

March 11 2025

Madam Chair and Members of the Committee
Senate File 1750 Common Interest Communities

Thank you for the opportunity to comment on SF 1750 regarding Common Interest Communities. My name is Lori Smith and I have lived in Minnesota CIC's since 1998. First in a 400+ unit condo community; then in a 38-unit self-managed townhome community (where I served on the Board as Treasurer; VP and President); and since 2016 in a 159-unit townhome community (where I have been Board President since that time). While living in the self-managed community, I took it up myself to learn about CIC living and got a Certificate in Community Association Management. I do not work in the field, but the working knowledge have proven invaluable in Board service.

One of the first things that we Board members are taught about Rulemaking and enforcement is that they must be fair and they must be applied equally throughout the community. Unfortunately, as I read through SF1750, I don't feel this Committee is doing the same. There are many instances where rule-following residents would be asked to pay more in Association Fees due to those that prefer to not follow them. There are instances where those that prefer not to pay dues will push the financial burden of day-to-day operations to the rest of the community. And there are instances that make it unsavory to consider serving on the Board. I don't believe that is the intent of the Committee but this certainly feels like "penalize all to satisfy a few." Perhaps those "few" are the loudest, but they represent a miniscule part of the Minnesota citizens that live in CIC's.

I would like to call your attention to the following concerns:

- **Section 5. 515B.3-102:**
- Prohibits an association from imposing a late fee greater than \$15 for late payment of assessments, except for special assessments, the association may impose a late fee which is the lower of \$100 or 5% of the special assessments.
 - *Most late fees are currently \$25-30. Lower late fees encourage homeowners to delay payments because it is cheaper than an NSF Bank Fee (\$30+) or credit card fees or 3rd party payer fees. Delinquent accounts create more work for Board Treasurer's and/or Property Management companies with generation of Delinquency Notices/Statements and the time it takes to manage the late status. Fees for these services are charged back to the HOA by property management companies. (Paper, envelopes, labels, emails, time).*
- A fine must be commensurate with the violation and must not exceed \$100 per violation
 - *I agree that a fine for parking on the lawn (on the irrigation heads) should not be the same as that for a unit that is Renting in a non-rental community. However, the \$100 limit will be ignored in the more serious instances. Larger fines are often determined by Boards/Management based on the consideration that "it will stand up in Court should it go there." This mentality limits the crazy fines and still allows the Community peaceful enjoyment.*
 - *Another issue with naming a dollar amount is that in a few years, \$100 may seem even more minimal, and the law will require updating. It's best to leave these out.*
- Provides a cap of \$2,500 for a fine when it is combined with other fines for an ongoing violation, related lates fees, and other allowable charges.
 - *In some instances, attorney fees alone can be more than \$2,500. So, the rest falls to the Community to pay.*
 - *Naming a dollar amount means that in a few years the law will be required to be updated again to cover the cost of inflation, changes in the economy etc.*

- 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.
 - *Why penalize everyone for the sake of a few? Boards do not routinely do any of these things in rule-making, especially if they have a manager and/or legal counsel.*
 - *Rulemaking by a Board takes the entire community into consideration. Rulemaking by owners is from their personal viewpoints/experience. Boards do not write rules to address individual situations but this change would allow that to happen.*
 - *Writing rules for the benefit of the entire community may make someone upset because it affects them personally. That doesn't mean the Board did something wrong. For example, we had to implement a ban on seed feeders/attractants because the seeds were attracting rodents, creating the need for expensive extermination services and damage to turf that created trip/fall situations, which effected dues. Owners that had feeders out were upset but when it was explained to everyone that after weeks of research on remediation options this was the best decision, majority of homeowners understood and appreciated the effort. Those most effected were rude and disrespectful.*
 - *This is a horrible change to the operations of a CIC/Board.*
- Requires associations to adopt procedures for dispute resolution and a meet and confer process
 - *I have been publicly harassed and stalked by a resident of our CIC for serving as a Board member. This person was upset because a manager sent them a notice about installing a security camera without prior notice. The owner could have taken 5 minutes to complete a form so it was on file but instead chose the other option. It went on for 5 years until we published a Harassment/Stalking policy. There is no way I would meet and confer with this person. Rather I'd get a restraining order and resign from the Board.*
 - *We have 159 units and cannot get volunteers to serve on our Board, which is supposed to have 5 Directors. This is in large part due to the behavior of the above-mentioned harassing homeowner at an Annual Meeting, which made many owners uncomfortable enough to leave the meeting. Despite repeated requests for volunteers, we have had at least one opening on the Board for 3 years.*

Section 7. 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.
 - *This doesn't even make sense. By-laws are part of the governing documents and would require a vote of the full association; after being mailed by certified mail to all owners with a way to contact the attorney with questions. The owner then decided if they are in favor or the change or not. The vote is returned by mail and counted as per current statutes.*

Section 8. Upkeep of common interest community

- Prohibits restrictions on parking for a work vehicle.
 - *Recent (last summer) real-life examples in our CIC: An owner owns a school bus business and parks the bus in the driveway. An owner owns a trucking company*

and parks his 24-foot box truck on the street or driveway, limiting access to nearby residents whom are tired of looking at it and dealing with it. A resident works for an asphalt company and parks the smelly, oily truck, trailer, and equipment in the community.

- *This needs to be removed from SF1750.*

Section 10: Voting; Proxies

- Prohibits a Board member from acting as a proxy for a unit owner.
 - *Why limit anyone's voting rights? Aren't we as a country better than that?*
 - *If there is one person that I know will attend a meeting that I am not able to, it will be a Board member. THAT is the person that I want to cast my ballot.*
 - *This needs to be removed.*
- Prohibits proxy voting for more than 20 percent of the votes cast on a single vote
 - *Again limiting voting rights. We can't force people to attend meetings in person. We can get them to participate in the best way they can. A proxy counts toward meeting quorums, which are often a necessary way to be able to hold annual meetings.*
 - *This needs to be removed.*

Section 11 & 12: Assessments for common expenses;

- Proposed Budget distributed prior to Annual Meeting and allow input prior or during the Annual meeting.
 - **This is where the committee member naivety of CIC living/Board Duties rings loud.**
 - Budgets are worked on at the end of an association fiscal year, typically October/November.
 - Annual Meetings are held to review the prior year; typically in the Spring
 - Board members have the Fiduciary responsibility to the community; homeowners do not.
 - **This rule is embarrassing to even have to defend.**

Section 13: Liens 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's fees and has been outstanding for at least 180 days.**
 - Protecting owners that pass the financial burden onto other community members is not right. \$5000 may be miniscule in a larger community; and may be devastating for a small one.
 - Foreclosure proceedings should not be based on an amount owed.
 - Attorney's fees are an important part of a total amount due and would otherwise be paid by the Association budget (dues.)
 - Carrying a balance for 6 months before a process can begin is a financial burden in smaller communities.

Section 16 & 17: Disclosure Statement; general provisions

- Disclosure statement that describes rights & responsibilities of unit owners and associations in plain language
 - Do you know that many disputes/confusions are caused by real estate agents that are untrained in HOA's? They tell buyers things like "everything outside is covered by the HOA", which is blatantly false. It creates a sense of unrealistic expectations and then when issues arise, it is the BOARD that is blamed.

- **The Board is not the enemy.** Volunteers get the thankless job of enforcing governing documents and MN statute. Information that gives the sense that they are the bad guys is destroying communities and resulting in lack of volunteers.

Thank you for your time in reading my concerns. There are opportunities within this file to improve CIC living for the majority, not the few. I appreciate your consideration to the concerns noted here and ask that the Committee work as you expect Board too.

Lori Smith
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