

1.1 **Senator Latz from the Committee on Judiciary and Public Safety, to which was**  
1.2 **re-referred**

1.3 **S.F. No. 4053:** A bill for an act relating to cooperatives; providing for the organization  
1.4 and operation of housing cooperatives for seniors, low and moderate income people, limited  
1.5 equity cooperatives and leasing cooperatives for designated members; amending Minnesota  
1.6 Statutes 2022, sections 116J.395, subdivision 3; 273.11, subdivision 8; 273.124, subdivisions  
1.7 3, 3a; 290.0922, subdivision 2; 327C.095, subdivision 5; 515B.3-101; Minnesota Statutes  
1.8 2023 Supplement, sections 273.124, subdivision 6; 290.0694, subdivision 1; 290A.03,  
1.9 subdivision 16; 462A.38, subdivision 1; proposing coding for new law as Minnesota Statutes,  
1.10 chapter 308C.

1.11 Reports the same back with the recommendation that the bill be amended as follows:

1.12 Page 1, line 17, delete "or governed by chapter 515B"

1.13 Page 1, line 19, delete everything after "cooperatives"

1.14 Page 1, line 20, delete everything before the period

1.15 Page 1, after line 23, insert:

1.16 "Subd. 3. Chapter 515B prevails. In the event of a conflict between this chapter and  
1.17 chapter 515B, chapter 515B shall control."

1.18 Page 2, line 10, delete "of Organization" and before "of" insert "means the articles of  
1.19 organization"

1.20 Page 12, line 22, delete the comma and insert "or"

1.21 Page 12, line 23, delete ", or 515B" and delete "by terminating"

1.22 Page 12, line 24, delete everything before "by"

1.23 Page 12, delete lines 27 to 30

1.24 Page 13, line 1, delete "(c)" and insert "(b)"

1.25 Page 13, line 7, delete the comma and insert "or" and delete ", or" and insert "that is  
1.26 converting to be subject to this chapter"

1.27 Page 13, line 8, delete "515B"

1.28 Page 13, line 9, delete everything after "(1)"

1.29 Page 13, delete line 10

1.30 Page 13, line 11, delete "(i)"

1.31 Page 13, line 12, delete "(A)" and insert "(i)"

1.32 Page 13, line 13, delete "(B)" and insert "(ii)"

- 2.1 Page 13, line 15, delete "(C)" and insert "(iii)"
- 2.2 Page 13, line 18, delete "(ii)" and insert "(2)"
- 2.3 Page 13, line 19, delete "; and" and insert a period
- 2.4 Page 13, delete lines 20 to 25
- 2.5 Page 13, line 26, delete everything after "effective"
- 2.6 Page 13, line 27, delete "terminated"
- 2.7 Page 13, line 30, delete the comma and insert "or" and delete ", or 515B"
- 2.8 Page 14, line 4, delete the comma and insert "or" and delete ", or 515B"
- 2.9 Page 14, lines 7 and 8, delete the comma and insert "and" and delete ", and 515B"
- 2.10 Page 14, line 12, delete the comma and insert "and" and delete the comma
- 2.11 Page 14, line 13, delete "and 515B,"
- 2.12 Page 91, after line 7, insert:
- 2.13 "Sec. 91. EFFECTIVE DATE.
- 2.14 This article is effective August 1, 2025."
- 2.15 Page 101, after line 30, insert:
- 2.16 "Sec. 12. Minnesota Statutes 2022, section 515B.3-103, is amended to read:
- 2.17 **515B.3-103 BOARD OF DIRECTORS, OFFICERS AND DECLARANT**
- 2.18 **CONTROL.**
- 2.19 (a) An association shall be governed by a board of directors whose appointment or
- 2.20 election shall occur no later than the date of creation of the common interest community
- 2.21 and shall be reflected in the association's records. Except as expressly prohibited by the
- 2.22 declaration, the articles of incorporation, bylaws, subsection (b), or other provisions of this
- 2.23 chapter, the board may act in all instances on behalf of the association. In the performance
- 2.24 of their duties, the officers and directors are required to exercise (i) if appointed by the
- 2.25 declarant, the care required of fiduciaries of the unit owners and (ii) if elected by the unit
- 2.26 owners, the care required of a director by section 302A.251, 308B.455, 308C.455, or
- 2.27 317A.251, as applicable. The officers and directors appointed by the declarant shall have
- 2.28 a duty to fulfill, and to cause the association to fulfill, their respective obligations under the
- 2.29 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 and directors of master associations in the exercise of their duties on behalf of the master association.

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

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

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

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

(3) If the board fails or refuses to cause a meeting of the unit owners required to be called pursuant to subsection (d), then the unit owners other than a declarant and its affiliates may cause the meeting to be called pursuant to the applicable provisions of the law under which the association was created. The declarant and its affiliates shall be deemed to be present

4.1 at the meeting for purposes of establishing a quorum regardless of their failure to attend the  
4.2 meeting.

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

4.7 (1) Unless otherwise approved by a vote of unit owners other than the declarant or an  
4.8 affiliate of the declarant, a majority of the directors shall be unit owners or a natural person  
4.9 designated by a unit owner that is not a natural person, other than a declarant or an affiliate  
4.10 of a declarant. The remaining directors need not be unit owners unless required by the  
4.11 articles of incorporation or bylaws.

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

4.17 (3) Subject to the requirements of subsection (e)(1), the articles of incorporation or  
4.18 bylaws may authorize special classes of directors and director voting rights, as follows: (i)  
4.19 classes of directors, (ii) the appointment or election of directors in certain classes by certain  
4.20 classes of members, or (iii) class voting by classes of directors on issues affecting only a  
4.21 certain class or classes of members, units, or other parcels of real estate, or to otherwise  
4.22 protect the legitimate interest of such class or classes. No person may utilize such special  
4.23 classes or class voting for the purpose of evading any limitation imposed on declarants by  
4.24 this chapter.

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

4.27 (f) In determining whether the period of declarant control has terminated under subsection  
4.28 (c), or whether unit owners other than a declarant are entitled to elect members of the board  
4.29 of directors under subsection (d), the percentage of the units conveyed shall be calculated  
4.30 using as a numerator the number of units conveyed and as a denominator the number of  
4.31 units subject to the declaration plus the number of units which the declarant is authorized  
4.32 by the declaration to create on any additional real estate. The percentages referred to in  
4.33 subsections (c) and (d) shall be calculated without reference to units that are auxiliary to

other units, such as garage units or storage units. A person shall not use a master association or other device to evade the requirements of this section.

(g) Except as otherwise provided in this subsection, 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 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. 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.

### Sec. 13. EFFECTIVE DATE.

This article is effective August 1, 2025."

Amend the title numbers accordingly

And when so amended the bill do pass. Amendments adopted. Report adopted.

  
.....  
(Committee Chair)

April 3, 2024.....  
(Date of Committee recommendation)