) no board member may solicit or accept any gift, money, rebate, any form of direct
19.10 or indirect compensation, gratuity, remuneration of any kind, or anything of value that would
19.11 improperly influence or would appear to a reasonable person to improperly influence the
19.12 decisions made by the association;

19.13 (4) a management company, or the employee, owner, or individual with a financial
19.14 interest in a management company, that is providing services to an entity covered by this
19.15 chapter may not have a financial interest in a business the association or management
19.16 company has hired or contracted with for goods or services in excess of \$2,000 in a calendar
19.17 year and may not solicit or accept any gift, money, rebate, gratuity, or direct or indirect
19.18 compensation from any person or entity performing services for the association or for the
19.19 award of a contract for goods or services; or

19.20 (5) no association, or board of directors of an association, shall enter into a contract or
19.21 any other business relationship on behalf of an association or a board member from which
19.22 the management company, its owner or owners, any of its managerial officials, or any of
19.23 its employees or any spouse, domestic partner, or relative of the owner or owners, managerial
19.24 officials, or any employee of the management company has received or could receive a
19.25 direct or indirect financial benefit in excess of \$2,000 in a calendar year.

19.26 (i) An annual report must be prepared and signed by each member of the board of
19.27 directors for the association listing all contracts for goods or services for the previous budget
19.28 year, including the purpose of the contract, the amount of the contract, the identity of the
19.29 recipient of the contract award, the date of the meeting the contract was approved, which
19.30 directors were present at the meeting, the date the contract became valid, and if there were
19.31 any fees or payments made related to the contract to a third party or management company.
19.32 The annual report must be sent to each unit owner annually.

19.33 (j) A property management company that is hired by a board of directors or association
19.34 covered under this section may not enter into an automatically renewing contract for goods

20.1 or services for the association unless the contract provides that the association or management
20.2 company may terminate the contract at anytime with no more than 60 days' notice.

20.3 **EFFECTIVE DATE.** This section is effective January 1, 2026.

20.4 Sec. 7. Minnesota Statutes 2024, section 515B.3-106, is amended to read:

20.5 **515B.3-106 BYLAWS; ANNUAL REPORT.**

20.6 (a) A common interest community shall have bylaws which comply with this chapter
20.7 and the statute under which the association is incorporated. The bylaws and any amendments
20.8 may be recorded, but need not be recorded to be effective unless so provided in the bylaws.
20.9 Any amendment, addition, or repeal of the bylaws must be approved at the annual meeting,
20.10 and an association must give unit owners the opportunity to comment on the proposed
20.11 change at the meeting at which the change is considered. Any bylaw in effect may be revoked
20.12 by a majority vote of the unit owners at the annual meeting, where unit owners may vote
20.13 in person, by a written statement signed and dated by the unit owner prior to the meeting
20.14 at which revocation is considered, or by proxy.

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

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

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

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

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

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

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

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

21.1 (5) a detailed description of the insurance coverage provided by the association including
21.2 a statement as to which, if any, of the items referred to in section 515B.3-113, subsection
21.3 (b), are insured by the association; and

21.4 (6) a statement of the total past due assessments on all units, current as of not more than
21.5 60 days prior to the date of the meeting.

21.6 **EFFECTIVE DATE.** This section is effective January 1, 2026.

21.7 Sec. 8. Minnesota Statutes 2024, section 515B.3-107, is amended to read:

21.8 **515B.3-107 UPKEEP OF COMMON INTEREST COMMUNITY.**

21.9 (a) Except to the extent provided by the declaration, this subsection or section
21.10 515B.3-113, the association is responsible for the maintenance, repair and replacement of
21.11 the common elements, and each unit owner is responsible for the maintenance, repair and
21.12 replacement of the unit owner's unit. A management company may not require an association
21.13 to work with a particular vendor. Damage to the common elements or any unit as a result
21.14 of the acts or omissions of a unit owner or the association, including damage resulting from
21.15 the unit owner's or association's lack of maintenance or failure to perform necessary repairs
21.16 or replacement, is the responsibility of the unit owner or association responsible for causing
21.17 the damage, or whose agents or, subject to section 515B.3-115, subsection (g), and section
21.18 515B.3-1151, subsection (g), invitees caused the damage.

21.19 (b) The association's board of directors shall prepare and approve a written preventative
21.20 maintenance plan, maintenance schedule, and maintenance budget for the common elements.
21.21 The association shall follow the approved preventative maintenance plan. The association's
21.22 board may amend, modify, or replace an approved preventative maintenance plan or an
21.23 approved maintenance schedule from time to time. The association must provide all unit
21.24 owners with a paper copy, electronic copy, or electronic access to the preventative
21.25 maintenance plan, the maintenance schedule, and any amendments or modifications to or
21.26 replacements of the preventative maintenance plan and the maintenance schedule. If a
21.27 common interest community was created on or before August 1, 2017, the association's
21.28 board of directors shall have until January 1, 2019, to comply with the requirements of this
21.29 subsection.

21.30 (c) The association shall have access through and into each unit for purposes of
21.31 performing maintenance, repair or replacement for which the association may be responsible.
21.32 The association and any public safety personnel shall also have access for purposes of
21.33 abating or correcting any condition in the unit which violates any governmental law,

22.1 ordinance or regulation, which may cause material damage to or jeopardize the safety of
22.2 the common interest community, or which may constitute a health or safety hazard for
22.3 occupants of units.

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

22.7 (e) In exercising any authority granted to it under the declaration to approve or disapprove
22.8 proposed changes to a unit or limited common element, the association's board shall provide
22.9 a fair, reasonable, and expeditious procedure for making any decision. The procedure shall
22.10 be set forth in the association's governing documents. The procedures shall state the
22.11 maximum time for issuance of any decision on a proposal or a request for consideration.
22.12 At a minimum, the association's board must make a decision within 90 days after the initial
22.13 submission of the proposal or submission of any additional information or changes to the
22.14 proposal requested by the association's board in response to the initial submission. A decision
22.15 must be in writing, must be made in good faith, and must not be unreasonable, arbitrary, or
22.16 capricious. If the proposal is disapproved, the decision must include both an explanation of
22.17 why the proposal is disapproved and a description of the procedure for reconsideration of
22.18 the decision by the association's board.

22.19 (f) Unless expressly provided for in the declaration, the association must not enforce
22.20 any restriction on parking of a personal vehicle on a public street or public road for which
22.21 the state or local government has assumed responsibility for maintenance and repairs, unless
22.22 the authority to regulate such parking has been expressly delegated to the association by
22.23 the state or local government under terms prescribing the manner in which the association
22.24 may exercise that authority. Any such delegation is valid for a period not to exceed five
22.25 years, at which time the association must reapply to the delegating entity. As used in this
22.26 subsection, "personal vehicle" means an automobile with a gross weight of less than 26,001
22.27 pounds that is used for personal pleasure, travel, or commuting to and from a place of work,
22.28 and does not include a motor home or self-propelled recreational vehicle, or an automobile
22.29 that is otherwise used primarily in connection with any commercial endeavor or business.

22.30 (g) A unit owner or resident may park a work vehicle, including but not limited to a van,
22.31 pickup truck, small truck, ambulance, law enforcement vehicle, utility company vehicle, or
22.32 emergency response vehicle, on the unit owner's property or curtilage, provided the vehicle's
22.33 length does not encroach on another unit owner's property or interfere with the association's
22.34 ability to maintain roads or common elements. An association must not prohibit or restrict
22.35 this parking.

23.1 **EFFECTIVE DATE.** This section is effective January 1, 2026.

23.2 Sec. 9. Minnesota Statutes 2024, section 515B.3-108, is amended to read:

23.3 **515B.3-108 MEETINGS.**

23.4 (a) A meeting of the association shall be held at least once each year. At each annual
 23.5 meeting, there shall be, at a minimum, (i) an election of successor directors for those directors
 23.6 whose terms have expired, (ii) a report on the activities and financial condition of the
 23.7 association, and (iii) consideration of and action on any other matters included in the notice
 23.8 of meeting. Unless the bylaws provide otherwise, special meetings of the association may
 23.9 be called by the president and shall be called by the president or secretary upon the written
 23.10 petition of a majority of the board or unit owners entitled to cast at least 20 percent of the
 23.11 votes in the association.

23.12 (b) Not less than 21 nor more than 30 days in advance of any annual meeting, and not
 23.13 less than seven nor more than 30 days in advance of any special meeting, the secretary or
 23.14 other officer specified in the bylaws shall cause notice to be hand delivered or sent postage
 23.15 prepaid by United States mail to the mailing address of each unit, or to any other address
 23.16 designated in writing by the unit owner to the association as provided in the bylaws or by
 23.17 statute.

23.18 (c) The notice of any meeting shall state the date, time and place of the meeting, the
 23.19 purposes of the meeting, and, if proxies are permitted, the procedures for appointing proxies.
 23.20 The notice must include copies of any documents that are subject to discussion or approval
 23.21 at the meeting, including the budget.

23.22 (d) The board may provide for reasonable procedures governing the conduct of meetings
 23.23 and elections.

23.24 **EFFECTIVE DATE.** This section is effective January 1, 2026.

23.25 Sec. 10. Minnesota Statutes 2024, section 515B.3-110, is amended to read:

23.26 **515B.3-110 VOTING; PROXIES.**

23.27 (a) At any meeting of the association an owner or the holder of the owner's proxy shall
 23.28 be entitled to cast the vote which is allocated to the unit. If there is more than one owner of
 23.29 a unit, only one of the owners may cast the vote. If the owners of a unit fail to agree and
 23.30 notify the association as to who shall cast the vote, the vote shall not be cast. Any provision
 23.31 in the articles of incorporation, bylaws, declaration, or other document restricting a unit
 23.32 owner's right to vote, or affecting quorum requirements, by reason of nonpayment of

24.1 assessments, or a purported violation of any provision of the documents governing the
24.2 common interest community, shall be void.

24.3 (b) If permitted by the articles or bylaws, votes allocated to a unit may be cast pursuant
24.4 to a proxy executed by the unit owner entitled to cast the vote for that unit. The board may
24.5 specify the form of proxy and proxy rules, consistent with law. A current board member
24.6 cannot act as a proxy for a unit owner. No more than 20 percent of votes cast on any single
24.7 vote can be by proxy.

24.8 (c) Except as provided in section 515B.3-106, if authorized by the statute under which
24.9 the association is created, and to the extent not limited or prohibited by the articles of
24.10 incorporation, bylaws, or declaration, the vote on any issue or issues may be taken by
24.11 electronic means or by mailed ballots, in compliance with the applicable statute, in lieu of
24.12 holding a meeting of the unit owners. Such a vote shall have the force and effect of a vote
24.13 taken at a meeting; provided, that the total votes cast are at least equal to the votes required
24.14 for a quorum. The board shall set a voting period within which the ballots or other voting
24.15 response must be received by the association, which period shall be not less than 15 nor
24.16 more than 45 days after the date of delivery of the notice of the vote and voting procedures
24.17 to the unit owners. The board of directors shall provide notice of the results of the vote to
24.18 the unit owners within 30 days after the expiration of the voting period. All requirements
24.19 in this chapter, the declaration or the bylaws for a meeting of the unit owners, or being
24.20 present in person, shall be deemed satisfied by a vote taken in compliance with the
24.21 requirements of this section. The voting procedures authorized by this section shall not be
24.22 used in combination with a vote taken at a meeting of the unit owners. However, voting by
24.23 electronic means and mailed ballot may be combined if each is done in compliance with
24.24 the applicable statute.

24.25 (d) The articles of incorporation or bylaws may authorize class voting by unit owners
24.26 for directors or on specified issues affecting the class. Class voting may only be used to
24.27 address operational, physical, or administrative differences within the common interest
24.28 community. A declarant shall not use class voting to evade any limit imposed on declarants
24.29 by this chapter and units shall not constitute a class because they are owned by a declarant.

24.30 (e) The declaration or bylaws may provide that votes on specified matters affecting the
24.31 common interest community be cast by lessees or secured parties rather than unit owners;
24.32 provided that (i) the provisions of subsections (a), (b), and (c) apply to those persons as if
24.33 they were unit owners; (ii) unit owners who have so delegated their votes to other persons
24.34 may not cast votes on those specified matters; (iii) lessees or secured parties are entitled to
24.35 notice of meetings, access to records, and other rights respecting those matters as if they

25.1 were unit owners, and (iv) the lessee or secured party has filed satisfactory evidence of its
25.2 interest with the secretary of the association prior to the meeting. Unit owners must also be
25.3 given notice, in the manner provided in section 515B.3-108(b), of meetings at which lessees
25.4 or secured parties are entitled to vote.

25.5 (f) No votes allocated to a unit owned by the association may be cast nor counted toward
25.6 a quorum.

25.7 **EFFECTIVE DATE.** This section is effective January 1, 2026.

25.8 Sec. 11. Minnesota Statutes 2024, section 515B.3-115, is amended to read:

25.9 **515B.3-115 ASSESSMENTS FOR COMMON EXPENSES; CIC CREATED**
25.10 **BEFORE AUGUST 1, 2010.**

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

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

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

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

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

25.31 (b) The replacement reserve component of the common expenses shall be funded for
25.32 each unit in accordance with the projected annual budget required by section

26.1 515B.4-102(a)(23) provided that the funding of replacement reserves with respect to a unit
26.2 shall commence no later than the date that the unit or any building located within the unit
26.3 boundaries is substantially completed. Substantial completion shall be evidenced by a
26.4 certificate of occupancy in any jurisdiction that issues the certificate.

26.5 (c) After an assessment has been levied by the association, assessments shall be levied
26.6 at least annually, based upon a budget approved at least annually by the association. The
26.7 association shall provide each unit owner with a copy of the proposed annual budget prior
26.8 to the annual meeting at which the budget is to be approved and allow unit owners to provide
26.9 input on the budget prior to or during the meeting.

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

26.13 (e) Unless otherwise required by the declaration:

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

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

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

26.22 (4) subject to subsection (k) and section 515B.3-102(a)(11), reasonable attorney fees
26.23 and costs incurred by the association in connection with (i) the collection of assessments
26.24 against a unit owner, and (ii) the enforcement of this chapter, the articles, bylaws, declaration,
26.25 or rules and regulations against a unit owner, may be assessed against the unit owner's unit
26.26 subject to section 515B.3-116(h), provided that the attorney fees and costs for enforcement
26.27 and collection may not exceed \$1,500 and no fees or costs may be assessed if the association
26.28 uses a collection agency as defined in section 332.31 if the fees of the collection agency are
26.29 contingent on the amount collected; and

26.30 (5) subject to subsection (k), fees, charges, late charges, and fines ~~and interest~~ may be
26.31 assessed as provided in section 515B.3-116(a).

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

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

27.8 (h) Subject to any shorter period specified by the declaration or bylaws, if any installment
 27.9 of an assessment becomes more than 60 days past due, then the association may, upon ten
 27.10 days' written notice to the unit owner, declare the entire amount of the assessment
 27.11 immediately due and payable in full, except that any portion of the assessment that represents
 27.12 installments that are not due and payable without acceleration as of the date of reinstatement
 27.13 must not be included in the amount that a unit owner must pay to reinstate under section
 27.14 580.30 or chapter 581.

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

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

27.20 (k) An association must offer a unit owner a reasonable payment agreement and take
 27.21 into consideration the financial circumstances of the unit owner.

27.22 ~~(l)~~ (l) This section applies only to common interest communities created before August
 27.23 1, 2010.

27.24 **EFFECTIVE DATE.** This section is effective January 1, 2026.

27.25 Sec. 12. Minnesota Statutes 2024, section 515B.3-1151, is amended to read:

27.26 **515B.3-1151 ASSESSMENTS FOR COMMON EXPENSES; CIC CREATED ON**
 27.27 **OR AFTER AUGUST 1, 2010.**

27.28 (a) The association shall approve an annual budget of common expenses at or prior to
 27.29 the conveyance of the first unit in the common interest community to a purchaser and
 27.30 annually thereafter. The association shall provide each unit owner with a copy of the proposed
 27.31 annual budget prior to the annual meeting at which the budget is to be approved and allow
 27.32 unit owners to provide input on the budget prior to or during the meeting. The annual budget

28.1 shall include all customary and necessary operating expenses and replacement reserves for
28.2 the common interest community, consistent with this section and section 515B.3-114. For
28.3 purposes of replacement reserves under subsection (b), until an annual budget has been
28.4 approved, the reserves shall be paid based upon the budget contained in the disclosure
28.5 statement required by section 515B.4-102. The obligation of a unit owner to pay common
28.6 expenses shall be as follows:

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

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

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

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

28.31 (iii) A declarant shall give notice to the association of its intent to utilize the alternate
28.32 common expense plan and a commencement date after the date the notice is given. The
28.33 alternate common expense plan shall be valid only for periods after the notice is given. A
28.34 declarant may terminate its right to utilize the alternate common expense plan prior to the

29.1 termination of the period of declarant control only by giving notice to the association and
29.2 the unit owners at least 30 days prior to a selected termination date set forth in the notice.

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

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

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

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

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

29.29 (b) The replacement reserves required by section 515B.3-114 shall be paid to the
29.30 association by each unit owner for each unit owned by that unit owner in accordance with
29.31 the association's annual budget approved pursuant to subsection (a), regardless of whether
29.32 an annual assessment has been levied or whether the declarant has utilized an alternate
29.33 common expense plan under subsection (a)(2). Replacement reserves shall be paid with
29.34 respect to a unit commencing as of the later of (1) the date of creation of the common interest

30.1 community or (2) the date that the structure and exterior of the building containing the unit,
30.2 or the structure and exterior of any building located within the unit boundaries, but excluding
30.3 the interior finishing of the structure itself, are substantially completed. If the association
30.4 has not approved an annual budget as of the commencement date for the payment of
30.5 replacement reserves, then the reserves shall be paid based upon the budget contained in
30.6 the disclosure statement required by section 515B.4-102.

30.7 (c) After an assessment has been levied by the association, assessments shall be levied
30.8 at least annually, based upon an annual budget approved by the association. In addition to
30.9 and not in lieu of annual assessments, an association may, if so provided in the declaration,
30.10 levy special assessments against all units in the common interest community based upon
30.11 the same formula required by the declaration for levying annual assessments. Special
30.12 assessments may be levied only (1) to cover expenditures of an emergency nature, (2) to
30.13 replenish underfunded replacement reserves, (3) to cover unbudgeted capital expenditures
30.14 or operating expenses, or (4) to replace certain components of the common interest
30.15 community described in section 515B.3-114(a), if such alternative method of funding is
30.16 approved under section 515B.3-114(a)(5). The association may also levy assessments against
30.17 fewer than all units as provided in subsections (e), (f), and (g). An assessment under
30.18 subsection (e)(2) for replacement reserves is subject to the requirements of section
30.19 515B.3-1141(a)(5).

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

30.23 (e) Unless otherwise required by the declaration:

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

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

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

30.32 (4) subject to subsection (k) and section 515B.3-102(a)(11), reasonable attorney fees
30.33 and costs incurred by the association in connection with (i) the collection of assessments,
30.34 and (ii) the enforcement of this chapter, the articles, bylaws, declaration, or rules and

31.1 regulations, against a unit owner, may be assessed against the unit owner's unit, subject to
31.2 section 515B.3-116(h), provided that the attorney fees and costs for enforcement and
31.3 collection may not exceed \$1,500 and no fees or costs may be assessed if the association
31.4 uses a collection agency as defined in section 332.31 if the fees of the collection agency are
31.5 contingent on the amount collected; and

31.6 (5) subject to subsection (k), fees, charges, late charges, and fines, and interest may be
31.7 assessed as provided in section 515B.3-116(a).

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

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

31.15 (h) Subject to any shorter period specified by the declaration or bylaws, if any installment
31.16 of an assessment becomes more than 60 days past due, then the association may, upon ten
31.17 days' written notice to the unit owner, declare the entire amount of the assessment
31.18 immediately due and payable in full, except that any portion of the assessment that represents
31.19 installments that are not due and payable without acceleration as of the date of reinstatement
31.20 must not be included in the amount that a unit owner must pay to reinstate under section
31.21 580.30 or chapter 581.

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

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

31.27 (k) An association must offer a unit owner a reasonable payment agreement and take
31.28 into consideration the financial circumstances of the unit owner.

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

31.31 **EFFECTIVE DATE.** This section is effective January 1, 2026.

32.1 Sec. 13. Minnesota Statutes 2024, section 515B.3-116, is amended to read:

32.2 **515B.3-116 LIEN FOR ASSESSMENTS.**

32.3 (a) The association has a lien on a unit for any assessment levied against that unit from
32.4 the time the assessment becomes due. If an assessment is payable in installments, the full
32.5 amount of the assessment is a lien from the time the first installment thereof becomes due.
32.6 Unless the declaration otherwise provides, fees, charges, and late charges, ~~fees and interest~~
32.7 ~~charges~~ pursuant to section 515B.3-102(a)(10), (11) and (12) are liens, and are enforceable
32.8 as assessments, under this section. Recording of the declaration constitutes record notice
32.9 and perfection of any assessment lien under this section, and no further recording of any
32.10 notice of or claim for the lien is required.

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

32.19 (c) If a first mortgage on a unit is foreclosed, the first mortgage was recorded after June
32.20 1, 1994, and no owner or person who acquires the owner's interest in the unit redeems
32.21 pursuant to chapter 580, 581, or 582, the holder of the sheriff's certificate of sale from the
32.22 foreclosure of the first mortgage or any person who acquires title to the unit by redemption
32.23 as a junior creditor shall take title to the unit subject to a lien in favor of the association for
32.24 unpaid assessments for common expenses levied pursuant to section 515B.3-115(a), (e)(1)
32.25 to (3), (f), and (i) which became due, without acceleration, during the six months immediately
32.26 preceding the end of the owner's period of redemption. The common expenses shall be
32.27 based upon the association's then current annual budget, notwithstanding the use of an
32.28 alternate common expense plan under section 515B.3-115(a)(2). If a first security interest
32.29 encumbering a unit owner's interest in a cooperative unit which is personal property is
32.30 foreclosed, the secured party or the purchaser at the sale shall take title to the unit subject
32.31 to unpaid assessments for common expenses levied pursuant to section 515B.3-115(a),
32.32 (e)(1) to (3), (f), and (i) which became due, without acceleration, during the six months
32.33 immediately preceding the first day following either the disposition date pursuant to section
32.34 336.9-610 or the date on which the obligation of the unit owner is discharged pursuant to
32.35 section 336.9-622.

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

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

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

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

33.14 (h) The association's lien may be foreclosed as provided in this subsection. In no case
33.15 may an association's lien be foreclosed for unpaid fines. Not including attorney fees, when
33.16 unpaid fees, charges, and late charges are properly issued pursuant to section 515B.3-102,
33.17 subsection (a), paragraphs (10), (11), and (12), an association may begin a foreclosure when
33.18 the total amount owed is \$5,000 or more and that amount has been outstanding for 180 days
33.19 or more.

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

33.26 (2) In a cooperative whose unit owners' interests are real estate, the association's lien
33.27 shall be foreclosed in a like manner as a mortgage on real estate as provided in paragraph
33.28 (1).

33.29 (3) In a cooperative whose unit owners' interests in the units are personal property, the
33.30 association's lien shall be foreclosed in a like manner as a security interest under article 9
33.31 of chapter 336. In any disposition pursuant to section 336.9-610 or retention pursuant to
33.32 sections 336.9-620 to 336.9-622, the rights of the parties shall be the same as those provided
33.33 by law, except (i) notice of sale, disposition, or retention shall be served on the unit owner
33.34 90 days prior to sale, disposition, or retention, (ii) the association shall be entitled to its

34.1 reasonable costs and attorney fees not exceeding the amount provided by section 582.01,
34.2 subdivision 1a, (iii) the amount of the association's lien shall be deemed to be adequate
34.3 consideration for the unit subject to disposition or retention, notwithstanding the value of
34.4 the unit, and (iv) the notice of sale, disposition, or retention shall contain the following
34.5 statement in capital letters with the name of the association or secured party filled in:

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

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

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

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

34.17 (3) \$500 TO APPLY TO ATTORNEY FEES ACTUALLY EXPENDED OR
34.18 INCURRED; PLUS

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

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

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

35.1 (4) In any foreclosure pursuant to chapter 580, 581, or 582, the rights of the parties shall
 35.2 be the same as those provided by law, except (i) the period of redemption for unit owners
 35.3 shall be six months from the date of sale or a lesser period authorized by law, (ii) in a
 35.4 foreclosure by advertisement under chapter 580, the foreclosing party shall be entitled to
 35.5 costs and disbursements of foreclosure and attorney fees ~~authorized by the declaration or~~
 35.6 ~~bylaws, notwithstanding the provisions of section 582.01, subdivisions 1 and 1a, as specified~~
 35.7 in section 582.01, subdivision 1, up to a maximum of \$1,000, (iii) in a foreclosure by action
 35.8 under chapter 581, the foreclosing party shall be entitled to costs and disbursements of
 35.9 foreclosure and attorney fees as the court shall determine, and (iv) the amount of the
 35.10 association's lien shall be deemed to be adequate consideration for the unit subject to
 35.11 foreclosure, notwithstanding the value of the unit.

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

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

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

35.22 **EFFECTIVE DATE.** This section is effective January 1, 2026.

35.23 Sec. 14. **[515B.3-122] REQUIREMENT TO MEET AND CONFER.**

35.24 **Subdivision 1. Enforcement action defined.** For the purposes of this section,
 35.25 "enforcement action" means any attempt by an association, management company, or an
 35.26 attorney or other person on behalf of the association or management company, to collect a
 35.27 disputed assessment, fine, late fee, or other charge, or a civil action or proceeding, other
 35.28 than a cross-complaint, involving rights, duties, or liabilities under this chapter or any other
 35.29 law, or the governing documents of a common interest community or association, including
 35.30 the foreclosure of an association's lien pursuant to section 515B.3-116.

35.31 **Subd. 2. Meet and confer process.** Prior to an association taking any enforcement
 35.32 action, the association and the unit owner must engage in a meet and confer process in an
 35.33 effort to resolve any dispute between the association and the unit owner involving their

36.1 respective rights, duties, or liabilities under this chapter or any other section of law, or under
 36.2 the governing documents of the common interest community or association. The association's
 36.3 board must designate a member of the board to meet and confer with the unit owner. The
 36.4 parties must meet as soon as practicable at a mutually convenient time and place. At the
 36.5 meeting, each party must be given reasonable time to present their positions and must confer
 36.6 in good faith to seek a resolution to the dispute. If the meet and confer process results in
 36.7 the resolution of the dispute, the resolution must be in writing and signed by both a board
 36.8 member and the unit owner. The signed agreement binds the parties and is judicially
 36.9 enforceable. A unit owner must not be charged any fees, including any attorney fees, to
 36.10 participate in the meet and confer process.

36.11 **EFFECTIVE DATE.** This section is effective January 1, 2026.

36.12 **Sec. 15. [515B.3-125] LEGAL FEES; NOTICE REQUIRED.**

36.13 (a) Prior to referring a unit owner's inquiry to an attorney, the board must provide a
 36.14 notice to the unit owner with the following information:

36.15 (1) a statement that the board plans to refer the matter at issue to an attorney;

36.16 (2) the name of the person responsible for payment of any resulting legal fees; and

36.17 (3) an estimate of the legal fees the attorney may charge or has charged for similar work.

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

36.20 (c) The board must provide to a unit owner an itemized invoice for any legal fees charged
 36.21 to the unit owner detailing the attorney's rate, the time the attorney spent on the matter, the
 36.22 specific services the attorney provided, and the date or dates of service.

36.23 **EFFECTIVE DATE.** This section is effective January 1, 2026.

36.24 **Sec. 16. Minnesota Statutes 2024, section 515B.4-102, is amended to read:**

36.25 **515B.4-102 DISCLOSURE STATEMENT; GENERAL PROVISIONS; CIC**
 36.26 **CREATED BEFORE AUGUST 1, 2010.**

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

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

36.29 **(2) the name and principal address of the declarant;**

37.1 (3) the number of units which the declarant has the right to include in the common
37.2 interest community and a statement that the common interest community is either a
37.3 condominium, cooperative, or planned community;

37.4 (4) a general description of the common interest community, including, at a minimum,
37.5 (i) the number of buildings, (ii) the number of dwellings per building, (iii) the type of
37.6 construction, (iv) whether the common interest community involves new construction or
37.7 rehabilitation, (v) whether any building was wholly or partially occupied, for any purpose,
37.8 before it was added to the common interest community and the nature of the occupancy,
37.9 and (vi) a general description of any roads, trails, or utilities that are located on the common
37.10 elements and that the association or a master association will be required to maintain;

37.11 (5) declarant's schedule of commencement and completion of construction of any
37.12 buildings and other improvements that the declarant is obligated to build pursuant to section
37.13 515B.4-117;

37.14 (6) any expenses or services, not reflected in the budget, that a declarant pays or provides,
37.15 which may become a common expense; the projected common expense attributable to each
37.16 of those expenses or services; and an explanation of declarant's limited assessment liability
37.17 under section 515B.3-115(b);

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

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

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

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

37.29 (11) the terms of any warranties provided by the declarant, including copies of sections
37.30 515B.4-112 through 515B.4-115, and any other applicable statutory warranties, and a
37.31 statement of any limitations on the enforcement of the applicable warranties or on damages;

37.32 (12) a statement that: (i) within ten days after the receipt of a disclosure statement, a
37.33 purchaser may cancel any contract for the purchase of a unit from a declarant; provided,

38.1 that the right to cancel terminates upon the purchaser's voluntary acceptance of a conveyance
38.2 of the unit from the declarant or by the purchaser agreeing to modify or waive the right to
38.3 cancel in the manner provided by section 515B.4-106(a); (ii) if a purchaser receives a
38.4 disclosure statement more than ten days before signing a purchase agreement, the purchaser
38.5 cannot cancel the purchase agreement; and (iii) if a declarant obligated to deliver a disclosure
38.6 statement fails to deliver a disclosure statement which substantially complies with this
38.7 chapter to a purchaser to whom a unit is conveyed, the declarant shall be liable to the
38.8 purchaser as provided in section 515B.4-106(d);

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

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

38.17 (15) a detailed description of the insurance coverage provided by the association for the
38.18 benefit of unit owners, including a statement as to which, if any, of the items referred to in
38.19 section 515B.3-113, subsection (b), are insured by the association;

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

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

38.26 (18) in a cooperative: (i) whether the unit owners will be entitled for federal and state
38.27 tax purposes, to deduct payments made by the association for real estate taxes and interest
38.28 paid to the holder of a security interest encumbering the cooperative; (ii) a statement as to
38.29 the effect on the unit owners if the association fails to pay real estate taxes or payments due
38.30 the holder of a security interest encumbering the cooperative; and (iii) the principal amount
38.31 and a general description of the terms of any blanket mortgage, contract for deed, or other
38.32 blanket security instrument encumbering the cooperative property;

38.33 (19) a statement: (i) that real estate taxes for the unit or any real property owned by the
38.34 association are not delinquent or, if there are delinquent real estate taxes, describing the

39.1 property for which the taxes are delinquent, stating the amount of the delinquent taxes,
39.2 interest and penalties, and stating the years for which taxes are delinquent, and (ii) setting
39.3 forth the amount of real estate taxes, including the amount of any special assessment certified
39.4 for payment with the real estate taxes, due and payable with respect to the unit in the year
39.5 in which the disclosure statement is given, if real estate taxes have been separately assessed
39.6 against the unit;

39.7 (20) if the association or the purchaser of the unit will be a member of a master
39.8 association, a statement to that effect, and all of the following information with respect to
39.9 the master association: (i) a copy of the master declaration, the articles of incorporation,
39.10 bylaws, and rules and regulations for the master association, together with any amendments
39.11 thereto; (ii) the name, address and general description of the master association, including
39.12 a general description of any other association, unit owners, or other persons which are or
39.13 may become members; (iii) a description of any nonresidential use permitted on any property
39.14 subject to the master association; (iv) a statement as to the estimated maximum number of
39.15 associations, unit owners or other persons which may become members of the master
39.16 association, and the degree and period of control of the master association by a declarant
39.17 or other person; (v) a description of any facilities intended for the benefit of the members
39.18 of the master association and not located on property owned or controlled by a member or
39.19 the master association; (vi) the financial arrangements, including any contingencies, which
39.20 have been made to provide for completion of the facilities referred to in subsection (v), or
39.21 a statement that no arrangements have been made; (vii) any current balance sheet of the
39.22 master association and a projected or current annual budget, as applicable, which budget
39.23 shall include with respect to the master association those items in paragraph (23), clauses
39.24 (i) through (iii), and the projected monthly common expense assessment for each type of
39.25 unit, lot, or other parcel of real estate which is or is planned to be subject to assessment;
39.26 (viii) a description of any expenses or services not reflected in the budget, paid for or
39.27 provided by a declarant or a person executing the master declaration, which may become
39.28 an expense of the master association in the future; (ix) a description of any powers delegated
39.29 to and accepted by the master association pursuant to section 515B.2-121(f)(2); (x)
39.30 identification of any liens, defects or encumbrances that will continue to affect title to
39.31 property owned or operated by the master association for the benefit of its members; (xi)
39.32 the terms of any warranties provided by any person for construction of facilities in which
39.33 the members of the master association have or may have an interest, and any known defects
39.34 in the facilities which would violate the standards described in section 515B.4-112(b); (xii)
39.35 a statement disclosing, after inquiry of the master association, any unsatisfied judgments
39.36 or lawsuits to which the master association is a party, and the status of those lawsuits which

40.1 are material to the master association; (xiii) a description of any insurance coverage provided
40.2 for the benefit of its members by the master association; and (xiv) any current or expected
40.3 fees or charges, other than assessments by the master association, to be paid by members
40.4 of the master association for the use of any facilities intended for the benefit of the members;

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

40.8 (22) a copy of the declaration and any amendments thereto (exclusive of the CIC plat);
40.9 any other recorded covenants, conditions, restrictions, or reservations affecting the common
40.10 interest community; the articles of incorporation, bylaws and any rules or regulations of the
40.11 association; any agreement excluding or modifying any implied warranties; any agreement
40.12 reducing the statute of limitations for the enforcement of warranties; any contracts or leases
40.13 to be signed by purchaser at closing; and a brief narrative description of any (i) contracts
40.14 or leases that are or may be subject to cancellation by the association under section
40.15 515B.3-105 and (ii) any material agreements entered into between the declarant and a
40.16 governmental entity that affect the common interest community; ~~and~~

40.17 (23) a balance sheet for the association, current within 90 days; a projected annual budget
40.18 for the association; and a statement identifying the party responsible for the preparation of
40.19 the budget. The budget shall assume that all units intended to be included in the common
40.20 interest community, based upon the declarant's good faith estimate, have been subjected to
40.21 the declaration; provided, that additional budget portrayals based upon a lesser number of
40.22 units are permitted. The budget shall include, without limitation: (i) a statement of the
40.23 amount included in the budget as a reserve for replacement; (ii) a statement of any other
40.24 reserves; (iii) the projected common expense for each category of expenditures for the
40.25 association; (iv) the projected monthly common expense assessment for each type of unit;
40.26 and (v) a footnote or other reference to those components of the common interest community
40.27 the maintenance, repair, or replacement of which the budget assumes will be funded by
40.28 assessments under section 515B.3-115(e), rather than by assessments included in the
40.29 association's annual budget, and a statement referencing section 515B.3-115(e)(1) or (2),
40.30 as the source of funding. If, based upon the association's then current budget, the monthly
40.31 common expense assessment for the unit at the time of conveyance to the purchaser is
40.32 anticipated to exceed the monthly assessment stated in the budget, a statement to such effect
40.33 shall be included;

40.34 (24) a copy of any fact sheet or other publication by the attorney general and the
40.35 Community Association Institute that describes, in plain language, common interest

41.1 communities and homeowner associations and explains the rights and responsibilities of
 41.2 unit owners and associations; and

41.3 (25) the schedules of fines required under section 515B.3-102, subsections (a), paragraph
 41.4 (10), and (c).

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

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

41.15 (d) This section applies only to common interest communities created before August 1,
 41.16 2010.

41.17 **EFFECTIVE DATE.** This section is effective January 1, 2026.

41.18 Sec. 17. Minnesota Statutes 2024, section 515B.4-1021, is amended to read:

41.19 **515B.4-1021 DISCLOSURE STATEMENT; GENERAL PROVISIONS; CIC**
 41.20 **CREATED ON OR AFTER AUGUST 1, 2010.**

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

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

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

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

41.31 (4) a general description of the common interest community, including, at a minimum,

41.32 (i) the number of buildings, (ii) the number of dwellings per building, (iii) the type of

42.1 construction, (iv) whether the common interest community involves new construction or
42.2 rehabilitation, (v) whether any building was wholly or partially occupied, for any purpose,
42.3 before it was added to the common interest community, and the nature of the occupancy,
42.4 (vi) a general description of any roads, trails, or utilities that are located on the common
42.5 elements and that the association or master association will be required to maintain, (vii) a
42.6 description of any declarant licensing rights under section 515B.2-109(e), and (viii) the
42.7 initial maintenance plan, initial maintenance schedule, and maintenance budget under section
42.8 515B.3-107(b). The initial maintenance plan prepared by the declarant must be based on
42.9 the best available information listing all building elements to which the plan will apply and
42.10 the generally accepted standards of maintenance on which the plan is based. The initial plan
42.11 must be dated and signed by the declarant and be fully funded by the initial budget provided
42.12 by the declarant;

42.13 (5) declarant's schedule of commencement and completion of construction of any
42.14 buildings and other improvements that the declarant is obligated to build pursuant to section
42.15 515B.4-117;

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

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

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

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

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

43.1 (11) the terms of any warranties provided by the declarant, including copies of sections
43.2 515B.4-112 to 515B.4-115, and any other applicable statutory warranties, and a statement
43.3 of any limitations on the enforcement of the applicable warranties or on damages;

43.4 (12) a statement that:

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

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

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

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

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

43.23 (15) a detailed description of the insurance coverage provided by the association for the
43.24 benefit of unit owners, including a statement as to which, if any, of the items referred to in
43.25 section 515B.3-113(b), are insured by the association;

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

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

43.32 (18) in a cooperative:

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

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

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

44.8 (19) a statement:

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

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

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

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

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

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

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

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

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

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

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

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

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

45.19 (xi) the terms of any warranties provided by any person for construction of facilities in
45.20 which the members of the master association have or may have an interest, and any known
45.21 defects in the facilities which would violate the standards described in section
45.22 515B.4-113(b)(2);

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

45.26 (xiii) a description of any insurance coverage provided for the benefit of its members
45.27 by the master association; and

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

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

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

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

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

46.22 (ii) a statement of any other reserves;

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

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

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

46.31 (24) a copy of any fact sheet or other publication by the attorney general and the
46.32 Community Association Institute that describes, in plain language, common interest
46.33 communities and homeowner associations and explains the rights and responsibilities of
46.34 unit owners and associations; and

47.1 (25) the schedules of fines required under section 515B.3-102, subsections (a), paragraph
47.2 (10), and (c).

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

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

47.13 (d) This section applies only to common interest communities created on or after August
47.14 1, 2010.

47.15 **EFFECTIVE DATE.** This section is effective January 1, 2026.

47.16 Sec. 18. Minnesota Statutes 2024, section 515B.4-116, is amended to read:

47.17 **515B.4-116 RIGHTS OF ACTION; RETALIATION PROHIBITED; ATTORNEY'S**
47.18 **FEES.**

47.19 (a) In addition to any other rights to recover damages, attorney's fees, costs or expenses,
47.20 whether authorized by this chapter or otherwise, if a declarant, an association, or any other
47.21 person violates any provision of this chapter, or any provision of the declaration, bylaws,
47.22 or rules and regulations any person or class of persons adversely affected by the failure to
47.23 comply has a claim for appropriate relief. Subject to the requirements of section 515B.3-102,
47.24 the association shall have standing to pursue claims on behalf of the unit owners of two or
47.25 more units. An association is liable to a unit owner for actual damages and shall pay to the
47.26 unit owner a civil penalty in an amount up to \$1,000.

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

47.29 (c) As a condition precedent to any construction defect claim, the parties to the claim
47.30 must submit the matter to mediation before a mutually agreeable neutral third party. For
47.31 the purposes of this section, mediation has the meaning given under the General Rules of
47.32 Practice, rule 114.02 (7). If the parties are not able to agree on a neutral third-party mediator
47.33 from the roster maintained by the Minnesota Supreme Court, the parties may petition the

48.1 district court in the jurisdiction in which the common interest community is located to
48.2 appoint a mediator. The applicable statute of limitations and statute of repose for an action
48.3 based on breach of a warranty imposed by this section, or any other action in contract, tort,
48.4 or other law for any injury to real or personal property or bodily injury or wrongful death
48.5 arising out of the alleged construction defect, is tolled from the date that any party makes
48.6 a written demand for mediation under this section until the latest of the following:

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

48.8 (2) 180 days.

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

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

48.15 (e) An association may not retaliate against a unit owner for asserting any right the unit
48.16 owner has under this chapter or other law. For purposes of this subsection, "asserting any
48.17 rights" includes but is not limited to filing an action in district court to enforce a right or
48.18 remedy provided by this chapter, other law, or the declaration, bylaws, rules, or regulations
48.19 of the association; or by filing a complaint with local authorities regarding a violation of a
48.20 health, safety, housing, or building code or ordinance. An association may not decrease
48.21 services or impose a fine or other penalty or charge legal fees to a unit owner, nor may the
48.22 association make the resumption of services or removal of the fine, penalty, or legal fees
48.23 contingent on a unit owner withdrawing an action in district court or complaint with local
48.24 authorities.

48.25 **EFFECTIVE DATE.** This section is effective January 1, 2026.

48.26 Sec. 19. Laws 2024, chapter 96, article 2, section 13, is amended to read:

48.27 Sec. 13. **EFFECTIVE DATE.**

48.28 This article is effective August 1, ~~2025~~ 2026.

48.29 Sec. 20. **REPEALER.**

48.30 Minnesota Statutes 2024, section 308C.003, subdivision 3, is repealed.

49.1 **ARTICLE 2**

49.2 **LOCAL GOVERNMENT PREEMPTION**

49.3 Section 1. Minnesota Statutes 2024, section 394.25, is amended by adding a subdivision
49.4 to read:

49.5 Subd. 11. Homeowners associations. (a) A county must not condition approval of a
49.6 residential building permit or conditional use permit; residential subdivision development
49.7 or residential planned unit development; or any other permit related to residential
49.8 development on the:

49.9 (1) creation of a homeowners association;

49.10 (2) inclusion of any service, feature, or common property necessitating a homeowners
49.11 association;

49.12 (3) inclusion of any terms in a homeowners association declaration, bylaws, articles of
49.13 incorporation, or any other governing document that is not required under state law; or

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

49.16 (b) A county must not take any action that requires a residential property to be part of
49.17 a homeowners association or provide an incentive for such membership. A county must not
49.18 require or incentivize a homeowners association to adopt, revoke, or amend a term in any
49.19 governing document or a rule or regulation not required under state law.

49.20 (c) Nothing in this section prohibits a county from ensuring private common areas or
49.21 facilities within a development comply with maintenance, insurance, and other requirements
49.22 under applicable state law, including under chapter 515, 515A, or 515B.

49.23 **Sec. 2. [462.3577] MUNICIPALITIES; HOMEOWNERS ASSOCIATIONS.**

49.24 (a) A municipality, joint planning board, or public corporation must not condition
49.25 approval of a residential building permit or conditional use permit; residential subdivision
49.26 development or residential planned unit development; or any other permit related to
49.27 residential development on the:

49.28 (1) creation of a homeowners association;

49.29 (2) inclusion of any service, feature, or common property necessitating a homeowners
49.30 association;

50.1 (3) inclusion of any terms in a homeowners association declaration, bylaws, articles of
50.2 incorporation, or any other governing document that is not required under state law; or

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

50.5 (b) A municipality, joint planning board, public corporation, or the Metropolitan Council
50.6 must not take any action that requires a residential property to be part of a homeowners
50.7 association or provide an incentive for such membership. A municipality, joint planning
50.8 board, public corporation, or the Metropolitan Council must not require or incentivize a
50.9 homeowners association to adopt, revoke, or amend a term in any governing document or
50.10 a rule or regulation not required under state law.

50.11 (c) Nothing in this section prohibits a municipality from ensuring private common areas
50.12 or facilities within a development comply with maintenance, insurance, and other
50.13 requirements under applicable state law, including under chapter 515, 515A, or 515B.

APPENDIX
Article locations for S1750-1

ARTICLE 1 COMMON INTEREST COMMUNITIES..... Page.Ln 1.16
ARTICLE 2 LOCAL GOVERNMENT PREEMPTION..... Page.Ln 49.1

APPENDIX
Repealed Minnesota Statutes: S1750-1

308C.003 APPLICATION OF OTHER STATUTES.

Subd. 3. **Chapter 515B prevails.** In the event of a conflict between this chapter and chapter 515B, chapter 515B shall control.