

## S.F. No. 1750 — Common Interest Communities

### Consolidated Text: 2nd Engrossment as Amended

#### HIGHLIGHT KEY:

- Yellow — Changes from the 2nd Engrossment (underlined new language in the bill as engrossed)
- Cyan — Changes from Amendment 1 (Floor Amendment to 2nd Engrossment, passed)
- Pink — Changes from Amendment 2 (Safe at Home provision, passed)

#### Section 1. 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 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. A person “is controlled by” a declarant if the declarant satisfies any of the same conditions with respect to that person. Control does not exist if the powers described in this subsection are held solely as a security interest and have not been exercised.

(3)–(37) [Remaining definitions — allocated interests, association, board, common elements, common expenses, CIC, condominium, construction defect claim, cooperative, declarant, declaration, development party, governing documents, leasehold CIC, limited common element, master association/declaration/developer, period of declarant control, person, planned community, property manager, purchaser, real estate, residential use, security interest, special declarant rights, time share, unit, unit identifier, unit owner — unchanged from current statute except as noted in the engrossment.]

**EFFECTIVE DATE.** This section is effective the day following final enactment.

#### Sec. 2. 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 a common interest community consists entirely of detached, single-family dwellings that does not include any common elements and the association has no maintenance obligations for any building that contains a dwelling, the common interest community may be terminated only by the written agreement of unit owners of units to which at least **67 percent** of the votes in the association are allocated, provided that agreement shall be deemed to have been provided by any unit owner who has not otherwise indicated a preference and whose written refusal to agree is not received by the association within 60 days after the association has provided notice of the proposed termination by certified United States mail, postage prepaid, and return receipt requested. Termination of the common interest community does not relieve the association of its obligations under any contract other than the declaration; or

(2) a common interest community not subject to clause (1) 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 restricted to nonresidential use.

(b)–(n) [Termination procedures, legal descriptions, distribution of proceeds — unchanged from current statute.]

**EFFECTIVE DATE.** This section is effective January 1, 2027, and applies to all terminations under this section initiated on or after that date.

**Sec. 3. 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, 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. 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 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, with the consent of the owners of the affected units, on matters affecting only those units;

(5)–(10) [make contracts; regulate common elements; cause improvements; acquire/hold/convey property; grant easements; impose fees for use of common elements — unchanged];

(11) impose interest and late charges for late payment of assessments and, after notice and an opportunity to be heard before the board or a committee appointed by it, levy reasonable fines for violations of the declaration, bylaws, and rules and regulations of the association, provided that attorney fees and costs must not be charged or collected from a unit owner who disputes a fine or assessment and, if after the homeowner requests a hearing and a hearing is held by the board or a committee of the board, the board does not adopt a resolution levying the fine or upholding the assessment against the unit owner or owner's unit; unless, at a board meeting, an 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 pursuant to section 515B.3-115(g) or 515B.3-1151(g).

A unit owner, 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. 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 resolution upholding the fine or assessment against the unit owner or owner's unit. The unit owner has the right to be advised by an attorney or a designated representative at the hearing. 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 must provide a description of the remedies available to the association. The association must provide the list and description to every unit owner in any reasonable manner, including but not limited to electronic mailing or posting on the association's website, 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, statements of unpaid assessments, 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; and

(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 all unpaid fines for certain violations subject to section 515B.3-116, subsection (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, 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. [Voting procedures unchanged.]

(f) 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, subsection (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.

**EFFECTIVE DATE.** This section is effective January 1, 2027, and applies to action taken by an association on or after that date.

**Sec. 4. Minnesota Statutes 2025 Supplement, 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. [Fiduciary standards and master association provisions — unchanged from engrossment.]

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

(c) The declaration may provide for a period of declarant control of the association. [Period and termination provisions — unchanged from engrossment.]

(d)(1)–(3) [Meeting of unit owners required after declarant control termination and upon 50% conveyance — unchanged from engrossment.]

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

(1) [Majority of directors must be unit owners — unchanged from engrossment.]

(2) [Declarant may retain right to appoint one director — unchanged from engrossment.]

(3) [Special classes of directors authorized — unchanged from engrossment.] If an association's governing documents provide for the election of directors,

Elections of directors must occur regularly, as provided in section 515B.3-108. Each term of a director must not exceed three years, provided there is no limit on the number of terms a director may serve. The terms of directors must be staggered, unless the duration of the terms is one year or less. If filling a vacancy on the board of directors, the director will serve the remainder of the term vacated until a new election is held at the end of the term as provided in section 515B.3-108.

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

(f) [Calculation of percentages for declarant control — unchanged from engrossment.]

(g) Except as otherwise provided in this subsection, all meetings of the board of directors must be open to the unit owners. The board shall give reasonable notice to the unit owners of the date, time, and place of a board meeting. The board must make the meeting agenda, and contracts or other documents the board intends to approve or disapprove at the board meeting, available to unit owners in any reasonable manner, including but not limited to electronic mailing or posting on the association's website. The requirement to make documents available to unit owners does not apply to documents related to items discussed at a closed meeting of the board. 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. Before any action is taken on an agenda item at any board meeting open to unit owners, a unit owner, or a person designated in writing by the owner, must be permitted to speak at a time designated by the board on an agenda item. To the extent known, a unit owner must make a good faith attempt to notify the board in advance of the owner's intent to speak on an agenda item at the meeting. Nothing prohibits a unit owner from requesting that an item be added to the agenda or providing a written comment to the board in advance of the meeting. The board may place a reasonable limit on the time a member is allowed to speak and may, after a warning by the chair of the meeting, expel any person who disrupts the meeting or causes a disturbance. A board may not impose a fine for exercising the right to speak or provide a written statement.

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. For the purposes of this subsection, an association is not required to issue a notice or keep minutes for a meeting between board members, or between one or more board members and officers, if the subject of the meeting is solely to discuss issues related to basic maintenance, or daily operations and management of the association, in accordance with their duties as outlined in the governing documents, provided the meeting does not result in a vote or formal action by the board.

In addition to conflict of interest provisions set forth in the statute under which the association was organized, the following standards apply to elected boards:

(1) a board member must not participate in deliberations regarding or vote on the approval or disapproval of a contract to which the association is or may be a party where the board member or a member of the family of a board member has a material financial interest in the contract or is likely to realize a material financial gain as a result of entering into the contract. For the purposes of this section, "member of the family" has the meaning given in section 317A.255, subdivision 4;

(2) a board member must not solicit or accept any money or other compensation from any person as an inducement for the board member to vote in favor of the approval of a contract for property maintenance, construction, repair, or reconstruction services that is binding on the association. If an association has authorized a property manager to enter into contracts on behalf of the association, the property manager must not solicit or accept any money or other compensation from any person as an inducement to the property manager to enter into a contract for property maintenance, construction, repair, or reconstruction services that is binding on the association;

(3) prior to entering into any contract for property maintenance, construction, repair, or reconstruction services with an estimated cost exceeding \$50,000, the board must solicit a minimum of three written competitive bids. All bids from a person affiliated with a board member, a member of the family of a board member, a property manager, or any member of the family of a property manager or employee must be disclosed prior to consideration or a vote on the bids. A written record of the disclosures must be retained and recorded in the meeting minutes.

(h) The board must review all bids and select a vendor based on reasonable business criteria, including but not limited to, the cost of the project, the contractor's qualifications, available warranties, the extent to which the bidder has met the bid solicitation requirements, and the length of time estimated to complete the project.

(i) An association is not obligated to comply with the bidding requirements of this subsection if: (1) multiple bids cannot be obtained despite reasonable efforts; (2) emergency repairs are required to protect the health or safety of the unit owners; (3) there has been significant damage to the property that must be addressed without delay to prevent further damage to the property; (4) the work is covered by a warranty; (5) the vendor is the only available vendor capable of providing the required goods or services; or (6) the cost of materials does not exceed \$50,000 and labor is performed at no charge by volunteers.

(j) The association must maintain a record of the bid selection process, including the criteria used, and the contracts awarded for the last six years, and make those records available to unit owners at cost or as otherwise provided in section 515B.3-118.

(k) A contract entered into by a declarant with a property manager shall terminate no later than 12 months after the declarant control period has ended. A contract entered into by an association with a property manager after the declarant control period has ended that does not automatically renew may be terminated by the association, with or without cause, upon three months' written notice. An association may decline to renew an automatically renewing contract for another term, provided the association gives written notice to the other party no less than three months before the date the contract will automatically renew.

**EFFECTIVE DATE.** This section is effective January 1, 2027, and applies to all association activities on or after that date.

**Sec. 5. Minnesota Statutes 2024, section 515B.3-106, is amended to read:**

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

(a)–(c) [Bylaws requirements and annual report contents — unchanged from current statute.]

**Sec. 6. Minnesota Statutes 2024, section 515B.3-107, is amended to read:**

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

(a)–(d) [Maintenance responsibility, preventative maintenance plan, association access, additional real estate — unchanged from current statute.]

(e) An association with authority under the declaration to approve or disapprove a request by a unit owner who has a right granted under this chapter, or the declaration, to make alterations to the owner's unit must establish, by rule or regulation, a fair, reasonable, and expeditious procedure for making any decision on the proposed alteration. The association must provide the procedure to a unit owner who requests an alteration. Unless the declaration, bylaws, or rules and regulations provide for a different period, the board or a committee appointed by the board must make a decision within 90 days after submission of an application that contains all the information required or any additional information or changes to the proposal requested by the association's board. A decision must be in writing, must be made in accordance with the standards of conduct for directors set forth in the statute under which the association is organized, and must be reasonable.

(f) An association has no authority to regulate the parking of a unit owner or a guest, tenant, or invitee of the unit owner within an improved public right of way that a unit of government maintains and repairs, except that the association may, in its declaration or by rule or regulation, require compliance with all applicable statutes, laws, and ordinances. Absent legislative authorization, a unit of government does not have the authority to delegate its police powers to a private entity. If an association is an authorized delegatee, the delegation is valid for a period not to exceed five years, at which time it may be renewed upon application by the association and agreement of the unit of government. "Personal vehicle" means an automobile with a gross vehicle weight of less than 26,001 pounds used for personal pleasure, travel, or commuting, including a van, pickup truck, small truck, ambulance, law enforcement vehicle, emergency response vehicle, or utility company vehicle, but not a motor home, self-propelled recreational vehicle, or commercial vehicle used primarily for commercial business. A unit owner or resident must be permitted to park a personal or work vehicle on the portion of the unit owner's property or the portion of the limited common element allocated to the unit that was originally designed or subsequently modified for the parking of vehicles, provided the vehicle, when parked, does not encroach on another unit owner's property, fully or partially block access to a pedestrian walkway, interfere with the association's ability to maintain roads, driveways, parking spaces, or common elements, or limited common elements.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

**Sec. 7. Minnesota Statutes 2024, section 515B.3-115, is amended to read:**

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

(a)–(j) [Assessment obligations, replacement reserves, levy procedures, damage assessments, acceleration, reallocation, three-year limit — unchanged from current statute/engrossment.]

(k) An association must adopt a collection policy and provide a copy to all unit owners and prospective purchasers as required pursuant to section 515B.4-107(a)(1).

A collection policy must require, at a minimum:

(1) three separate notifications to a unit owner before the account is referred to a law firm or collection agency for collections, including at least one notification sent by certified mail to the unit owner's registered address; and

(2) a law firm, engaged by the board to foreclose an association's lien for assessments, to send the notice required pursuant to section 580.021 by United States mail and certified mail to the unit owner.

The association shall make available in any reasonable manner a copy of the proposed budget prior to the meeting at which the budget is scheduled to be discussed and approved.

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

**EFFECTIVE DATE.** This section is effective January 1, 2027.

**Sec. 8. 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)–(j) [Assessment obligations, alternate common [expense plan, replacement reserves, levy procedures, damage assessments, acceleration, reallocation, three-year limit — unchanged from current statute/engrossment.]

(k) An association must adopt a collection policy and provide a copy to all unit owners and prospective purchasers as required pursuant to section 515B.4-107(a)(1).

A collection policy must require, at a minimum:

(1) three separate notifications to a unit owner before the account is referred to a law firm or collection agency for collections, including at least one notification sent by certified mail to the unit owner's registered address; and

(2) a law firm, engaged by the board to foreclose an association's lien for assessments, to send the notice required pursuant to section 580.021 by United States mail and certified mail to the unit owner.

The association shall make available, in any reasonable manner, a copy of the proposed budget prior to the meeting at which the budget is scheduled to be discussed and approved.

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

**EFFECTIVE DATE.** This section is effective January 1, 2027.

**Sec. 9. Minnesota Statutes 2024, section 515B.3-116, is amended to read:**

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

(a)–(g) [Lien attachment, lien priority, six-month super priority, enforcement timing, personal liability, non-exclusivity, statement of unpaid assessments — unchanged from current statute/engrossment.]

(h) The association's lien may be foreclosed as provided in this subsection, provided that an association may not commence foreclosure unless common expenses and special assessments and fines that meet the conditions for exception to the limit specified in section 515B.3-102, subsection (a), clause (11), are delinquent for more than three months.

(1) In a condominium or planned community, regardless of when the condominium or planned community was created, 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)–(4) [Cooperative foreclosure procedures — unchanged from current statute/engrossment.]

(i)–(k) [Holder of sheriff’s certificate, cooperative eviction, lien assignment — unchanged.]

**EFFECTIVE DATE.** This section is effective January 1, 2027, and applies to foreclosures commenced on or after that date.

**Sec. 10. [515B.3-125] LEGAL FEES; NOTICE REQUIRED.**

(a) If an association elects to refer a unit owner’s inquiry to the association’s legal counsel, the association must notify the unit owner in advance that the association: (1) intends to refer the inquiry to the association’s legal counsel; and (2) may incur legal fees which may result in an assessment to the unit owner.

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

(c) Notice under this section is not required to be given before referring a matter to the association’s legal counsel if:

- (1) the matter involves pending or threatened litigation;
- (2) the unit owner has retained legal counsel and the association is responding to the owner’s attorney; or
- (3) immediate legal action is necessary to preserve the legal rights of the association or to prevent immediate harm to persons or property.

**EFFECTIVE DATE.** This section is effective January 1, 2027.

**Sec. 11. 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)–(23) [Name of CIC, declarant info, unit count, general description, construction schedule, alternate expense plan, initial fees, liens, financing, project approvals, warranties, cancellation rights, earnest money, insurance, fees, financial arrangements, cooperative info, real estate taxes, master association info, completion status, governing documents, balance sheet and budget — unchanged from engrossment.]

(24) the list of common fines and allowable remedies required under section 515B.3-102 and the collection policy adopted by the association under section 515B.3-115(k) or 515B.3-1151(k); and

(25) a statement providing the following information:

- (i) purchasing a unit in the common interest community will impact property rights and may impose certain obligations as a unit owner;
- (ii) governing documents for a common interest community dictate how decisions will be made related to the property, including financial decisions, maintenance decisions, and restrictions on the use of the property, which may include, but not be limited to, restrictions on parking, appearance, noise, smoking, pets, and rental of your unit;
- (iii) governing documents may also be modified or changed at any time with the appropriate approval and any modifications or amendments will apply to existing unit owners; and
- (iv) it is advisable to consult with an attorney before purchasing a unit.

(f) A disclosure by the association of data in violation of the Safe at Home program under section 5B.05, paragraph (d), is a violation of this chapter.

(b)–(d) [Amendment obligations, master association duty to furnish information, applicability to post-2010 CICs — unchanged from engrossment.]

**EFFECTIVE DATE.** This section is effective January 1, 2027.

**Sec. 12. Minnesota Statutes 2024, section 515B.4-107, is amended to read:**

**515B.4-107 RESALE OF UNITS.**

(a) In the event of a resale of a unit by a unit owner other than a declarant, unless exempt under section 515B.4-101(c), the unit owner shall furnish to a purchaser, before execution of any purchase agreement for a unit or otherwise before conveyance, the following documents relating to the association or to the master association, if applicable:

(1) copies of the declaration (other than any CIC plat), the articles of incorporation and bylaws, any rules and regulations, and any amendments or supplemental declarations, including the list of common fines and allowable remedies required under section 515B.3-102 and the collection policy adopted by the association under section 515B.3-115(k) or 515B.3-1151(k);

(2) copies of the master declaration, articles of incorporation, bylaws, and rules and regulations, if the common interest community is subject to a master declaration; and

(3) a resale disclosure certificate from the association dated not more than 90 days prior to the date of the purchase agreement or the date of conveyance, whichever is earlier, containing the information set forth in subsection (b); and

(4) a copy of any reserve study, if any, obtained by the association within the past three years for the purposes of evaluating the adequacy of replacement reserve contributions and compliance with section 515B.3-1141.

(f) A purchaser should be aware of the following information:

(1) purchasing a unit in the common interest community will impact property rights and may impose certain obligations as a unit owner;

(2) governing documents for a common interest community dictate how decisions will be made related to the property, including financial decisions, maintenance decisions, and restrictions on the use of the property, which may include, but not be limited to, restrictions on parking, appearance, noise, smoking, pets, and rental of your unit;

(3) governing documents may also be modified or changed at any time with the appropriate approval and any modifications or amendments will apply to existing unit owners; and

(4) it is advisable to consult with an attorney before purchasing a unit.

(b)–(e) [Resale disclosure certificate form and contents; master association disclosure; association duty to furnish certificate; purchaser liability — unchanged from engrossment.]

**EFFECTIVE DATE.** This section is effective January 1, 2027.

**Sec. 13. 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.

(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 based on breach of a warranty imposed by this section, or any other action in contract, tort, or other law for any injury to real or personal property or bodily injury or wrongful death arising out of the alleged construction defect, is tolled from the date that any party makes a written demand for mediation under this section until the latest of the following: (1) five business days after mediation is completed; or (2) 180 days. Notwithstanding the foregoing, mediation shall not be required prior to commencement of a construction defect claim if the parties have completed home warranty dispute resolution under section 327A.051.

(d) The remedies provided for under this chapter are not exclusive and do not abrogate any remedies under other statutes or the common law.

(e) An association may not retaliate against a unit owner for asserting any right the unit owner has under this chapter or other law. For the purposes of this section, “retaliation” means to restrict any right or privilege a unit owner has, or impose any fine, penalty, or other charge on a unit owner, not authorized under the declaration, bylaws, or rules or regulations. Retaliation does not include commencing a foreclosure action for a fine that remains unpaid after the time allowed for payment, after the board has adopted a resolution upholding a fine under section 515B.3-102, subsection (a)(11).

**EFFECTIVE DATE.** This section is effective January 1, 2027.

#### **Sec. 14. [515B.5-101] LOCAL GOVERNMENT REGULATIONS.**

**Subdivision 1. Definition.** For purposes of this section, “local government” means a county; a town; a municipality as defined in section 462.352, subdivision 2; a joint planning board; or a public corporation, including the Metropolitan Council.

**Subd. 2. Prohibited regulations.** Except as required by state or federal law or rule, a local government must not condition approval of a residential building permit or conditional use permit, residential subdivision development or residential planned unit development, or any other permit related to residential development on the: (1) creation of a homeowners association; (2) inclusion of any service, feature, or common property necessitating a homeowners association, unless requested by the developer; (3) inclusion of any terms in a homeowners association declaration, bylaws, articles of incorporation, or any other governing document; or (4) adoption or revocation of, or amendment to, a rule or regulation governing the homeowners association or its members.

**Subd. 3. Exemptions.** Nothing in this section prohibits: (1) a local government from requiring the maintenance or insurance of common elements; or (2) a project applicant from providing an easement to access public infrastructure.

**EFFECTIVE DATE.** This section is effective January 1, 2027, for all common interest communities created on or after that date.

#### **Sec. 15. APPLICATION.**

Sections 1 to 13 are effective on the dates provided and apply to common interest communities created before, on, or after the date of enactment.

— END OF CONSOLIDATED TEXT —