

Approved April 13, 1976.

CHAPTER 244—H.F.No.471

[Coded in Part]

An act relating to condominiums; regulating the association of apartment owners; requiring certain disclosure before initial sale of apartments; amending Minnesota Statutes 1974, Section 515.19, and Chapter 515 by adding sections.

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

Section 1. Minnesota Statutes 1974, Chapter 515, is amended by adding a section to read:

[515.175] CONDOMINIUMS; INCORPORATION OF ASSOCIATION OF APARTMENT OWNERS. Subsequent to July 1, 1976, an association of apartment owners shall be incorporated under Minnesota Statutes, Chapter 317 before the declaration is recorded.

Sec. 2. Minnesota Statutes 1974, Section 515.19, is amended to read:

515.19 CONTENTS OF BYLAWS. Subdivision 1. The bylaws may provide for the following:

(a) The election from among the apartment owners of a board of directors, the number of persons constituting the same, and that the terms of at least one-third of the directors shall expire annually; the powers and duties of the board; the compensation, if any, of the directors; the method of removal from office of directors; and whether or not the board may engage the services of a manager or managing agent.

(b) Method of calling meetings of the apartment owners; what percentage, if other than a majority of apartment owners, shall constitute a quorum.

(c) Election of a president from among the board of directors who shall preside over the meetings of the board of directors and of the association of apartment owners.

(d) Election of a secretary who shall keep the minute book wherein resolutions shall be recorded.

(e) Election of a treasurer who shall keep the financial records and books of account.

(f) Maintenance, repair and replacement of the common areas and

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facilities and payments therefor, including the method of approving payment vouchers.

(g) Manner of collecting from the apartment owners their share of the common expenses.

(h) Designation and removal of personnel necessary for the maintenance, repair and replacement of the common areas and facilities.

(i) Method of adopting and of amending administrative rules and regulations governing the details of the operation and use of the common areas and facilities.

(j) Such restrictions on and requirements respecting the use and maintenance of the apartments and the use of the common areas and facilities, not set forth in the declaration, as are designed to prevent unreasonable interference with the use of their respective apartments and of the common areas and facilities by the several apartment owners.

(k) The percentage of votes required to amend the bylaws.

(l) Other provisions as may be deemed necessary for the administration of the property consistent with sections 515.01 to 515.29.

Subd. 2. The bylaws shall provide that the association of apartment owners shall meet at least once each year. The bylaws shall specify an officer who shall, at least 21 days in advance of any annual or regularly scheduled meeting and at least seven days in advance of any other meeting, send to each apartment owner notice of the time, place and complete agenda of the meeting. The notice shall be sent by United States mail to all apartment owners of record at the address of their respective apartments and to other addresses as any of them may have designated to the officer.

Subd. 3. The bylaws shall provide that no vote in the association of apartment owners shall be deemed to inure to any apartment during the time when the apartment owner thereof is the association of apartment owners.

Subd. 4. The bylaws shall provide that an annual report be prepared by the association of apartment owners, that a copy of the report be provided to each apartment owner, and that the report contains at a minimum the following:

(a) A statement of any capital expenditures in excess of \$1,000 anticipated by the association of apartment owners during the current year or succeeding two fiscal years;

(b) A statement of the status and amount of any reserve for replacement fund and any portion of the fund designated for any speci-

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fied project by the board of directors;

(c) A copy of the statement of financial condition for the association of apartment owners for the last fiscal year;

(d) A statement of the status of any pending suits or judgments in which the association of apartment owners is a party;

(e) A statement of the insurance coverage provided by the association of apartment owners; and

(f) A statement of any unpaid assessments by the association of apartment owners on individual apartments, identifying the apartment number and the amount of the unpaid assessment.

Sec. 3. Minnesota Statutes 1974, Chapter 515, is amended by adding a section to read:

[515.195] RESTRICTIONS ON CONTROL OF CREATOR OF THE CONDOMINIUM. Subdivision 1. At the first annual meeting subsequent to the earlier of (a) five years from the date of recording the declaration or (b) when three-fifths of the apartment owners are other than the owner who submits the property to the provisions of Minnesota Statutes, Chapter 515, the terms of office of all then existing officers and directors shall terminate.

Subd. 2. No contract, lease, management contract, employment contract, or lease of recreational areas or facilities, which is directly or indirectly made by or on behalf of the association of apartment owners shall be entered into for a period exceeding two years.

Sec. 4. Minnesota Statutes 1974, Chapter 515, is amended by adding a section to read:

[515.215] DISCLOSURE REQUIREMENTS. Subdivision 1. Not later than 15 days prior to the closing of the first conveyance of each apartment, the vendor shall furnish to the purchaser the following:

(1) The purchase agreement for the apartment;

(2) A copy of the declaration and bylaws;

(3) A copy of the articles of incorporation of the association of apartment owners;

(4) A copy of any management contract, employment contract, or other contract affecting the use, maintenance, or access of all or part of the condominium;

(5) A copy of the annual operating budget for the condominium including reasonable details concerning the monthly payments by the

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purchaser for assessments, and monthly charges for the use, rental, or lease of any facilities;

(6) A copy of any lease to which it is anticipated the apartment owners or the association of apartment owners will be a party following closing;

(7) A copy of the floor plan of the apartment;

(8) A description of any recreational or other facilities which are to be used by the apartment owners and maintained by them or by the association of apartment owners and a statement as to whether or not they are to be part of the common areas and facilities;

(9) A statement as to whether streets within the condominium are to be dedicated to public use or maintained by the association of apartment owners; and

(10) In the case of condominiums containing buildings substantially completed more than five years prior to the recording of the declaration, a statement of the physical condition and state of repair of the major structural, mechanical, electrical, and plumbing components of the improvements to the extent reasonably ascertainable. The vendor is entitled to rely on the reports of architects or engineers authorized to practice their profession in this state;

(11) A statement of the total number of apartments in the association of apartment owners, and the number of apartments sold which shall be updated at least monthly;

(12) A statement concerning any plans for future development or expansion of the project, including any buildings, apartments or common areas and facilities that may be added, if the plans are used in the promotion of the project, or the plats and plans or blueprints of the future development have been prepared;

(13) A statement of the terms of any financing being offered by the vendor in connection with the sale of apartments;

(14) A statement of the provisions of any warranties offered by the vendor in connection with the sale of apartments;

(15) A statement of the insurance coverage that will be provided by the association of apartment owners.

Subd. 2. Any material furnished pursuant to subdivision 1 may not be changed or amended following delivery to the purchaser, if the change or amendment would affect materially the rights of the purchaser, without first obtaining approval of the purchaser. A copy of any amendments shall be delivered promptly to the purchaser.

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Subd. 3. Any vendor referred to in subdivision 1 who, in disclosing the information required pursuant to subdivisions 1 and 2, makes any untrue statement of a material fact, or omits to state a material fact necessary in order to make the statements made, in the light of circumstances under which they were made, not misleading, shall be liable to any person purchasing an apartment from him. However, no action may be maintained to enforce any liability created under this section unless brought within three years after the date of closing.

Subd. 4. The rights of purchasers under this section may not be waived in the purchase agreement and any attempted waiver is void. However, if any purchaser proceeds to closing, his right under this section to rescind is terminated.

Subd. 5. The requirements of this section do not apply to the sale of any unit which is to be occupied and used for nonresidential purposes.

Subd. 6. (a) A purchaser has an unconditional right to rescind a purchase agreement at any time within five days after the date the purchaser receives all the information contained in subdivision 1.

(b) Each purchase agreement shall prominently contain upon its face the following notice printed in bold type, stating:

“Notice to Purchaser

You are entitled to rescind this agreement at anytime within five days from the day you actually receive the information required by law. Such rescission must be in writing and mailed to the vendor or his agent or his lender at the address stated in this document. Upon rescission, you will receive a refund of all moneys paid.”

(c) Rescission occurs when the purchaser gives written notice of rescission to the vendor, or his agent or the lender at the address stated in the purchase agreement. Notice of rescission, if given by mail, is effective when it is deposited in a mailbox properly addressed and postage prepaid.

Subd. 7. When the purchase agreement relates to a condominium not yet formed, the applicable information required by subdivision 1, may be a proposed form.

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