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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 4516

03/04/2024

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The bill was read for the first time and referred to the Committee on Commerce Finance and Policy

1.1 A bill for an act
1.2 relating to commerce; prohibiting certain practices relating to the management of
1.3 certain properties; providing remedies; proposing coding for new law in Minnesota
1.4 Statutes, chapter 325E.

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

1.6 Section 1. **[325E.68] PROPERTY MANAGEMENT.**

1.7 Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

1.8 (b) "Person" means an individual, firm, partnership, limited liability company,
1.9 corporation, or association.

1.10 (c) "Property manager" or "property management company" means a person who engages
1.11 in the business of managing real property that is owned by another person.

1.12 (d) "Owner" means a person who has a legal or equitable interest in the real property.
1.13 An owner of a common interest community, as defined in chapter 515B, means the unit
1.14 owners' association organized under section 515B.3-101.

1.15 Subd. 2. **Interest of property management company in certain firms.** A property
1.16 manager or property management company having an interest directly or indirectly in a
1.17 construction firm, salvage firm, or appraisal firm is prohibiting from hiring the directly or
1.18 indirectly owned construction firm, salvage firm, or appraisal firm to perform work on a
1.19 managed property unless the interest has been disclosed in writing to the owner or owners
1.20 at least three days prior to executing a contract for the work. "Firm" includes a corporation,
1.21 partnership, association, or individual firm.

2.1 Subd. 3. **Prohibited practices.** A property manager or property management company
2.2 is prohibited from requesting or accepting money, rebates, or anything of value from a
2.3 construction firm, salvage firm, or appraisal firm as:

2.4 (1) an inducement to refer business or clients to the firm;

2.5 (2) a condition for awarding a contract to the firm;

2.6 (3) part of a fee specified in a contract; or

2.7 (4) fee splitting for services rendered, unless the other person is also a licensed contractor.

2.8 Subd. 4. **Remedies.** If a property manager or property management company violates
2.9 this section, an owner may bring an action against the property manager or property
2.10 management company in a court of competent jurisdiction for damages sustained by the
2.11 owner as a consequence of the property manager's or property management company's
2.12 violation, together with the actual costs of the action, including reasonable attorney fees.
2.13 The remedies in this section are in addition to any other remedies permitted by law.