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, as follows: (i) regulating the use of the common elements; (ii) regulating the use of the units, and conduct of unit occupants, which may jeopardize the health, safety or welfare of other occupants, which involves noise or other disturbing activity, or which may damage the common elements or other units; (iii) regulating or prohibiting animals; (iv) regulating changes in the appearance of the common elements and conduct which may damage the common interest community; (v) regulating the exterior appearance of the common interest community, including, for example, balconies and patios, window treatments, and signs and other displays, regardless of whether inside a unit; (vi) implementing the articles of incorporation, declaration and bylaws, and exercising the powers granted by this section; and (vii) otherwise facilitating the operation of the common interest community. Rules and regulations adopted must be reasonable. An association must give unit owners no less than 21 days' notice before the association votes to adopt, amend, or revoke a rule or regulation to review and comment on the proposed change. Notice may be provided in any reasonable manner. An association may adopt a temporary rule without notice in exigent circumstances, provided the board acts as soon as practicable to give the requisite notice to unit owners before adopting the rule permanently. Nothing in this chapter prevents the unit owners from asking the board to adopt, amend, or revoke a rule or regulation;

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

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

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

(5) make contracts and incur liabilities;

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

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

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

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

(10) impose and receive any payments, fees, or charges for the use, rental, or operation of the common elements, other than limited common elements, and for services provided to unit owners;

(11) unless, at a board meeting, a greater amount is approved by owners of units to which a majority of the votes in the association are allocated, impose a fine not to exceed $100 for a single violation of the declaration, bylaws, and rules and regulations, except the association may impose a fine greater than $100 for a subsequent violation for the same conduct, or if the violation:

(i) has a serious and immediate impact on the health or safety of a resident, occupant, or guest;

(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 the declaration, bylaws, or a rule or regulation prohibiting short-term or long-term rentals.

A unit owner pursuant to section 515B.3-115(g) or 515B.3-1151(g), after receiving notice of a violation or a notice of an assessment, has the opportunity to be heard before the board or a committee appointed by it to contest the fine or assessment. A unit owner, within 30 days after receipt of the notice, must request a hearing, unless the declaration provides for a different period. The unit owner has the right to be advised by an attorney or a designated representative at the hearing. If a hearing is requested by a unit owner, attorney fees and costs must not be charged or collected from a unit owner unless the hearing is held and the board or committee adopts a final resolution upholding the fine or assessment against the unit owner or owner's unit. The association must provide, in any reasonable manner, a copy of the final resolution within 30 days of its adoption. The resolution must contain an explanation for upholding the fine or assessment to the unit owner.

If the association's governing documents authorize the association to impose fines for violations of the governing documents, an association must provide a list of fines for common violations of the governing documents and a description of the remedies available to the association to every unit owner in any reasonable manner, including but not limited to electronic mailing or posting on the association's website, including when the schedule is amended by the association;

(12) impose reasonable charges for the review, preparation and recordation of amendments to the declaration or resale certificates required by section 515B.4-107, or furnishing copies of association records;

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

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

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

(16) exercise any other powers necessary and proper for the governance and operation of the association;

(17) impose interest only on delinquent assessments for common expenses or special assessments not to exceed eight percent; and

(18) impose a fee for late payment of common expenses and special assessments not to exceed the greater of $20 or five percent of the amount owed.

(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 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 unpaid fines for certain violations subject to section 515B.3-116(h), and all 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 steps a unit owner must take to schedule the hearing;

(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

(7) informs the unit owner that homeownership advice is available from the Minnesota Homeownership Center and dispute resolution and other information services are available from the common interest community ombudsperson.

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

(e) Notwithstanding subsection (a)(4) or any other provision of this chapter, for common interest communities created on or after August 1, 2017, the association, before instituting litigation or arbitration involving construction defect claims against a development party, shall:

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

(2) obtain the approval of owners of units to which a majority of the total votes in the association are allocated. Votes allocated to units owned by the declarant, an affiliate of the declarant, or a mortgagee who obtained ownership of the unit through a foreclosure sale are excluded. The association may obtain the required approval by a vote at an annual or special meeting of the members or, if authorized by the statute under which the association is created and taken in compliance with that statute, by a vote of the members taken by electronic means or mailed ballots. If the association holds a meeting and voting by electronic means or mailed ballots is authorized by that statute, the association shall also provide for voting by those methods. Section 515B.3-110(c) applies to votes taken by electronic means or mailed ballots, except that the votes must be used in combination with the vote taken at a meeting and are not in lieu of holding a meeting, if a meeting is held, and are considered for purposes of determining whether a quorum was present.

Proxies may not be used for a vote taken under this paragraph unless the unit owner executes the proxy after receipt of the notice required under subsection (e)(1) and the proxy expressly references this notice.

(f) For common interest communities created on or after August 1, 2017, the association may intervene in a litigation or arbitration involving a construction defect claim or assert a construction defect claim as a counterclaim, crossclaim, or third-party claim before complying with subsections (e)(1) and (e)(2) but the association's complaint in an intervention, counterclaim, crossclaim, or third-party claim shall be dismissed without prejudice unless the association has complied with the requirements of subsection (e) within 90 days of the association's commencement of the complaint in an intervention or the assertion of the counterclaim, crossclaim, or third-party claim.

(g) An association may not refuse to accept payment from an owner of any amount for any assessment, fine, or fee, except if the association has commenced a foreclosure under chapter 580 or 581. Acceptance of a payment does not constitute a waiver of any claim or defense the association may assert. Nothing in this paragraph affects the unit owner's right to reinstate under section 580.30.

(h) A payment by a unit owner must be applied to assessments for common expenses and special assessments first before it is applied to fines, fees, or other assessments, except that the payment can be applied:

(1) in a different manner upon the agreement of the unit owner and the association; or

(2) by the association to fines that remain unpaid for more than 120 days if the fine is for a violation that:

(i) has a serious and immediate impact on the health or safety of a resident, occupant, or guest;

(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 the declaration, bylaws, or a rule or regulation prohibiting short-term or long-term rentals, as provided under subsection (a)(11).

An association must consider offering a reasonable payment plan for a delinquency.

(i) A board must allow a unit owner to present, orally or in writing, a grievance to the board or a committee appointed by the board on a matter other than a fine governed under subsection (a)(11), or an application to alter a unit under section 515B.3-107(e). The board must make a good faith effort to resolve the grievance or, if resolution is not achieved, refer the unit owner to the common interest community ombudsperson. An association may not impose any fees or charges on the unit owner for making the presentation.

History: *1993 c 222 art 3 s 2; 2005 c 121 s 22; 2005 c 168 s 4; 2010 c 267 art 3 s 2; 2011 c 116 art 2 s 9; 2017 c 87 s 2; 2023 c 57 art 5 s 12; 2023 c 60 art 12 s 65; 2024 c 123 art 15 s 9; 2026 c 61 s 17; 2026 c 82 s 3*