

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 1750

(SENATE AUTHORS: LUCERO, Pha, 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
	524	Withdrawn and re-referred to Housing and Homelessness Prevention
03/17/2025	816a	Comm report: To pass as amended and re-refer to Judiciary and Public Safety
04/07/2025	1693a	Comm report: To pass as amended
	1707	Second reading
05/06/2025		Special Order Motion did not prevail to re-refer to Judiciary and Public Safety
		Amended
		Third reading Passed as amended
05/07/2025		Author stricken Limmer

1.1

A bill for an act

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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;

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modifying foreclosure requirements; amending Minnesota Statutes 2024, sections

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515B.1-102; 515B.1-103; 515B.2-103; 515B.2-119; 515B.3-102; 515B.3-103;

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515B.3-106; 515B.3-107; 515B.3-108; 515B.3-115; 515B.3-1151; 515B.3-116;

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

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13; proposing coding for new law in Minnesota Statutes, chapter 515B.

1.11

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

1.12

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

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515B.1-102 APPLICABILITY.

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

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

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1994.

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

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June 1, 1994, shall be as follows:

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

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

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chapter shall not invalidate the declarations, bylaws or condominium plats of those

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condominiums, and (ii) that chapter 515A, and not this chapter, shall govern all rights and

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obligations of a declarant of a condominium created under chapter 515A, and the rights and

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claims of unit owners against that declarant.

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

(3) This chapter shall not apply to cooperatives ~~and~~ created prior to June 1, 1994, to planned communities created prior to June 1, 1994, or to planned communities that were

created on or after June 1, 1994, and before August 1, 2006, and that consist of more than two but fewer than 13 units; except by election pursuant to subsection (d), and except that the following sections apply to all planned communities, including townhome associations, regardless of when created, unless they are exempt under subsection (e): sections 515B.1-116, subsections (a), (c), (d), and (e); 515B.3-102, subsections (a), paragraphs (1), (3), (10), (11), and (12), (c), and (g); 515B.3-103, subsections (a), (e), paragraph (4), (g), (h), and (i); 515B.3-107, subsections (a), (d), (e), (f), and (g); 515B.3-115, subsections (e), paragraphs (4) and (5), (g), and (k); 515B.3-1151, subsections (e), paragraphs (4) and (5), (g), and (k); 515B.3-116, subsections (a) and (h); 515B.3-122; 515B.4-107; and 515B.4-108, apply to all planned communities and cooperatives regardless of when they are created, unless they are exempt under subsection (e).

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

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

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

(2) In a condominium, the preexisting condominium plat shall be the CIC plat and an amended CIC plat shall be required only if the amended declaration or bylaws contain provisions inconsistent with the preexisting condominium plat. The condominium's CIC number shall be the apartment ownership number or condominium number originally assigned to it by the recording officer. In a cooperative in which the unit owners' interests are characterized as real estate, a CIC plat shall be required. In a planned community, the

preexisting plat or registered land survey recorded pursuant to chapter 505, 508, or 508A, or the part of the plat or registered land survey upon which the common interest community is located, shall be the CIC plat.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

515B.1-103 DEFINITIONS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8.2 (15) "Declarant" means:

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

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

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

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

8.21 (16a) "Development party" means an architect, contractor, construction manager,
8.22 subcontractor, developer, declarant, engineer, or private inspector performing or furnishing
8.23 the design, supervision, inspection, construction, coordination, or observation of the
8.24 construction of any improvement to real property that is part of a common interest
8.25 community, or any of the person's affiliates, officers, directors, shareholders, members, or
8.26 employees.

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

8.30 (17a) "First mortgage" means either (i) if there is only one mortgage encumbering title
8.31 to a unit, that mortgage, or (ii) if there are multiple mortgages encumbering title to a unit,
8.32 the mortgage that is first in priority, whether by operation of applicable law or by a properly
8.33 recorded agreement.

9.1 (17b) "First mortgagee" means the holder of a first mortgage.

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

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

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

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

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

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

9.27 (24) "Period of declarant control" means the time period provided for in section
9.28 515B.3-103(c) during which the declarant may appoint and remove officers and directors
9.29 of the association.

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

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

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

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

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

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

10.20 (31) "Secured party" means the person owning a security interest as defined in paragraph
10.21 (32).

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

10.30 (33a) This definition of special declarant rights applies only to common interest
10.31 communities created before August 1, 2010. "Special declarant rights" means rights reserved
10.32 in the declaration for the benefit of a declarant to:

- 11.1 (i) complete improvements indicated on the CIC plat, planned by the declarant consistent
11.2 with the disclosure statement or authorized by the municipality in which the CIC is located;
- 11.3 (ii) add additional real estate to a common interest community;
- 11.4 (iii) subdivide or combine units, or convert units into common elements, limited common
11.5 elements, or units;
- 11.6 (iv) maintain sales offices, management offices, signs advertising the common interest
11.7 community, and models;
- 11.8 (v) use easements through the common elements for the purpose of making improvements
11.9 within the common interest community or any additional real estate;
- 11.10 (vi) create a master association and provide for the exercise of authority by the master
11.11 association over the common interest community or its unit owners;
- 11.12 (vii) merge or consolidate a common interest community with another common interest
11.13 community of the same form of ownership; or
- 11.14 (viii) appoint or remove any officer or director of the association, or the master association
11.15 where applicable, during any period of declarant control.

11.16 (33b) This definition of special declarant rights applies only to common interest
11.17 communities created on or after August 1, 2010. "Special declarant rights" means rights
11.18 reserved in the declaration for the benefit of a declarant and expressly identified in the
11.19 declaration as special declarant rights. Such special declarant rights may include but are not
11.20 limited to the following:

- 11.21 (i) to complete improvements indicated on the CIC plat, planned by the declarant
11.22 consistent with the disclosure statement or authorized by the municipality in which the
11.23 common interest community is located, and to have and use easements for itself and its
11.24 employees, agents, and contractors through the common elements for such purposes;
- 11.25 (ii) to add additional real estate to a common interest community;
- 11.26 (iii) to subdivide or combine units, or convert units into common elements, limited
11.27 common elements and/or units, pursuant to section 515B.2-112;
- 11.28 (iv) to maintain and use sales offices, management offices, signs advertising the common
11.29 interest community, and models, and to have and use easements for itself and its employees,
11.30 agents, and invitees through the common elements for such purposes;
- 11.31 (v) to appoint or remove any officer or director of the association during any period of
11.32 declarant control;

12.1 (vi) to utilize an alternate common expense plan as provided in section 515B.3-115(a)(2);
12.2 (vii) to grant common element licenses as provided in section 515B.2-109(e); or
12.3 (viii) to review, and approve or disapprove, the exterior design, materials, size, site
12.4 location, and other exterior features of buildings and other structures, landscaping and other
12.5 exterior improvements, located within the common interest community, and any
12.6 modifications or alterations thereto.

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

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

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

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

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

12.25 Sec. 3. Minnesota Statutes 2024, section 515B.2-103, is amended to read:

12.26 **515B.2-103 CONSTRUCTION AND VALIDITY OF DECLARATION AND**
12.27 **BYLAWS.**

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

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

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

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

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

Sec. 4. Minnesota Statutes 2024, section 515B.2-119, is amended to read:

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

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

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

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

(b) An agreement to terminate shall be evidenced by a written agreement, executed in the same manner as a deed by the number of unit owners and first mortgagees of units required by subsection (a), and shall include an explanation of the potential distribution of property, including easements, for any common elements. The agreement shall specify a date after which the agreement shall be void unless recorded before that date. The agreement shall also specify a date by which the termination of the common interest community and the winding up of its affairs must be accomplished. A certificate of termination executed by the association evidencing the termination shall be recorded on or before the termination date, or the agreement to terminate shall be revoked. The agreement to terminate, or a memorandum thereof, and the certificate of termination shall be recorded in every county in which a portion of the common interest community is situated and is effective only upon recording.

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

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

14.12 (e) The association, on behalf of the unit owners, shall have authority to contract for the
14.13 sale of real estate in a common interest community pursuant to this section, subject to the
14.14 required approval. The agreement to terminate shall be deemed to grant to the association
14.15 a power of attorney coupled with an interest to effect the conveyance of the real estate on
14.16 behalf of the holders of all interests in the units, including without limitation the power to
14.17 execute all instruments of conveyance and related instruments. Until the sale has been
14.18 completed, all instruments in connection with the sale have been executed and the sale
14.19 proceeds distributed, the association shall continue in existence with all powers it had before
14.20 termination.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) adopt, amend and revoke rules and regulations not inconsistent with the articles of incorporation, bylaws and declaration, and consistent with the requirements of subsection

18.1 (g) as follows: (i) regulating the use of the common elements; (ii) regulating the use of the
18.2 units, and conduct of unit occupants, which may jeopardize the health, safety or welfare of
18.3 other occupants, which involves noise or other disturbing activity, or which may damage
18.4 the common elements or other units; (iii) regulating or prohibiting animals; (iv) regulating
18.5 changes in the appearance of the common elements and conduct which may damage the
18.6 common interest community; (v) regulating the exterior appearance of the common interest
18.7 community, including, for example, balconies and patios, window treatments, and signs
18.8 and other displays, regardless of whether inside a unit; (vi) implementing the articles of
18.9 incorporation, declaration and bylaws, and exercising the powers granted by this section;
18.10 and (vii) otherwise facilitating the operation of the common interest community;

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

18.13 (3) hire and discharge managing agents and other employees, agents, and independent
18.14 contractors;

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

18.19 (5) make contracts and incur liabilities;

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

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

18.24 (8) acquire, hold, encumber, and convey in its own name any right, title, or interest to
18.25 real estate or personal property, but (i) common elements in a condominium or planned
18.26 community may be conveyed or subjected to a security interest only pursuant to section
18.27 515B.3-112, or (ii) part of a cooperative may be conveyed, or all or part of a cooperative
18.28 may be subjected to a security interest, only pursuant to section 515B.3-112;

18.29 (9) grant or amend easements for public utilities, public rights-of-way or other public
18.30 purposes, and cable television or other communications, through, over or under the common
18.31 elements; grant or amend easements, leases, or licenses to unit owners for purposes authorized
18.32 by the declaration; and, subject to approval by a vote of unit owners other than declarant

19.1 or its affiliates, grant or amend other easements, leases, and licenses through, over or under
19.2 the common elements;

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

19.7 (11) impose ~~interest and~~ (i) a late charges fee for late payment of assessments, provided
19.8 that an association may not impose a late fee in excess of \$15; (ii) a late fee for a special
19.9 assessment, but not in an amount greater than five percent of the amount owed or more than
19.10 \$100, whichever is lower; and, ~~after notice and an opportunity to be heard before the board~~
19.11 ~~or a committee appointed by it, levy~~ (iii) reasonable fines for violations of the declaration,
19.12 bylaws, and rules and regulations of the association as specified in subsection (c), provided
19.13 that attorney fees and costs must not be charged or collected from a unit owner who disputes
19.14 asks a question about a fine or assessment and, if after the homeowner or disputes a fine
19.15 and requests a hearing and a hearing is held by the board or a committee of the board, and
19.16 the board does not adopt a resolution levying the fine or upholding the assessment against
19.17 the unit owner or owner's unit;

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

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

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

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

19.30 (16) exercise any other powers necessary and proper for the governance and operation
19.31 of the association consistent with this chapter and the governing documents of the association.

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

(c) An association must adopt and provide to every unit owner a policy regarding fines that includes a list of the violations for which a fine may be imposed and a schedule of fines for those violations. When a violation can be cured without causing damage to property or to another, the association must provide the unit owner with a reasonable time to correct the violation before a fine may be imposed. A fine levied pursuant to subsection (a)(11) must be commensurate with the violation and must not exceed \$100 for a single violation, except as provided in this section. When combined with additional fines for an ongoing violation, late fees, and other allowable charges, the fine must not exceed \$2,500 in total for the violation. When the owner has been given notice that if the action is repeated, the fine may be accelerated for future violations, then a fine may be greater than the limits of this subsection if the violation: (i) has a serious and immediate impact on a resident's health or safety; (ii) causes physical damage to another unit or a common element; or (iii) involves using the property for financial enrichment, including renting or offering for rent a unit in violation of a rule prohibiting short-term or long-term rentals. An association that levies a fine pursuant to subsection (a)(11), or an assessment pursuant to section 515B.3-115(g), or 515B.3-1151(g), must provide a dated, written notice to a unit owner that:

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

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

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

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

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

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

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

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

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

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

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

21.28 (f) The association may intervene in a litigation or arbitration involving a construction
21.29 defect claim or assert a construction defect claim as a counterclaim, crossclaim, or third-party
21.30 claim before complying with subsections (e)(1) and (e)(2) but the association's complaint
21.31 in an intervention, counterclaim, crossclaim, or third-party claim shall be dismissed without
21.32 prejudice unless the association has complied with the requirements of subsection (e) within
21.33 90 days of the association's commencement of the complaint in an intervention or the
21.34 assertion of the counterclaim, crossclaim, or third-party claim.

(g) Rules and regulations adopted must not be arbitrary or capricious and must be reasonable. An association must give unit owners 60 days' advance notice of a board's proposed adoption, amendment, or revocation of a rule. A rule change must be approved at a board meeting, and an association must give unit owners the opportunity to comment on the proposed rule change at the meeting at which the change is considered. Any rule in effect may be revoked by a majority vote of the total votes in the association that are allocated. A vote to revoke a rule must be conducted at a special meeting called by board. If the rule proposed to be revoked is required by the declaration of bylaws, the declaration or bylaws may be amended to avoid conflict according to the procedures required under section 515B.2-118 or 515B.3-106, respectively.

(h) Each association must adopt the meet and confer process as provided under section 515B.3-122.

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

(j) A payment made by a unit owner must be applied to regular assessments first before any other fines, fees, or assessments owed by the unit owner.

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

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

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

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

23.1 and directors of master associations in the exercise of their duties on behalf of the master
23.2 association.

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

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

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

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

23.22 (2) If 50 percent of the units that a declarant is authorized by the declaration to create
23.23 have been conveyed prior to the termination of the declarant control period, a meeting of
23.24 the unit owners shall be called and held within 60 days thereafter, at which not less than
23.25 33-1/3 percent of the members of the board shall be elected by unit owners other than a
23.26 declarant or an affiliate of a declarant.

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

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

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

24.3 (1) Unless otherwise approved by a vote of unit owners other than the declarant or an
24.4 affiliate of the declarant, ~~a majority~~ all of the directors shall be unit owners who reside in
24.5 their unit at least 165 days of the year or a natural person designated by a unit owner that
24.6 is not a natural person, other than a declarant or an affiliate of a declarant. ~~The remaining~~
24.7 ~~directors need not be unit owners unless required by the articles of incorporation or bylaws.~~

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

24.13 (3) Subject to the requirements of subsection (e)(1), the articles of incorporation or
24.14 bylaws may authorize special classes of directors and director voting rights, as follows: (i)
24.15 classes of directors, (ii) the appointment or election of directors in certain classes by certain
24.16 classes of members, or (iii) class voting by classes of directors on issues affecting only a
24.17 certain class or classes of members, units, or other parcels of real estate, or to otherwise
24.18 protect the legitimate interest of such class or classes. No person may utilize such special
24.19 classes or class voting for the purpose of evading any limitation imposed on declarants by
24.20 this chapter. Elections for board officers must occur regularly and in accordance with the
24.21 governing documents of the association, and elections for the board of directors must occur
24.22 at least every three years.

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

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

(g) Except as otherwise provided in this subsection, all meetings of the board of directors must be open to the unit owners. ~~To the extent practicable,~~ The board shall give reasonable notice to the unit owners of the date, time, ~~and place,~~ and agenda of a board meeting. If the date, time, and place of meetings are provided for in the declaration, articles, or bylaws, announced at a previous meeting of the board, posted in a location accessible to the unit owners and designated by the board from time to time, or if an emergency requires immediate consideration of a matter by the board, notice is not required. "Notice" has the meaning given in section 317A.011, subdivision 14. Prior to the board taking action on an agenda item that requires the vote of the board, any unit owner or any person designated in writing by a member as the member's representative must be permitted to attend and speak on the item. A time must be designated by the board at each open meeting for any unit owner, or the unit owner's designee, to raise any issue that is a nonvoting item on the meeting agenda or any other issue that is related to the association or the common interest community. The board may place a reasonable limit on the time a member is allowed to speak. Meetings may be closed to discuss the following:

(1) personnel matters;

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

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

Nothing in this subsection imposes a duty on the board to provide special facilities for meetings. The failure to give notice as required by this subsection shall not invalidate the board meeting or any action taken at the meeting. The minutes of any part of a meeting that is closed under this subsection may be kept confidential at the discretion of the board. A board of directors of an association that has fewer than 25 units and does not contract with a property management company is not required to comply with this subsection's requirements for the notice for meetings between board members, nor the requirements to keep minutes, if the subject of the meeting is solely to discuss issues related to property management, including preliminary budget discussions provided no budget decisions are finalized.

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

(1) no board member, or the spouse, sibling, child, or parent of any board member, may have a material financial interest in a business that the association or a property management company has hired or contracted with for goods or services over \$20,000 in a calendar year for any single association;

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

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

(4) a management company, or the employee, owner, or individual with a material financial interest in a management company, that is providing services to an entity covered by this chapter may not have a financial interest in a business the association or management company has hired or contracted with for goods or services in excess of \$20,000 in a calendar year and may not solicit or accept any gift, money, rebate, gratuity, or direct or indirect compensation from any person or entity performing services for the association or for the award of a contract for goods or services; or

(5) no association, or board of directors of an association, shall enter into a contract or any other business relationship on behalf of an association or a board member from which the management company, its owner or owners, any of its managerial officials, or any of its employees or any spouse, domestic partner, or relative of the owner or owners, managerial officials, or any employee of the management company has received or could receive a direct or indirect financial benefit in excess of \$20,000 in a calendar year. A board member does not have a material financial interest in a business if the board member holds stock, has an investment in a pension or mutual fund that holds stock, or is the beneficiary of a blind trust that holds stock, in that business.

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

(j) A property management company that is hired by a board of directors or association covered under this section may not enter into an automatically renewing contract for goods or services for the association unless the contract provides that the association or management company may terminate the contract at anytime with no more than 60 days' notice.

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

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

515B.3-106 BYLAWS; ANNUAL REPORT.

(a) A common interest community shall have bylaws which comply with this chapter and the statute under which the association is incorporated. The bylaws and any amendments may be recorded, but need not be recorded to be effective unless so provided in the bylaws. Any amendment, addition, or repeal of the bylaws must be approved at the annual or special meeting, or by mail or electronic mail, and an association must give unit owners adequate notice and the opportunity to comment on the proposed change at a meeting at which the change is considered. Any bylaw in effect may be revoked by a majority vote of the total votes in the association that are allocated at the annual or special meeting.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) The association's board of directors shall prepare and approve a written preventative maintenance plan, maintenance schedule, and maintenance budget for the common elements. The association shall follow the approved preventative maintenance plan. The association's board may amend, modify, or replace an approved preventative maintenance plan or an approved maintenance schedule from time to time. The association must provide all unit owners with a paper copy, electronic copy, or electronic access to the preventative maintenance plan, the maintenance schedule, and any amendments or modifications to or replacements of the preventative maintenance plan and the maintenance schedule. If a

29.1 common interest community was created on or before August 1, 2017, the association's
29.2 board of directors shall have until January 1, 2019, to comply with the requirements of this
29.3 subsection.

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

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

29.14 (e) In exercising any authority granted to it under the declaration to approve or disapprove
29.15 proposed changes to a unit or limited common element, the association's board shall provide
29.16 a fair, reasonable, and expeditious procedure for making any decision. The procedure shall
29.17 be set forth in the association's governing documents which may include rules and
29.18 regulations. The procedures shall state the maximum time for issuance of any decision on
29.19 a proposal or a request for consideration. At a minimum, the association's board must make
29.20 a decision within 90 days after the initial submission of the proposal or submission of any
29.21 additional information or changes to the proposal requested by the association's board in
29.22 response to the initial submission. A decision must be in writing, must be made in good
29.23 faith, and must not be unreasonable, arbitrary, or capricious. If the proposal is disapproved,
29.24 the decision must include both an explanation of why the proposal is disapproved and a
29.25 description of the procedure for reconsideration of the decision by the association's board.

29.26 (f) Unless expressly provided for in the declaration, the association must not enforce
29.27 any restriction on parking of a personal vehicle on a public street or public road for which
29.28 the state or local government has assumed responsibility for maintenance and repairs, unless
29.29 the authority to regulate such parking has been expressly delegated to the association by
29.30 the state or local government under terms prescribing the manner in which the association
29.31 may exercise that authority. Any such delegation is valid for a period not to exceed five
29.32 years, at which time the association must reapply to the delegating entity. As used in this
29.33 subsection, "personal vehicle" means an automobile with a gross weight of less than 26,001
29.34 pounds that is used for personal pleasure, travel, or commuting to and from a place of work,

and does not include a motor home or self-propelled recreational vehicle, or an automobile that is otherwise used primarily in connection with any commercial endeavor or business.

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

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

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

515B.3-108 MEETINGS.

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

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

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

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

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

31.1 Sec. 10. Minnesota Statutes 2024, section 515B.3-115, is amended to read:

31.2 **515B.3-115 ASSESSMENTS FOR COMMON EXPENSES; CIC CREATED**
31.3 **BEFORE AUGUST 1, 2010.**

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

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

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

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

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

31.24 (b) The replacement reserve component of the common expenses shall be funded for
31.25 each unit in accordance with the projected annual budget required by section
31.26 515B.4-102(a)(23) provided that the funding of replacement reserves with respect to a unit
31.27 shall commence no later than the date that the unit or any building located within the unit
31.28 boundaries is substantially completed. Substantial completion shall be evidenced by a
31.29 certificate of occupancy in any jurisdiction that issues the certificate.

31.30 (c) After an assessment has been levied by the association, assessments shall be levied
31.31 at least annually, based upon a budget approved at least annually by the association. The
31.32 association shall provide each unit owner with a copy of the proposed annual budget prior

32.1 to the annual meeting at which the budget is to be approved and allow unit owners to provide
32.2 input on the budget prior to or during the meeting.

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

32.6 (e) Unless otherwise required by the declaration:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 11. Minnesota Statutes 2024, section 515B.3-1151, is amended to read:

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

(a) The association shall approve an annual budget of common expenses at or prior to the conveyance of the first unit in the common interest community to a purchaser and annually thereafter. The association shall provide each unit owner with a copy of the proposed annual budget prior to the annual meeting at which the budget is to be approved and allow unit owners to provide input on the budget prior to or during the meeting. The annual budget shall include all customary and necessary operating expenses and replacement reserves for the common interest community, consistent with this section and section 515B.3-114. For purposes of replacement reserves under subsection (b), until an annual budget has been approved, the reserves shall be paid based upon the budget contained in the disclosure statement required by section 515B.4-102. The obligation of a unit owner to pay common expenses shall be as follows:

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

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

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

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

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

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

(v) If the audited profit and loss statement shows an accumulated operating deficit, the declarant shall be obligated to make up the deficit within 15 days after delivery of the audit

to the association, and the association shall have a claim against the declarant for an amount equal to the deficit until paid. A declarant who does not utilize an alternate common expense plan is not liable to make up any operating deficit. If more than one declarant utilizes an alternate common expense plan, all declarants who utilize the plan are jointly and severally liable to the association for any operating deficit.

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

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

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

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

(c) After an assessment has been levied by the association, assessments shall be levied at least annually, based upon an annual budget approved by the association. In addition to and not in lieu of annual assessments, an association may, if so provided in the declaration, levy special assessments against all units in the common interest community based upon

the same formula required by the declaration for levying annual assessments. Special assessments may be levied only (1) to cover expenditures of an emergency nature, (2) to replenish underfunded replacement reserves, (3) to cover unbudgeted capital expenditures or operating expenses, or (4) to replace certain components of the common interest community described in section 515B.3-114(a), if such alternative method of funding is approved under section 515B.3-114(a)(5). The association may also levy assessments against fewer than all units as provided in subsections (e), (f), and (g). An assessment under subsection (e)(2) for replacement reserves is subject to the requirements of section 515B.3-114(a)(5).

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

(e) Unless otherwise required by the declaration:

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 12. Minnesota Statutes 2024, section 515B.3-116, is amended to read:

515B.3-116 LIEN FOR ASSESSMENTS.

(a) The association has a lien on a unit for any assessment levied against that unit from the time the assessment becomes due. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due. Unless the declaration otherwise provides, fees, charges, and late charges, ~~and interest charges~~ pursuant to section 515B.3-102(a)(10), (11) and (12) are liens, and are enforceable as assessments, under this section. Recording of the declaration constitutes record notice

and perfection of any assessment lien under this section, and no further recording of any notice of or claim for the lien is required.

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

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

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

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

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

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

(h) The association's lien may be foreclosed as provided in this subsection. In no case may an association's lien be foreclosed for unpaid fines. If a unit owner is delinquent in the payment of fees or charges properly imposed pursuant to section 515B.3-102, subsection (a), paragraphs (10), (11), and (12), an association may not commence foreclosure for the fees or charges unless the total amount of the association's lien for unpaid assessments of all types, other than assessments for attorney fees, exceeds \$5,000 or more and that amount has been outstanding for 120 days or more.

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

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

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

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

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

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

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

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

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

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

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

(4) In any foreclosure pursuant to chapter 580, 581, or 582, the rights of the parties shall be the same as those provided by law, except (i) the period of redemption for unit owners shall be six months from the date of sale or a lesser period authorized by law, (ii) in a foreclosure by advertisement under chapter 580, the foreclosing party shall be entitled to costs and disbursements of foreclosure and attorney fees ~~authorized by the declaration or~~

41.1 ~~bylaws, notwithstanding the provisions of section 582.01, subdivisions 1 and 1a, as specified~~
41.2 in section 582.01, subdivision 1, up to a maximum of \$3,500, (iii) in a foreclosure by action
41.3 under chapter 581, the foreclosing party shall be entitled to costs and disbursements of
41.4 foreclosure and attorney fees as the court shall determine, and (iv) the amount of the
41.5 association's lien shall be deemed to be adequate consideration for the unit subject to
41.6 foreclosure, notwithstanding the value of the unit.

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

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

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

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

41.18 Sec. 13. **[515B.3-122] REQUIREMENT TO MEET AND CONFER.**

41.19 Prior to an association or management company, or an attorney or another person on
41.20 their behalf, taking any collection action, the association and the unit owner must engage
41.21 in a meet and confer process in an effort to resolve any dispute between the association and
41.22 the unit owner involving their respective rights, duties, or liabilities under this chapter or
41.23 any other section of law, or under the governing documents of the common interest
41.24 community or association. The parties must meet as soon as practicable at a mutually
41.25 convenient time and place either in-person, over the phone, or virtually. Another person
41.26 may appear for the association as long as the unit owner is not charged for attorney fees or
41.27 for the person's appearance at the meeting. At the meeting, each party must be given
41.28 reasonable time to present their positions and must confer in good faith to seek a resolution
41.29 to the dispute. If the meet and confer process results in the resolution of the dispute, the
41.30 resolution must be in writing and signed by both a board member and the unit owner. The
41.31 signed agreement binds the parties and is judicially enforceable. A unit owner must not be
41.32 charged any fees, including any attorney fees, to participate in the meet and confer process.
41.33 If the unit owner expressly refuses to engage in the meet and confer process, the association
41.34 may proceed with a collection action. A unit owner is deemed to refuse to engage in the

42.1 meet and confer process if the unit owner fails to respond within 30 days after the association
42.2 provides the required notice to the unit owner.

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

42.4 Sec. 14. **[515B.3-125] LEGAL FEES; NOTICE REQUIRED.**

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

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

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

42.9 (3) the hourly rate the attorney charges.

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

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

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

42.16 Sec. 15. Minnesota Statutes 2024, section 515B.4-102, is amended to read:

42.17 **515B.4-102 DISCLOSURE STATEMENT; GENERAL PROVISIONS; CIC**
42.18 **CREATED BEFORE AUGUST 1, 2010.**

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

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

42.21 (2) the name and principal address of the declarant;

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

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

42.26 (i) the number of buildings, (ii) the number of dwellings per building, (iii) the type of
42.27 construction, (iv) whether the common interest community involves new construction or
42.28 rehabilitation, (v) whether any building was wholly or partially occupied, for any purpose,
42.29 before it was added to the common interest community and the nature of the occupancy,

and (vi) a general description of any roads, trails, or utilities that are located on the common elements and that the association or a master association will be required to maintain;

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

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

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

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

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

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

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

(12) a statement that: (i) within ten days after the receipt of a disclosure statement, a purchaser may cancel any contract for the purchase of a unit from a declarant; provided, that the right to cancel terminates upon the purchaser's voluntary acceptance of a conveyance of the unit from the declarant or by the purchaser agreeing to modify or waive the right to cancel in the manner provided by section 515B.4-106(a); (ii) if a purchaser receives a disclosure statement more than ten days before signing a purchase agreement, the purchaser cannot cancel the purchase agreement; and (iii) if a declarant obligated to deliver a disclosure statement fails to deliver a disclosure statement which substantially complies with this chapter to a purchaser to whom a unit is conveyed, the declarant shall be liable to the purchaser as provided in section 515B.4-106(d);

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

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

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

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

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

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

(19) a statement: (i) that real estate taxes for the unit or any real property owned by the association are not delinquent or, if there are delinquent real estate taxes, describing the property for which the taxes are delinquent, stating the amount of the delinquent taxes, interest and penalties, and stating the years for which taxes are delinquent, and (ii) setting forth the amount of real estate taxes, including the amount of any special assessment certified for payment with the real estate taxes, due and payable with respect to the unit in the year in which the disclosure statement is given, if real estate taxes have been separately assessed against the unit;

(20) if the association or the purchaser of the unit will be a member of a master association, a statement to that effect, and all of the following information with respect to

the master association: (i) a copy of the master declaration, the articles of incorporation, bylaws, and rules and regulations for the master association, together with any amendments thereto; (ii) the name, address and general description of the master association, including a general description of any other association, unit owners, or other persons which are or may become members; (iii) a description of any nonresidential use permitted on any property subject to the master association; (iv) a statement as to the estimated maximum number of associations, unit owners or other persons which may become members of the master association, and the degree and period of control of the master association by a declarant or other person; (v) a description of any facilities intended for the benefit of the members of the master association and not located on property owned or controlled by a member or the master association; (vi) the financial arrangements, including any contingencies, which have been made to provide for completion of the facilities referred to in subsection (v), or a statement that no arrangements have been made; (vii) any current balance sheet of the master association and a projected or current annual budget, as applicable, which budget shall include with respect to the master association those items in paragraph (23), clauses (i) through (iii), and the projected monthly common expense assessment for each type of unit, lot, or other parcel of real estate which is or is planned to be subject to assessment; (viii) a description of any expenses or services not reflected in the budget, paid for or provided by a declarant or a person executing the master declaration, which may become an expense of the master association in the future; (ix) a description of any powers delegated to and accepted by the master association pursuant to section 515B.2-121(f)(2); (x) identification of any liens, defects or encumbrances that will continue to affect title to property owned or operated by the master association for the benefit of its members; (xi) the terms of any warranties provided by any person for construction of facilities in which the members of the master association have or may have an interest, and any known defects in the facilities which would violate the standards described in section 515B.4-112(b); (xii) a statement disclosing, after inquiry of the master association, any unsatisfied judgments or lawsuits to which the master association is a party, and the status of those lawsuits which are material to the master association; (xiii) a description of any insurance coverage provided for the benefit of its members by the master association; and (xiv) any current or expected fees or charges, other than assessments by the master association, to be paid by members of the master association for the use of any facilities intended for the benefit of the members;

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

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

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

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

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

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

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

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

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

Sec. 16. Minnesota Statutes 2024, section 515B.4-1021, is amended to read:

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

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

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

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

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

(4) a general description of the common interest community, including, at a minimum, (i) the number of buildings, (ii) the number of dwellings per building, (iii) the type of construction, (iv) whether the common interest community involves new construction or rehabilitation, (v) whether any building was wholly or partially occupied, for any purpose, before it was added to the common interest community, and the nature of the occupancy, (vi) a general description of any roads, trails, or utilities that are located on the common elements and that the association or master association will be required to maintain, (vii) a description of any declarant licensing rights under section 515B.2-109(e), and (viii) the initial maintenance plan, initial maintenance schedule, and maintenance budget under section

515B.3-107(b). The initial maintenance plan prepared by the declarant must be based on the best available information listing all building elements to which the plan will apply and the generally accepted standards of maintenance on which the plan is based. The initial plan must be dated and signed by the declarant and be fully funded by the initial budget provided by the declarant;

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

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

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

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

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

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

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

(12) a statement that:

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

terminates upon the purchaser's voluntary acceptance of a conveyance of the unit from the declarant or by the purchaser agreeing to modify or waive the right to cancel in the manner provided by section 515B.4-106(a);

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

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

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

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

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

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

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

(18) in a cooperative:

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

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

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

(19) a statement:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(22) copies of the following documents (which may be in proposed form if the declaration has not been recorded): the declaration and any supplemental declaration, and any amendments thereto (exclusive of the CIC plat); any other recorded covenants, conditions,

restrictions, and reservations affecting the common interest community; the articles of incorporation, bylaws, and any rules or regulations of the association; the names of the current members of the association's board of directors; any agreement excluding or modifying any implied warranties; any agreement reducing the statute of limitations for the enforcement of warranties; any contracts or leases to be signed by the purchaser at closing; and a description of any material contracts, leases, or other agreements affecting the common interest community; ~~and~~

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

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

(ii) a statement of any other reserves;

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

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

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

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

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

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

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

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

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

Sec. 17. Minnesota Statutes 2024, section 515B.4-116, is amended to read:

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

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

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

(c) As a condition precedent to any construction defect claim, the parties to the claim must submit the matter to mediation before a mutually agreeable neutral third party. For the purposes of this section, mediation has the meaning given under the General Rules of Practice, rule 114.02 (7). If the parties are not able to agree on a neutral third-party mediator from the roster maintained by the Minnesota Supreme Court, the parties may petition the district court in the jurisdiction in which the common interest community is located to appoint a mediator. The applicable statute of limitations and statute of repose for an action

54.1 based on breach of a warranty imposed by this section, or any other action in contract, tort,
54.2 or other law for any injury to real or personal property or bodily injury or wrongful death
54.3 arising out of the alleged construction defect, is tolled from the date that any party makes
54.4 a written demand for mediation under this section until the latest of the following:

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

54.6 (2) 180 days.

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

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

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

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

54.16 Sec. 18. Laws 2024, chapter 96, article 2, section 13, is amended to read:

54.17 Sec. 13. **EFFECTIVE DATE.**

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