

S.F. No. 1750 – Common interest communities (as proposed to be amended by the SCS1750A-5 amendment)

Author: Senator Eric Lucero

Prepared by: Priyanka Premo, Senate Counsel (priyanka.premo@mnsenate.gov)

Date: March 11, 2025

Overview

SF 1750 amends chapter 515B, the Minnesota Common Interest Ownership Act, which governs common interest communities, including homeowners' associations and condominiums. Among other things, this bill modifies the requirements to terminate a common interest community (CIC); removes an association's ability to charge interest; imposes caps on late fees and fines; imposes greater notice requirements on associations for meetings and rules; addresses conflicts of interests for CIC board members, their family members, and management companies; requires the association to meet and confer with the unit owner before imposing sanctions; removes the ability of an association to enforce a lien against the unit owner for unpaid fines; limits proxy voting; requires unit owner input at meetings; and prohibits retaliation. This bill also provides that cooperatives organized under chapter 308C are not subject to chapter 515B and prohibits local governments from conditioning approval of permits related to residential development on the creation of a homeowners' association, inclusion of services or features, inclusion of terms in governing documents, or adoption or revocation of rules or regulations. Most sections in this bill are effective January 1, 2026.

Article 1 – Common Interest Communities

Section 1. [515B.1-102; Applicability] Provides that chapter 515B does not apply to cooperatives established under chapter 308C (a new chapter enacted in 2024 governing cooperatives). Provides that certain sections being amended in this bill apply to all planned communities and townhome associations, regardless of the date they were created, unless a current law exemption applies.

Section 2. [515B.2-103; Construction and validity of declaration and bylaws] Provides that chapter 515B prevails if there is a conflict between the declaration or the bylaws and chapter 515B.

Section 3. [515B.2-119; Termination of common interest community] Modifies the current law for terminating a common interest community by removing a requirement to obtain approval of first mortgagees and modifying the minimum threshold of votes required to terminate as follows:

- A common interest community with no common elements may be terminated by 60% of the votes of unit owners; and

- A common interest community with common elements may be terminated by 80% of the votes of unit owners, except if all units are single-family homes, the declaration may specify a smaller percentage of the votes.

Section 4. [515B.3-101; Organization of unit owners' association] Makes a conforming change.

Section 5. [515B.3-102; Powers and duties of unit owners' association] Modifies the association's power and duties as follows:

- Requires the association to provide a schedule of fees and charges that may be imposed on the unit owner;
- Removes authority to impose interest on late payment of assessments;
- Prohibits an association from imposing a late fee greater than \$15 for late payment of assessments, except that for special assessments, the association may impose a late fee which is the lower of \$100 or 5% of the special assessment amount;
- Requires the association to provide each unit owner with a policy regarding fines and when they may be imposed;
- If a violation may be cured without causing damage to property or another, the association must provide the unit owner with a reasonable time to correct the violation before imposing a fine;
- A fine must be commensurate with the violation and must not exceed \$100 per violation;
- If the violation is repeated, willful, and knowing, and the unit owner has been notified that the fine will be increased, the association may impose a fine up to \$300;
- Provides a cap of \$2,500 for a fine when it is combined with other fines for an ongoing violation, related late fees, and other allowable charges;
- Removes ability to impose a lien for unpaid fines;
- Limits an association's power to what is statutorily conferred in chapter 515B;
- Removes an association's authority to impose reasonable charges for the review and preparation of statements of unpaid assessments or furnishing copies of association records;
- Prohibits associations from imposing charges, including attorney fees, for responding to a question about a governing document or any aspect of the operations or management of the common interest community;
- Requires associations to provide written notice to the unit owner of the procedures for disputing a fine;
- Prohibits CICs from adopting arbitrary, capricious, or unreasonable rules and regulations. Requires associations to provide 60 days advance notice of a board's intention to adopt a new rule or modify or revoke a current rule. Rule changes must be approved at board meetings and unit owners must have an opportunity to comment. Permits a majority of unit owners to revoke a rule at a board meeting;
- Requires associations to adopt procedures for dispute resolution and a meet and confer process; and
- Prohibits associations from assigning or selling a unit owner's debt.

Section 6. [515B.3-103; Board of directors, officers and declarant control] Clarifies that all meetings of the board must be open to unit owners. Requires reasonable notice to unit owners of the board meeting's agenda. Requires the board to permit a unit owner or a member's designee to speak during the meeting regarding any subject that is on the meeting agenda; and designate time at each

meeting to permit a unit owner to speak on any CIC-related matter not on the agenda. Addresses conflicts of interest for board members and management companies as follows:

- Prohibits board members, their spouses, siblings, children, or parents from having a financial interest in a business hired for goods or services over \$2,000 in a calendar year;
- Prohibits board members, their spouses, siblings, children, or parents from soliciting or accepting compensation, gifts, or anything of value from a person performing services for the association or with whom the association has a contract or other business relationship;
- Prohibits board members from soliciting or accepting compensation, gifts, or anything of value that would improperly influence or appear to improperly influence the association's decisions;
- Prohibits management companies from having a financial interest in a business the association or management company has hired for goods or services over \$2,000 in a calendar year or from soliciting or accepting compensation or gifts from any person performing services for the association; or
- Prohibits the association or board member from entering into a contract or other business relationship from which the management company or its owners or employees, or their spouses or other relatives has received or could receive a direct or indirect financial benefit over \$2,000 per calendar year.

Requires board members to prepare an annual report listing all contracts for the previous budget year and provide it to each unit owner annually. Prohibits automatic renewal of contracts with property management companies unless the contract also permits termination with no more than 60 days' notice.

Section 7. [515B.3-106; Bylaws; annual report] Requires changes to the bylaws to be approved at an annual meeting where the association provides unit owners with the opportunity to comment on the proposed change. Permits a majority of unit owners at the annual meeting to revoke a bylaw.

Section 8. [515B.3-107; Upkeep of common interest community] Prohibits property management companies from requiring associations to work with a particular vendor.

Requires the association to provide a fair, reasonable, and expeditious procedure for making decisions to approve or disapprove proposed changes to a unit or limited common elements and provide that procedure in the association's governing documents. The board must issue a written decision within 90 days after the initial submission of the proposal or submission of additional documents requested by the board.

Prohibits the association from enforcing parking restrictions on a personal vehicle on a public street for which the state or local government is responsible for maintenance and repairs, unless the state or local government has delegated the authority to regulate parking to the association. Prohibits restrictions on parking for a work vehicle.

Section 9. [515B.3-108; Meetings] Requires a meeting notice to include copies of any documents that are subject to discussion or approval at the meeting, including the budget.

Section 10. [515B.3-110; Voting; proxies] Prohibits a current board member from acting as a proxy for a unit owner. Prohibits proxy voting for more than 20 percent of votes cast on a single vote.

Section 11. [515B.3-115; Assessments for common expenses; CIC created before August 1, 2010] Requires the association to provide each unit owner with a copy of the proposed budget prior to the annual meeting and allow input on the budget prior to or during the meeting. Limits the amount of attorney fees and costs that may be assessed against the unit owner for enforcement and collection to \$1,500. Prohibits assessment of attorney fees and costs if the association uses a collection agency with a contingency fee arrangement. Requires associations to offer reasonable payment agreements to unit owners.

Section 12. [515B.3-1151; Assessments for common expenses; CIC created on or after August 1, 2010] Requires the association to provide each unit owner with a copy of the proposed budget prior to the annual meeting and allow input on the budget prior to or during the meeting. Limits the amount of attorney fees and costs that may be assessed against the unit owner for enforcement and collection to \$1,500. Prohibits assessment of attorney fees and costs if the association uses a collection agency with a contingency fee arrangement. Requires associations to offer reasonable payment agreements to unit owners.

Section 13. [515B.3-116; Lien for assessments] Provides that fines are not enforceable as a lien on a unit. Provides that an association may begin foreclosure proceedings when the total amount owed is at least \$5,000, not including attorney fees, and has been outstanding for at least 180 days. Limits attorney fees for foreclosure by advertisement to current law limitations.

Section 14. [515B.3-122; Requirement to meet and confer] Requires the association and the unit owner to engage in a meet and confer process before the association takes an enforcement action against the unit owner.

Section 15. [515B.3-125; Legal fees; notice required] Requires the board to provide a notice of potential legal fees to the unit owner before referring the unit owner's inquiry to an attorney. Requires the board to provide an itemized invoice for an legal fees that are charged to a unit owner.

Section 16. [515B.4-102; Disclosure statement; general provisions; CIC created before August 1, 2010] Requires a disclosure statement to include: (1) a fact sheet or other publication by the Attorney General or Community Association Institute that describes the rights and responsibilities of unit owners and associations in plain language; and (2) a schedule of fines.

Section 17. [515B.4-1021; Disclosure statement; general provisions; CIC created on or after August 1, 2010] Requires a disclosure statement to include: (1) a fact sheet or other publication by the Attorney General or Community Association Institute that describes the rights and responsibilities of unit owners and associations in plain language; and (2) a schedule of fines.

Section 18. [515B.4-116; Rights of action; retaliation prohibited; attorney's fees] Provides that an association is liable to a unit owner for actual damages and must pay a unit owner a civil penalty in an amount up to \$1,000. Prohibits an association from retaliating against a unit owner for asserting their rights under this chapter or other law.

Section 19. [Effective date] Extends the effective date of chapter 308C by an additional year. Chapter 308C was a new law governing cooperatives enacted in 2024 with a delayed effective date.

Section 20. [Repealer] Repeals a provision in chapter 308C that provides that chapter 515B prevails over chapter 308C in the event of a conflict.

Article 2 – Local Government Preemption

Section 1. [394.25; Homeowners associations] Prohibits a county from conditioning approval of permits related to residential development on the creation of a homeowners association, inclusion of services or features, inclusion of terms in governing documents, or adoption or revocation of rules or regulations.

Section 2. [462.3577; Municipalities; homeowners associations] Prohibits a municipality, joint planning board, or a public corporation from conditioning approval of permits related to residential development on the creation of a homeowners association, inclusion of services or features, inclusion of terms in governing documents, or adoption or revocation of rules or regulations.



Senate Counsel, Research, and Fiscal Analysis provides nonpartisan legislative, legal, fiscal, and analytical services to the Minnesota Senate. This document can be made available in different formats upon request.

www.senate.mn/scrfa/home | 651-296-4791
95 University Ave. W., STE 3300, Saint Paul, MN, 55155