

SF 1063

Becky A Cole / HOA Homeowner. I am in support of the bill to create an ombudsman's office for HOA homeowners.

We have no defense against toxic business practices

The purpose of an association is to enforce the CCRs. The Covenants, Conditions and Restrictions are created by the municipality for the management of the property, yet, the HOAs are not required to operate with business practices the municipality uses in the course of the own business.

Municipalities create special neighborhoods that are designed to strip away the civil rights of homeowners while at the same time giving power to people to act as their agents without requiring any accountability for their conduct.

Minnesota Attorney General is sitting on more than 30,000 requests for help, but they can't get involved because "it's a private contract," yet they won't explain what that means or why.

Minnesota Department of Human Rights won't investigate any claim by a HOA homeowner, even though retaliation by an "assignee or managing agent of any real property" would be considered to be wrong in any other circumstance.

Minnesota Department of Labor and Industry refuses to do a classification ruling on the nature of the relationship between the management company, association and the municipality. They insist it is a housing issue, not a labor issue.

Minnesota Chapter of Community Associations Institute is a 501c(3) organization. As such, to retain their federal status, they are required to make business documents available to the public upon request, yet they fight against anything that requires associations to be transparent with homeowners.

Legal representation is not available for homeowners. For anyone who says it is, please ask them to name an attorney who will represent a homeowner against an HOA. Also, boards are allowed to use homeowner funds to pay attorney's to control homeowners, rather than just for defense purposes.

Insurance companies will issue D&O insurance, but don't require there to be any credible proof that those they are covering are actually, legitimately on the board of directors.

Minnesota Housing provides downpayment assistance funding to homebuyers as well as offers grant money for municipalities to use as incentives to get people to purchase homes. Yet, they don't support creating a way to allow potential homeowners to make an informed choice, because "they don't want to tell people where to live." They will fund putting them into a place that takes away their civil rights, but they don't want to allow them to be told that before they buy.

First Time Home-Buyers Classes will teach you about budgeting, but don't teach you that you are required to give up your civil rights to purchase into a HOA. They also don't teach that the municipality that establishes the HOA doesn't require those who run it to know how to tie their shoes and gives them the power to take away your home without a legally justifiable reason.

Realtors are at best required to help a home buyer get the governing documents, but they aren't required to help them understand them, nor are they required to provide the buyer with any information that could help determine if the association was being run with ethical business practices.

My Association – business practices that would not be tolerated elsewhere

Our homes were built by Centex and Centex is still on the articles of incorporation. Centex doesn't build in Minnesota any more, nor do they or Pulte (who bought them out) have any concern for the conduct of those running the association.

I once asked our management company – FirstService Residential - where their authority comes from. The response was "the bylaws," yet they were the ones who wrote the bylaws. Note their authority doesn't come from the municipality who created the association or the builder whose name is on the articles of incorporation.

The board was appointed by FSR and someone from FSR is always at the board meetings. FSR controls the voting process, so even if we wanted to vote out the board, we can't because the management company won't allow it.

FSR is listed as the president of the association in the business filings at the Secretary of State's office.

FSR is the sole signer on the bank accounts, and none of the bank accounts are in Minnesota. A municipality would not hand over \$1.8 million to an unlicensed vendor for them to manage, provide no oversight or risk management procedures, and pay for their liability insurance on top of it, but that is what we, as homeowners, are doing.

When I asked my board to consider changing management companies, FSR used the dues from my association to pay an attorney to send to me a letter saying I was not allowed to speak to the board without their permission.