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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 1268

02/20/2025

03/10/2025

Authorred by Bahner, Mekeland, Howard, Igo, Moller and others  
The bill was read for the first time and referred to the Committee on Housing Finance and Policy  
Adoption of Report: Amended and re-referred to the Committee on Judiciary Finance and Civil Law

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A bill for an act

relating to common interest communities; modifying rights and duties of common  
interest communities; modifying rights of a unit owner; modifying termination  
threshold; establishing a meet and confer process; modifying notice of meetings;  
prohibiting certain governing bodies from requiring or incentivizing creation of  
homeowners associations; amending Minnesota Statutes 2024, sections 394.25,  
by adding a subdivision; 515B.1-102; 515B.2-103; 515B.2-119; 515B.3-102;  
515B.3-103; 515B.3-106; 515B.3-107; 515B.3-108; 515B.3-110; 515B.3-115;  
515B.3-1151; 515B.3-116; 515B.4-102; 515B.4-1021; 515B.4-116; Laws 2024,  
chapter 96, article 2, section 13; proposing coding for new law in Minnesota  
Statutes, chapters 462; 515B; repealing Minnesota Statutes 2024, section 308C.003,  
subdivision 3.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1

COMMON INTEREST COMMUNITIES

Section 1. Minnesota Statutes 2024, section 515B.1-102, is amended to read:

**515B.1-102 APPLICABILITY.**

(a) Except as provided in this section, this chapter, and not chapters 515 and 515A,  
applies to all common interest communities created within this state on and after June 1,  
1994.

(b) The applicability of this chapter to common interest communities created prior to  
June 1, 1994, shall be as follows:

(1) This chapter shall apply to condominiums created under chapter 515A with respect  
to events and circumstances occurring on and after June 1, 1994; provided (i) that this  
chapter shall not invalidate the declarations, bylaws or condominium plats of those

condominiums, and (ii) that chapter 515A, and not this chapter, shall govern all rights and obligations of a declarant of a condominium created under chapter 515A, and the rights and claims of unit owners against that declarant.

(2) The following sections in this chapter apply to condominiums created under chapter 515: 515B.1-104 (Variation by Agreement); 515B.1-105 (Separate Titles and Taxation); 515B.1-106 (Applicability of Local Requirements); 515B.1-107 (Eminent Domain); 515B.1-108 (This Chapter Prevails; Supplemental Law); 515B.1-109 (Construction Against Implicit Repeal); 515B.1-112 (Unconscionable Agreement or Term of Contract); 515B.1-113 (Obligation of Good Faith); 515B.1-114 (Remedies to be Liberally Administered); 515B.1-115 (Notice); 515B.1-116 (Recording); 515B.2-103 (Construction and Validity of Declaration and Bylaws); 515B.2-104 (Description of Units); 515B.2-108(d) (Allocation of Interests); 515B.2-109(f) (Common Elements and Limited Common Elements); 515B.2-112 (Subdivision, Combination, or Conversion of Units); 515B.2-113 (Alteration of Units); 515B.2-114 (Relocation of Boundaries Between Adjoining Units); 515B.2-115 (Minor Variations in Boundaries); 515B.2-118 (Amendment of Declaration); 515B.2-119 (Termination of Common Interest Community); 515B.3-102 (Powers of Unit Owners' Association); 515B.3-103(a), (b), and (g) (Board of Directors, Officers, and Declarant Control); 515B.3-107 (Upkeep of Common Interest Community); 515B.3-108 (Meetings); 515B.3-109 (Quorums); 515B.3-110 (Voting; Proxies); 515B.3-111 (Tort and Contract Liability); 515B.3-112 (Conveyance of, or Creation of Security Interests in, Common Elements); 515B.3-113 (Insurance); 515B.3-114 (Replacement Reserves); 515B.3-115(c), (e), (f), (g), (h), and (i) (Assessments for Common Expenses); 515B.3-116 (Lien for Assessments); 515B.3-117 (Other Liens); 515B.3-118 (Association Records); 515B.3-119 (Association as Trustee); 515B.3-121 (Accounting Controls); 515B.4-107 (Resale of Units); 515B.4-108 (Purchaser's Right to Cancel Resale); and 515B.4-116 (Rights of Action; Attorney's Fees). Section 515B.1-103 (Definitions) shall apply to the extent necessary in construing any of the sections referenced in this section. Sections 515B.1-105, 515B.1-106, 515B.1-107, 515B.1-116, 515B.2-103, 515B.2-104, 515B.2-118, 515B.3-102, 515B.3-110, 515B.3-111, 515B.3-113, 515B.3-116, 515B.3-117, 515B.3-118, 515B.3-121, 515B.4-107, 515B.4-108, and 515B.4-116 apply only with respect to events and circumstances occurring on and after June 1, 1994. All other sections referenced in this section apply only with respect to events and circumstances occurring after July 31, 1999. A section referenced in this section does not invalidate the declarations, bylaws or condominium plats of condominiums created before August 1, 1999. But all sections referenced in this section prevail over the declarations, bylaws, CIC plats, rules and regulations under them, of

condominiums created before August 1, 1999, except to the extent that this chapter defers to the declarations, bylaws, CIC plats, or rules and regulations issued under them.

(3) This chapter shall not apply to cooperatives ~~and~~ created prior to June 1, 1994, or created under chapter 308C; to planned communities created prior to June 1, 1994; or to planned communities that were created on or after June 1, 1994, and before August 1, 2006, and that consist of more than two but fewer than 13 units; except by election pursuant to subsection (d), and except that the following sections apply to all planned communities and townhome associations regardless of when created, unless they are exempt under subsection (e): sections 515B.1-116, subsections (a), (c), (d), and (e); 515B.3-102, subsections (a), paragraphs (1), (3), (11), and (12), (c), and (g); 515B.3-103, subsections (a), (e), paragraph (4), (g), and (h); 515B.3-107, subsections (a), (d), (e), (f), and (g); 515B.3-115, subsections (e), paragraphs (4) and (5), (g), and (k); 515.3-1151, subsections (e), paragraphs (4) and (5), (g), and (k); 515.3-116, subsections (a) and (h); 515.3-122; 515B.4-107; and 515B.4-108; ~~apply to all planned communities and cooperatives regardless of when they are created, unless they are exempt under subsection (e).~~

(c) This chapter shall not invalidate any amendment to the declaration, bylaws or condominium plat of any condominium created under chapter 515 or 515A if the amendment was recorded before June 1, 1994. Any amendment recorded on or after June 1, 1994, shall be adopted in conformity with the procedures and requirements specified by those instruments and by this chapter. If the amendment grants to any person any rights, powers or privileges permitted by this chapter, all correlative obligations, liabilities and restrictions contained in this chapter shall also apply to that person.

(d) Any condominium created under chapter 515, any planned community or cooperative which would be exempt from this chapter under subsection (e), or any planned community or cooperative created prior to June 1, 1994, or any planned community that was created on or after June 1, 1994, and prior to August 1, 2006, and that consists of more than two but fewer than 13 units, may elect to be subject to this chapter, as follows:

(1) The election shall be accomplished by recording a declaration or amended declaration, and a new or amended CIC plat where required, and by approving bylaws or amended bylaws, which conform to the requirements of this chapter, and which, in the case of amendments, are adopted in conformity with the procedures and requirements specified by the existing declaration and bylaws of the common interest community, and by any applicable statutes.

(2) In a condominium, the preexisting condominium plat shall be the CIC plat and an amended CIC plat shall be required only if the amended declaration or bylaws contain provisions inconsistent with the preexisting condominium plat. The condominium's CIC number shall be the apartment ownership number or condominium number originally assigned to it by the recording officer. In a cooperative in which the unit owners' interests are characterized as real estate, a CIC plat shall be required. In a planned community, the preexisting plat or registered land survey recorded pursuant to chapter 505, 508, or 508A, or the part of the plat or registered land survey upon which the common interest community is located, shall be the CIC plat.

(3) The amendment shall comply with section 515B.2-118(a)(3) and (c); except that the unanimous consent of the unit owners shall not be required for (i) a clarification of the unit boundary description if the clarified boundary description is substantially consistent with the preexisting CIC plat, or (ii) changes from common elements to limited common elements that occur by operation of section 515B.2-109(c) and (d).

(4) Except as permitted by paragraph (3), no declarant, affiliate of declarant, association, master association nor unit owner may acquire, increase, waive, reduce or revoke any previously existing warranty rights or causes of action that one of said persons has against any other of said persons by reason of exercising the right of election under this subsection.

(5) A common interest community which elects to be subject to this chapter may, as a part of the election process, change its form of ownership by complying with section 515B.2-123.

(e) Except as otherwise provided in this subsection, this chapter shall not apply, except by election pursuant to subsection (d), to the following:

(1) a planned community which consists of two units, which utilizes a CIC plat complying with section 515B.2-110(d)(1) and (2), or section 515B.2-1101(d)(1) and (2), which is not subject to any rights to subdivide or convert units or to add additional real estate, and which is not subject to a master association;

(2) a common interest community that consists solely of platted lots or other separate parcels of real estate designed or utilized for detached single family dwellings or agricultural purposes, with or without common property, where no association or master association has an obligation to maintain any building containing a dwelling or any agricultural building located or to be located on such platted lots or parcels; except that section 515B.4-101(e) shall apply to the sale of such platted lots or parcels of real estate if the common interest community is or will be subject to a master declaration;

(3) a cooperative where, at the time of creation of the cooperative, the unit owners' interests in the dwellings as described in the declaration consist solely of proprietary leases having an unexpired term of fewer than 20 years, including renewal options;

(4) planned communities utilizing a CIC plat complying with section 515B.2-110(d)(1) and (2), or section 515B.2-1101(d)(1) and (2), and cooperatives, which are limited by the declaration to nonresidential uses; or

(5) real estate subject only to an instrument or instruments filed primarily for the purpose of creating or modifying rights with respect to access, utilities, parking, ditches, drainage, or irrigation.

(f) Section 515B.4-101(e) applies to any platted lot or other parcel of real estate that is subject to a master declaration and is not subject to or is exempt from this chapter.

(g) Section 515B.1-106 and section 515B.2-118, subsections (a)(5), (a)(7), and (d), shall apply to all common interest communities.

(h) Sections 515B.1-103(33a), 515B.2-110, 515B.3-105, 515B.3-115, 515B.4-102, and 515B.4-115 apply only to common interest communities created before August 1, 2010. Sections 515B.1-103(33b), 515B.2-1101, 515B.3-1051, 515B.3-1151, 515B.4-1021, and 515B.4-1151 apply only to common interest communities created on or after August 1, 2010.

(i) Section 515B.3-114 applies to common interest communities only for the association's fiscal years commencing before January 1, 2012. Section 515B.3-1141 applies to common interest communities only for the association's fiscal years commencing on or after January 1, 2012.

(j) Section 515B.3-104 applies only to transfers of special declarant rights that are effective before August 1, 2010. Section 515B.3-1041, subsections (a) through (i), apply only to transfers of special declarant rights that are effective on or after August 1, 2010. Section 515B.3-1041, subsections (j) and (k), apply only to special declarant rights reserved in a declaration that is first recorded on or after August 1, 2010.

**EFFECTIVE DATE.** This section is effective January 1, 2026.

Sec. 2. Minnesota Statutes 2024, section 515B.2-103, is amended to read:

**515B.2-103 CONSTRUCTION AND VALIDITY OF DECLARATION AND BYLAWS.**

(a) All provisions of the declaration and bylaws are severable.

(b) The rule against perpetuities may not be applied to defeat any provision of the declaration or this chapter, or any instrument executed pursuant to the declaration or this chapter.

(c) In the event of a conflict between the provisions of the declaration and the bylaws, the declaration prevails except to the extent that the declaration is inconsistent with this chapter. In the event of a conflict between the provisions of the declaration or the bylaws and this chapter, this chapter prevails.

(d) The declaration and bylaws must comply with sections 500.215, 500.216, and 500.217.

**EFFECTIVE DATE.** This section is effective January 1, 2026.

Sec. 3. 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 the common interest community does not own any common elements, the common interest community may be terminated only by agreement of unit owners of units to which at least 60 percent of the votes in the association are allocated; or

(2) if the common interest community owns common elements, the common interest community 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 single-family homes or if all of the units are restricted to nonresidential use.

(b) An agreement to terminate shall be evidenced by a written agreement, executed in the same manner as a deed by the number of unit owners ~~and first mortgagees of units~~ required by subsection (a), and shall contain and include property and interest transfers, including easements or sales, for any common elements. The agreement shall specify a date after which the agreement shall be void unless recorded before that date. The agreement shall also specify a date by which the termination of the common interest community and the winding up of its affairs must be accomplished. A certificate of termination executed by the association evidencing the termination shall be recorded on or before the termination date, or the agreement to terminate shall be revoked. The agreement to terminate, or a memorandum thereof, and the certificate of termination shall be recorded in every county

7.1 in which a portion of the common interest community is situated and is effective only upon  
7.2 recording.

7.3 (c) In the case of a condominium or planned community containing only units having  
7.4 upper and lower boundaries, a termination agreement may provide that all of the common  
7.5 elements and units of the common interest community must be sold following termination.  
7.6 If, pursuant to the agreement, any real estate in the common interest community is to be  
7.7 sold following termination, the termination agreement shall set forth the minimum terms  
7.8 of sale acceptable to the association.

7.9 (d) In the case of a condominium or planned community containing any units not having  
7.10 upper and lower boundaries, a termination agreement may provide for sale of the common  
7.11 elements, but it may not require that the units be sold following termination, unless ~~the~~  
7.12 ~~original declaration provided otherwise or~~ all unit owners whose units are to be sold consent  
7.13 to the sale.

7.14 (e) The association, on behalf of the unit owners, shall have authority to contract for the  
7.15 sale of real estate in a common interest community pursuant to this section, subject to the  
7.16 required approval. The agreement to terminate shall be deemed to grant to the association  
7.17 a power of attorney coupled with an interest to effect the conveyance of the real estate on  
7.18 behalf of the holders of all interests in the units, including without limitation the power to  
7.19 execute all instruments of conveyance and related instruments. Until the sale has been  
7.20 completed, all instruments in connection with the sale have been executed and the sale  
7.21 proceeds distributed, the association shall continue in existence with all powers it had before  
7.22 termination.

7.23 (1) The instrument conveying or creating the interest in the common interest community  
7.24 shall include as exhibits (i) an affidavit of the secretary of the association certifying that the  
7.25 approval required by this section has been obtained and (ii) a schedule of the names of all  
7.26 unit owners in the common interest community as of the date of the approval.

7.27 (2) Proceeds of the sale shall be distributed to unit owners and secured parties as their  
7.28 interests may appear, in accordance with subsections (h), (i), (j), and (k).

7.29 (3) Unless otherwise specified in the agreement of termination, until the association has  
7.30 conveyed title to the real estate, each unit owner and the unit owner's successors in interest  
7.31 have an exclusive right to occupancy of the portion of the real estate that formerly constituted  
7.32 the unit. During the period of that occupancy, each unit owner and the unit owner's successors  
7.33 in interest remain liable for all assessments and other obligations imposed on unit owners  
7.34 by this chapter, the declaration or the bylaws.

(f) The legal description of the real estate constituting the common interest community shall, upon the date of recording of the certificate of termination referred to in subsection (b), be as follows:

(1) In a planned community utilizing a CIC plat complying with section 515B.2-110(d)(1) and (2), the lot and block description contained in the CIC plat, and any amendments thereto, subject to any subsequent conveyance or taking of a fee interest in any part of the property.

(2) In a condominium or cooperative, or a planned community utilizing a CIC plat complying with section 515B.2-110(c), the underlying legal description of the real estate as set forth in the declaration creating the common interest community, and any amendments thereto, subject to any subsequent conveyance or taking of a fee interest in any part of the property.

(3) The legal description referred to in this subsection shall apply upon the recording of the certificate of termination. The recording officer for each county in which the common interest community is located shall index the property located in that county in its records under the legal description required by this subsection from and after the date of recording of the certificate of termination. In the case of registered property, the registrar of titles shall cancel the existing certificates of title with respect to the property and issue one or more certificates of title for the property utilizing the legal description required by this subsection.

(g) In a condominium or planned community, if the agreement to terminate provides that the real estate constituting the common interest community is not to be sold following termination, title to the common elements and, in a common interest community containing only units having upper and lower boundaries described in the declaration, title to all the real estate in the common interest community, vests in the unit owners upon termination as tenants in common in proportion to their respective interest as provided in subsection (k), and liens on the units shift accordingly. While the tenancy in common exists, each unit owner and the unit owner's successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted the unit.

(h) The proceeds of any sale of real estate pursuant to subsection (e), together with the assets of the association, shall be held by the association as trustee for unit owners, secured parties and other holders of liens on the units as their interests may appear. Before distributing any proceeds, the association shall have authority to deduct from the proceeds of sale due with respect to the unit (i) unpaid assessments levied by the association with respect to the unit, (ii) unpaid real estate taxes or special assessments due with respect to the unit, and



9.1 (iii) the share of expenses of sale and winding up of the association's affairs with respect to  
9.2 the unit.

9.3 (i) Following termination of a condominium or planned community, creditors of the  
9.4 association holding liens on the units perfected before termination may enforce those liens  
9.5 in the same manner as any lienholder, in order of priority based upon their times of perfection.  
9.6 All other creditors of the association are to be treated as if they had perfected liens on the  
9.7 units immediately before termination.

9.8 (j) In a cooperative, the declaration may provide that all creditors of the association have  
9.9 priority over any interests of unit owners and creditors of unit owners. In that event, following  
9.10 termination, creditors of the association holding liens on the cooperative which were perfected  
9.11 before termination may enforce their liens in the same manner as any lienholder, in order  
9.12 of priority based upon their times of perfection. All other creditors of the association shall  
9.13 be treated as if they had perfected a lien against the cooperative immediately before  
9.14 termination. Unless the declaration provides that all creditors of the association have that  
9.15 priority:

9.16 (1) the lien of each creditor of the association which was perfected against the association  
9.17 before termination becomes, upon termination, a lien against each unit owner's interest in  
9.18 the unit as of the date the lien was perfected;

9.19 (2) any other creditor of the association is to be treated upon termination as if the creditor  
9.20 had perfected a lien against each unit owner's interest immediately before termination;

9.21 (3) the amount of the lien of an association's creditor described in paragraphs (1) and  
9.22 (2) against each of the unit owners' interest shall be proportionate to the ratio which each  
9.23 unit's common expense liability bears to the common expense liability of all of the units;

9.24 (4) the lien of each creditor of each unit owner which was perfected before termination  
9.25 continues as a lien against that unit owner's interest in the unit as of the date the lien was  
9.26 perfected; and

9.27 (5) the assets of the association shall be distributed to all unit owners and all lienholders  
9.28 as their interests may appear in the order described in this section. Creditors of the association  
9.29 are not entitled to payment from any unit owner in excess of the amount of the creditor's  
9.30 lien against that unit owner's interest.

9.31 (k) The respective interest of unit owners referred to in subsections (e), (f), (g), (h) and  
9.32 (i) are as follows:

(1) Except as provided in paragraph (2), the respective interests of unit owners are the fair market values of their units, allocated interests, and any limited common elements immediately before the termination, as determined by one or more independent appraisers selected by the association. The decision of the independent appraisers must be distributed to the unit owners and becomes final unless disapproved within 30 days after distribution by unit owners of units to which 25 percent of the votes in the association are allocated. The proportion of any unit's interest to that of all units is determined by dividing the fair market value of that unit by the total fair market values of all the units.

(2) If any unit or any limited common element is destroyed to the extent that an appraisal of the fair market value thereof before destruction cannot be made, the interests of all unit owners shall be measured by: (i) in a condominium, their allocations of common element interests immediately before the termination, (ii) in a cooperative, their respective ownership interests immediately before the termination, and (iii) in a planned community, their respective allocations of common expenses immediately before the termination.

(l) In a condominium or planned community, except as provided in subsection (m), foreclosure or enforcement of a lien or encumbrance against the entire common interest community does not terminate, of itself, the common interest community, and foreclosure or enforcement of a lien or encumbrance against a portion of the common interest community does not withdraw that portion from the common interest community.

(m) In a condominium or planned community, if a lien or encumbrance against a portion of the real estate comprising the common interest community has priority over the declaration and the lien or encumbrance has not been partially released, the parties foreclosing the lien or encumbrance, upon foreclosure, may record an instrument excluding the real estate subject to that lien or encumbrance from the common interest community.

(n) Following the termination of a common interest community in accordance with this section, the association shall be dissolved in accordance with law.

**EFFECTIVE DATE.** This section is effective January 1, 2026.

Sec. 4. 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, and consistent with the requirements of subsection

11.1 (g) as follows: (i) regulating the use of the common elements; (ii) regulating the use of the  
11.2 units, and conduct of unit occupants, which may jeopardize the health, safety or welfare of  
11.3 other occupants, which involves noise or other disturbing activity, or which may damage  
11.4 the common elements or other units; (iii) regulating or prohibiting animals; (iv) regulating  
11.5 changes in the appearance of the common elements and conduct which may damage the  
11.6 common interest community; (v) regulating the exterior appearance of the common interest  
11.7 community, including, for example, balconies and patios, window treatments, and signs  
11.8 and other displays, regardless of whether inside a unit; (vi) implementing the articles of  
11.9 incorporation, declaration and bylaws, and exercising the powers granted by this section;  
11.10 and (vii) otherwise facilitating the operation of the common interest community;

11.11 (2) adopt and amend budgets for revenues, expenditures and reserves, and levy and  
11.12 collect assessments for common expenses from unit owners;

11.13 (3) hire and discharge managing agents and other employees, agents, and independent  
11.14 contractors;

11.15 (4) institute, defend, or intervene in litigation or administrative proceedings (i) in its  
11.16 own name on behalf of itself or two or more unit owners on matters affecting the common  
11.17 elements or other matters affecting the common interest community or, (ii) with the consent  
11.18 of the owners of the affected units on matters affecting only those units;

11.19 (5) make contracts and incur liabilities;

11.20 (6) regulate the use, maintenance, repair, replacement, and modification of the common  
11.21 elements and the units;

11.22 (7) cause improvements to be made as a part of the common elements, and, in the case  
11.23 of a cooperative, the units;

11.24 (8) acquire, hold, encumber, and convey in its own name any right, title, or interest to  
11.25 real estate or personal property, but (i) common elements in a condominium or planned  
11.26 community may be conveyed or subjected to a security interest only pursuant to section  
11.27 515B.3-112, or (ii) part of a cooperative may be conveyed, or all or part of a cooperative  
11.28 may be subjected to a security interest, only pursuant to section 515B.3-112;

11.29 (9) grant or amend easements for public utilities, public rights-of-way or other public  
11.30 purposes, and cable television or other communications, through, over or under the common  
11.31 elements; grant or amend easements, leases, or licenses to unit owners for purposes authorized  
11.32 by the declaration; and, subject to approval by a vote of unit owners other than declarant

12.1 or its affiliates, grant or amend other easements, leases, and licenses through, over or under  
12.2 the common elements;

12.3 (10) impose and receive any payments, fees, or charges for the use, rental, or operation  
12.4 of the common elements, other than limited common elements, and for services provided  
12.5 to unit owners. The association must compile and provide to every unit owner a schedule  
12.6 of the fees and charges that may be imposed;

12.7 (11) impose ~~interest and~~ a late charges fee for late payment of assessments, provided  
12.8 that an association may not impose a late fee in excess of \$15; may not impose, for a special  
12.9 assessment, an amount greater than five percent of the amount owed or more than \$100,  
12.10 whichever is lower; and, after notice and an opportunity to be heard before the board or a  
12.11 committee appointed by it, levy ~~reasonable~~ fines for violations of the declaration, bylaws,  
12.12 and rules and regulations of the association as specified in subsection (c), provided that  
12.13 attorney fees and costs must not be charged or collected from a unit owner who disputes or  
12.14 questions a fine or assessment and, if after the homeowner requests a hearing and a hearing  
12.15 is held by the board or a committee of the board, the board does not adopt a resolution  
12.16 levying the fine or upholding the assessment against the unit owner or owner's unit;

12.17 (12) impose reasonable charges for the review, preparation and recordation of  
12.18 amendments to the declaration; or resale certificates required by section 515B.4-107,  
12.19 ~~statements of unpaid assessments, or furnishing copies of association records~~ provided that  
12.20 the association may not impose any charges, including attorney fees, to respond to a question  
12.21 about any governing document or any aspect of the operation or management of the common  
12.22 interest community posed by a unit owner to the association;

12.23 (13) provide for the indemnification of its officers and directors, and maintain directors'  
12.24 and officers' liability insurance;

12.25 (14) provide for reasonable procedures governing the conduct of meetings and election  
12.26 of directors; and

12.27 (15) exercise any other powers conferred by law, or by the declaration, articles of  
12.28 incorporation or bylaws; and.

12.29 ~~(16) exercise any other powers necessary and proper for the governance and operation~~  
12.30 ~~of the association.~~

12.31 (b) Notwithstanding subsection (a) the declaration or bylaws may not impose limitations  
12.32 on the power of the association to deal with the declarant which are more restrictive than  
12.33 the limitations imposed on the power of the association to deal with other persons.

13.1 (c) An association must adopt and provide to every unit owner a policy regarding fines  
13.2 that includes a list of the violations for which a fine may be imposed and a schedule of fines  
13.3 for those violations. When a violation can be cured without causing damage to property or  
13.4 to another, the association must provide the unit owner with a reasonable time to correct  
13.5 the violation before a fine may be imposed. A fine levied pursuant to subsection (a)(11),  
13.6 must be commensurate with the violation and must not exceed \$100 for a single violation,  
13.7 except, when the violation is a repeated, willful, and knowing violation and the owner has  
13.8 been given notice that the fine will be increased due to the repeated nature of the violation,  
13.9 the fine may be up to \$300. When combined with additional fines for an ongoing violation,  
13.10 late fees, and other allowable charges, the fine must not exceed \$2,500 in total for the  
13.11 violation. An association that levies a fine pursuant to subsection (a)(11), or an assessment  
13.12 pursuant to section 515B.3-115(g), or 515B.3-1151(g), must provide a dated, written notice  
13.13 to a unit owner that:

13.14 (1) states the amount and reason for the fine or assessment;

13.15 (2) for fines levied under section 515B.3-102(a)(11), specifies: (i) the violation for which  
13.16 a fine is being levied and the date of the levy; and (ii) the specific section of the declaration,  
13.17 bylaws, rules, or regulations allegedly violated;

13.18 (3) for assessments levied under section 515B.3-115(g) or 515B.3-1151(g), identifies:  
13.19 (i) the damage caused; and (ii) the act or omission alleged to have caused the damage;

13.20 (4) states that all unpaid ~~fines and~~ assessments are liens which, if not satisfied, could  
13.21 lead to foreclosure of the lien against the owner's unit;

13.22 (5) describes the unit owner's right to be heard by the board or a committee appointed  
13.23 by the board and the procedures for disputing the fine;

13.24 (6) states that if the assessment, fine, late fees, and other allowable charges are not paid,  
13.25 the amount may increase as a result of the imposition of attorney fees and other collection  
13.26 costs; and

13.27 (7) informs the unit owner that homeownership assistance is available from the Minnesota  
13.28 Homeownership Center.

13.29 (d) Notwithstanding subsection (a), powers exercised under this section must comply  
13.30 with sections 500.215, 500.216, and 500.217.

13.31 (e) Notwithstanding subsection (a)(4) or any other provision of this chapter, the  
13.32 association, before instituting litigation or arbitration involving construction defect claims  
13.33 against a development party, shall:

14.1 (1) mail or deliver written notice of the anticipated commencement of the action to each  
14.2 unit owner at the addresses, if any, established for notices to owners in the declaration and,  
14.3 if the declaration does not state how notices are to be given to owners, to the owner's last  
14.4 known address. The notice shall specify the nature of the construction defect claims to be  
14.5 alleged, the relief sought, and the manner in which the association proposes to fund the cost  
14.6 of pursuing the construction defect claims; and

14.7 (2) obtain the approval of owners of units to which a majority of the total votes in the  
14.8 association are allocated. Votes allocated to units owned by the declarant, an affiliate of the  
14.9 declarant, or a mortgagee who obtained ownership of the unit through a foreclosure sale  
14.10 are excluded. The association may obtain the required approval by a vote at an annual or  
14.11 special meeting of the members or, if authorized by the statute under which the association  
14.12 is created and taken in compliance with that statute, by a vote of the members taken by  
14.13 electronic means or mailed ballots. If the association holds a meeting and voting by electronic  
14.14 means or mailed ballots is authorized by that statute, the association shall also provide for  
14.15 voting by those methods. Section 515B.3-110(c) applies to votes taken by electronic means  
14.16 or mailed ballots, except that the votes must be used in combination with the vote taken at  
14.17 a meeting and are not in lieu of holding a meeting, if a meeting is held, and are considered  
14.18 for purposes of determining whether a quorum was present. Proxies may not be used for a  
14.19 vote taken under this paragraph unless the unit owner executes the proxy after receipt of  
14.20 the notice required under subsection (e)(1) and the proxy expressly references this notice.

14.21 (f) The association may intervene in a litigation or arbitration involving a construction  
14.22 defect claim or assert a construction defect claim as a counterclaim, crossclaim, or third-party  
14.23 claim before complying with subsections (e)(1) and (e)(2) but the association's complaint  
14.24 in an intervention, counterclaim, crossclaim, or third-party claim shall be dismissed without  
14.25 prejudice unless the association has complied with the requirements of subsection (e) within  
14.26 90 days of the association's commencement of the complaint in an intervention or the  
14.27 assertion of the counterclaim, crossclaim, or third-party claim.

14.28 (g) Rules and regulations adopted must not be arbitrary or capricious and must otherwise  
14.29 be reasonable. An association must give unit owners 60 days' advance notice of a board's  
14.30 intention to adopt a new rule, or amend or revoke a rule. A rule change must be approved  
14.31 at a board meeting, and an association must give homeowners the opportunity to comment  
14.32 on the proposed rule change at the meeting at which the change is considered. Any rule in  
14.33 effect may be revoked by a majority vote of the unit owners at a board meeting, where unit  
14.34 owners may vote in person, by a written statement signed and dated by the unit owner prior  
14.35 to the meeting at which revocation is considered, or by proxy.

15.1 (h) Each association must adopt procedures for dispute resolution and the meet and  
15.2 confer process as provided under section 515B.3-122.

15.3 (i) Associations must not sell or assign any debt owed by a unit owner.

15.4 **EFFECTIVE DATE.** This section is effective January 1, 2026.

15.5 Sec. 5. Minnesota Statutes 2024, section 515B.3-103, is amended to read:

15.6 **515B.3-103 BOARD OF DIRECTORS, OFFICERS AND DECLARANT**  
15.7 **CONTROL.**

15.8 (a) An association shall be governed by a board of directors whose appointment or  
15.9 election shall occur no later than the date of creation of the common interest community  
15.10 and shall be reflected in the association's records. Except as expressly prohibited by the  
15.11 declaration, the articles of incorporation, bylaws, subsection (b), or other provisions of this  
15.12 chapter, the board may act in all instances on behalf of the association. In the performance  
15.13 of their duties, the officers and directors are required to exercise (i) if appointed by the  
15.14 declarant, the care required of fiduciaries of the unit owners and (ii) if elected by the unit  
15.15 owners, the care required of a director by section 302A.251, 308B.455, 308C.455, or  
15.16 317A.251, as applicable. The officers and directors appointed by the declarant shall have  
15.17 a duty to fulfill, and to cause the association to fulfill, their respective obligations under the  
15.18 declaration, bylaws, articles of incorporation, and this chapter and to enforce the provisions  
15.19 of the declaration, bylaws, articles of incorporation, and this chapter against all unit owners,  
15.20 including the declarant and its affiliates, in a uniform and fair manner. The standards of  
15.21 conduct for officers and directors set forth in this subsection shall also apply to the officers  
15.22 and directors of master associations in the exercise of their duties on behalf of the master  
15.23 association.

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

15.29 (c) The declaration may provide for a period of declarant control of the association,  
15.30 during which a declarant, or persons designated by the declarant, may appoint and remove  
15.31 the officers and directors of the association. The period of declarant control begins on the  
15.32 date of creation of the common interest community and terminates upon the earliest of the  
15.33 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 at the meeting for purposes of establishing a quorum regardless of their failure to attend the meeting.

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

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



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

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

(f) In determining whether the period of declarant control has terminated under subsection (c), or whether unit owners other than a declarant are entitled to elect members of the board of directors under subsection (d), the percentage of the units conveyed shall be calculated using as a numerator the number of units conveyed and as a denominator the number of units subject to the declaration plus the number of units which the declarant is authorized by the declaration to create on any additional real estate. The percentages referred to in 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, all 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,~~ and agenda 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. Prior to the board taking action on an agenda item, any unit owner or any person designated in writing by a member as the member's representative must be permitted to attend and speak during any meeting on any subject that is on the meeting agenda. A time must be designated by the board at each meeting for any unit owner, or the unit owner's designee, to raise any issue that is not on the meeting agenda and that is related to the association or the common interest community. The board may place a reasonable limit on the time a member is allowed to speak. Meetings may occur virtually but an association must provide access to all members to assert their right under

18.1 this section, including technical assistance to participate in virtual meetings and electronic  
18.2 voting. Meetings may be closed to discuss the following:

18.3 (1) personnel matters;

18.4 (2) pending or potential litigation, arbitration or other potentially adversarial proceedings,  
18.5 between unit owners, between the board or association and unit owners, or other matters in  
18.6 which any unit owner may have an adversarial interest, if the board determines that closing  
18.7 the meeting is necessary to discuss strategy or to otherwise protect the position of the board  
18.8 or association or the privacy of a unit owner or occupant of a unit; or

18.9 (3) criminal activity arising within the common interest community if the board  
18.10 determines that closing the meeting is necessary to protect the privacy of the victim or that  
18.11 opening the meeting would jeopardize investigation of the activity.

18.12 Nothing in this subsection imposes a duty on the board to provide special facilities for  
18.13 meetings. The failure to give notice as required by this subsection shall not invalidate the  
18.14 board meeting or any action taken at the meeting. The minutes of any part of a meeting that  
18.15 is closed under this subsection may be kept confidential at the discretion of the board.

18.16 (h) The conflict of interest standards set forth in section 317A.255 are required of officers  
18.17 and directors and apply to an actual or potential conflict of interest that arises concerning  
18.18 an officer or director, regardless of whether appointed or elected, and in addition to those  
18.19 requirements:

18.20 (1) no board member or the spouse, sibling, child, or parent of any board member may  
18.21 have a financial interest in a business that the association or a property management company  
18.22 has hired or contracted with for goods or services over \$2,000 in any calendar year;

18.23 (2) no board member or the spouse, sibling, child, or parent of any board member may  
18.24 solicit or accept any form of direct or indirect compensation, gift, money, rebate, gratuity,  
18.25 remuneration of any kind, or anything of value from any person or entity performing services  
18.26 for the association or a board member or any person or entity with which the association or  
18.27 a board member has a contract or other business relationship;

18.28 (3) no association or board of directors of an association shall solicit or accept any gift,  
18.29 money, rebate, any form of direct or indirect compensation, gratuity, remuneration of any  
18.30 kind, or anything of value that would improperly influence or would appear to a reasonable  
18.31 person to improperly influence the decisions made by the association;

18.32 (4) no management company or the employee, owner, or individual with a financial  
18.33 interest in a management company that is providing services to an entity covered by this

19.1 chapter may have a financial interest in a business the association or management company  
19.2 has hired or contracted with for goods or services in excess of \$2,000 in any calendar year  
19.3 and may not solicit or accept any gift, money, rebate, gratuity, or direct or indirect  
19.4 compensation from any person or entity performing services for the association or for the  
19.5 award of a contract for goods or services; or

19.6 (5) no association or board of directors of an association shall enter into a contract or  
19.7 any other business relationship on behalf of an association or a board member from which  
19.8 the management company, its owner or owners, any of its managerial officials, or any of  
19.9 its employees or any spouse, domestic partner, or relative of the owner or owners, managerial  
19.10 officials, or any employee of the management company has received or could receive a  
19.11 direct or indirect financial benefit in excess of \$2,000 in any calendar year.

19.12 (i) An annual report must be prepared and signed by each member of the board of  
19.13 directors for the association listing all contracts for goods or services for the previous budget  
19.14 year, including the purpose of the contract, the amount of the contract, the identity of the  
19.15 recipient of the contract award, the date of the meeting the contract was approved, the  
19.16 directors present at the meeting, the date the contract became valid, and any fees or payments  
19.17 made related to the contract to a third party or management company. The annual report  
19.18 must be sent to each member owner annually.

19.19 (j) A property management company that is hired by a board of directors or association  
19.20 covered under this section may not enter into a contract that automatically renews for goods  
19.21 or services for the association, unless the contract provides that the association or  
19.22 management company can terminate the contract at any time with no more than 60 days'  
19.23 notice.

19.24 **EFFECTIVE DATE.** This section is effective January 1, 2026.

19.25 Sec. 6. Minnesota Statutes 2024, section 515B.3-106, is amended to read:

19.26 **515B.3-106 BYLAWS; ANNUAL REPORT.**

19.27 (a) A common interest community shall have bylaws which comply with this chapter  
19.28 and the statute under which the association is incorporated. The bylaws and any amendments  
19.29 may be recorded, but need not be recorded to be effective unless so provided in the bylaws.  
19.30 Any amendment, addition, or repeal of the bylaws must be approved at the annual meeting,  
19.31 and an association must give homeowners the opportunity to comment on the proposed  
19.32 change at the meeting at which the change is considered. Any bylaw in effect may be revoked  
19.33 by a majority vote of the unit owners at the annual meeting, where unit owners may vote

20.1 in person, by a written statement signed and dated by the unit owner prior to the meeting  
20.2 at which revocation is considered, or by proxy.

20.3 (b) The bylaws shall provide that, in addition to any statutory requirements:

20.4 (1) A meeting of the members shall be held at least once each year, and a specified  
20.5 officer of the association shall give notice of the meeting as provided in section 515B.3-108.

20.6 (2) An annual report shall be prepared by the association and a copy of the report shall  
20.7 be provided to each unit owner at or prior to the annual meeting.

20.8 (c) The annual report shall contain at a minimum:

20.9 (1) a statement of any capital expenditures in excess of two percent of the current budget  
20.10 or \$5,000, whichever is greater, approved by the association for the current fiscal year or  
20.11 succeeding two fiscal years;

20.12 (2) a statement of the association's total replacement reserves, the components of the  
20.13 common interest community for which the reserves are set aside, and the amounts of the  
20.14 reserves, if any, that the board has allocated for the replacement of each of those components;

20.15 (3) a copy of the statement of revenues and expenses for the association's last fiscal year,  
20.16 and a balance sheet as of the end of said fiscal year;

20.17 (4) a statement of the status of any pending litigation or judgments to which the  
20.18 association is a party;

20.19 (5) a detailed description of the insurance coverage provided by the association including  
20.20 a statement as to which, if any, of the items referred to in section 515B.3-113, subsection  
20.21 (b), are insured by the association; and

20.22 (6) a statement of the total past due assessments on all units, current as of not more than  
20.23 60 days prior to the date of the meeting.

20.24 **EFFECTIVE DATE.** This section is effective January 1, 2026.

20.25 Sec. 7. Minnesota Statutes 2024, section 515B.3-107, is amended to read:

20.26 **515B.3-107 UPKEEP OF COMMON INTEREST COMMUNITY.**

20.27 (a) Except to the extent provided by the declaration, this subsection or section  
20.28 515B.3-113, the association is responsible for the maintenance, repair and replacement of  
20.29 the common elements, and each unit owner is responsible for the maintenance, repair and  
20.30 replacement of the unit owner's unit. A management company may not require an association  
20.31 to work with a particular vendor. Damage to the common elements or any unit as a result

21.1 of the acts or omissions of a unit owner or the association, including damage resulting from  
21.2 the unit owner's or association's lack of maintenance or failure to perform necessary repairs  
21.3 or replacement, is the responsibility of the unit owner or association responsible for causing  
21.4 the damage, or whose agents or, subject to section 515B.3-115, subsection (g), and section  
21.5 515B.3-1151, subsection (g), invitees caused the damage.

21.6 (b) The association's board of directors shall prepare and approve a written preventative  
21.7 maintenance plan, maintenance schedule, and maintenance budget for the common elements.  
21.8 The association shall follow the approved preventative maintenance plan. The association's  
21.9 board may amend, modify, or replace an approved preventative maintenance plan or an  
21.10 approved maintenance schedule from time to time. The association must provide all unit  
21.11 owners with a paper copy, electronic copy, or electronic access to the preventative  
21.12 maintenance plan, the maintenance schedule, and any amendments or modifications to or  
21.13 replacements of the preventative maintenance plan and the maintenance schedule. If a  
21.14 common interest community was created on or before August 1, 2017, the association's  
21.15 board of directors shall have until January 1, 2019, to comply with the requirements of this  
21.16 subsection.

21.17 (c) The association shall have access through and into each unit for purposes of  
21.18 performing maintenance, repair or replacement for which the association may be responsible.  
21.19 The association and any public safety personnel shall also have access for purposes of  
21.20 abating or correcting any condition in the unit which violates any governmental law,  
21.21 ordinance or regulation, which may cause material damage to or jeopardize the safety of  
21.22 the common interest community, or which may constitute a health or safety hazard for  
21.23 occupants of units.

21.24 (d) Neither the association, nor any unit owner other than the declarant or its affiliates,  
21.25 is subject to a claim for payment of expenses incurred in connection with any additional  
21.26 real estate.

21.27 (e) In exercising any authority granted to it under the declaration to approve or disapprove  
21.28 proposed changes to a unit or limited common element, the association's board shall provide  
21.29 a fair, reasonable, and expeditious procedure for making any decision. The procedure shall  
21.30 be set forth in the association's governing documents. The procedures shall state the  
21.31 maximum time for issuance of any decision on a proposal or a request for consideration.  
21.32 At a minimum, the association's board must make a decision within 90 days after the initial  
21.33 submission of the proposal or submission of any additional information or changes to the  
21.34 proposal requested by the association's board in response to the initial submission. A decision  
21.35 must be in writing, must be made in good faith, and must not be unreasonable, arbitrary, or

22.1 capricious. If the proposal is disapproved, the decision must include both an explanation of  
22.2 why the proposal is disapproved and a description of the procedure for reconsideration of  
22.3 the decision by the association's board.

22.4 (f) Unless expressly provided for in the declaration, the association must not enforce  
22.5 any restriction on parking of a personal vehicle on a public street or public road for which  
22.6 the state or local government has assumed responsibility for maintenance and repairs, unless  
22.7 the authority to regulate such parking has been expressly delegated to the association by  
22.8 the state or local government under terms prescribing the manner in which the association  
22.9 may exercise that authority. Any such delegation is valid for a period not to exceed five  
22.10 years, at which time the association must reapply to the delegating entity. As used in this  
22.11 subsection, "personal vehicle" means an automobile with a gross weight of less than 26,001  
22.12 pounds that is used for personal pleasure, travel, or commuting to and from a place of work,  
22.13 and does not include a motor home or self-propelled recreational vehicle, or an automobile  
22.14 that is otherwise used primarily in connection with any commercial endeavor or business.

22.15 (g) A unit owner or resident may park a work vehicle, including but not limited to a van,  
22.16 pickup truck, small truck, ambulance, law enforcement vehicle, utility company vehicle, or  
22.17 emergency response vehicle, on the unit owner's property or curtilage, provided the vehicle's  
22.18 length does not encroach on another unit owner's property or interfere with the association's  
22.19 ability to maintain roads or common elements. An association must not prohibit or restrict  
22.20 this parking.

22.21 **EFFECTIVE DATE.** This section is effective January 1, 2026.

22.22 Sec. 8. Minnesota Statutes 2024, section 515B.3-108, is amended to read:

22.23 **515B.3-108 MEETINGS.**

22.24 (a) A meeting of the association shall be held at least once each year. At each annual  
22.25 meeting, there shall be, at a minimum, (i) an election of successor directors for those directors  
22.26 whose terms have expired, (ii) a report on the activities and financial condition of the  
22.27 association, and (iii) consideration of and action on any other matters included in the notice  
22.28 of meeting. Unless the bylaws provide otherwise, special meetings of the association may  
22.29 be called by the president and shall be called by the president or secretary upon the written  
22.30 petition of a majority of the board or unit owners entitled to cast at least 20 percent of the  
22.31 votes in the association.

22.32 (b) Not less than 21 nor more than 30 days in advance of any annual meeting, and not  
22.33 less than seven nor more than 30 days in advance of any special meeting, the secretary or

23.1 other officer specified in the bylaws shall cause notice to be hand delivered or sent postage  
23.2 prepaid by United States mail to the mailing address of each unit, or to any other address  
23.3 designated in writing by the unit owner to the association as provided in the bylaws or by  
23.4 statute.

23.5 (c) The notice of any meeting shall state the date, time and place of the meeting, the  
23.6 purposes of the meeting, and, if proxies are permitted, the procedures for appointing proxies.  
23.7 The notice must include copies of any documents that are subject to discussion or approval  
23.8 at the meeting, including the budget.

23.9 (d) The board may provide for reasonable procedures governing the conduct of meetings  
23.10 and elections.

23.11 **EFFECTIVE DATE.** This section is effective January 1, 2026.

23.12 Sec. 9. Minnesota Statutes 2024, section 515B.3-110, is amended to read:

23.13 **515B.3-110 VOTING; PROXIES.**

23.14 (a) At any meeting of the association an owner or the holder of the owner's proxy shall  
23.15 be entitled to cast the vote which is allocated to the unit. If there is more than one owner of  
23.16 a unit, only one of the owners may cast the vote. If the owners of a unit fail to agree and  
23.17 notify the association as to who shall cast the vote, the vote shall not be cast. Any provision  
23.18 in the articles of incorporation, bylaws, declaration, or other document restricting a unit  
23.19 owner's right to vote, or affecting quorum requirements, by reason of nonpayment of  
23.20 assessments, or a purported violation of any provision of the documents governing the  
23.21 common interest community, shall be void.

23.22 (b) If permitted by the articles or bylaws, votes allocated to a unit may be cast pursuant  
23.23 to a proxy executed by the unit owner entitled to cast the vote for that unit. The board may  
23.24 specify the form of proxy and proxy rules, consistent with law. A current board member  
23.25 cannot act as a proxy for a unit owner. No more than 20 percent of votes cast on any single  
23.26 vote can be by proxy.

23.27 (c) Except as provided in section 515B.3-106, if authorized by the statute under which  
23.28 the association is created, and to the extent not limited or prohibited by the articles of  
23.29 incorporation, bylaws, or declaration, the vote on any issue or issues may be taken by  
23.30 electronic means or by mailed ballots, in compliance with the applicable statute, in lieu of  
23.31 holding a meeting of the unit owners. Such a vote shall have the force and effect of a vote  
23.32 taken at a meeting; provided, that the total votes cast are at least equal to the votes required  
23.33 for a quorum. The board shall set a voting period within which the ballots or other voting

response must be received by the association, which period shall be not less than 15 nor more than 45 days after the date of delivery of the notice of the vote and voting procedures to the unit owners. The board of directors shall provide notice of the results of the vote to the unit owners within 30 days after the expiration of the voting period. All requirements in this chapter, the declaration or the bylaws for a meeting of the unit owners, or being present in person, shall be deemed satisfied by a vote taken in compliance with the requirements of this section. The voting procedures authorized by this section shall not be used in combination with a vote taken at a meeting of the unit owners. However, voting by electronic means and mailed ballot may be combined if each is done in compliance with the applicable statute.

(d) The articles of incorporation or bylaws may authorize class voting by unit owners for directors or on specified issues affecting the class. Class voting may only be used to address operational, physical, or administrative differences within the common interest community. A declarant shall not use class voting to evade any limit imposed on declarants by this chapter and units shall not constitute a class because they are owned by a declarant.

(e) The declaration or bylaws may provide that votes on specified matters affecting the common interest community be cast by lessees or secured parties rather than unit owners; provided that (i) the provisions of subsections (a), (b), and (c) apply to those persons as if they were unit owners; (ii) unit owners who have so delegated their votes to other persons may not cast votes on those specified matters; (iii) lessees or secured parties are entitled to notice of meetings, access to records, and other rights respecting those matters as if they were unit owners, and (iv) the lessee or secured party has filed satisfactory evidence of its interest with the secretary of the association prior to the meeting. Unit owners must also be given notice, in the manner provided in section 515B.3-108(b), of meetings at which lessees or secured parties are entitled to vote.

(f) No votes allocated to a unit owned by the association may be cast nor counted toward a quorum.

**EFFECTIVE DATE.** This section is effective January 1, 2026.

Sec. 10. 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) The obligation of a unit owner to pay common expense assessments shall be as follows:



(1) If a common expense assessment has not been levied, the declarant shall pay all operating expenses of the common interest community, and shall fund the replacement reserve component of the common expenses as required by subsection (b).

(2) If a common expense assessment has been levied, all unit owners, including the declarant, shall pay the assessments allocated to their units, subject to the following:

(i) If the declaration so provides, a declarant's liability, and the assessment lien, for the common expense assessments, exclusive of replacement reserves, on any unit owned by the declarant may be limited to 25 percent or more of any assessment, exclusive of replacement reserves, until the unit or any building located in the unit is substantially completed. Substantial completion shall be evidenced by a certificate of occupancy in any jurisdiction that issues the certificate.

(ii) If the declaration provides for a reduced assessment pursuant to paragraph (2)(i), the declarant shall be obligated, within 60 days following the termination of the period of declarant control, to make up any operating deficit incurred by the association during the period of declarant control. The existence and amount, if any, of the operating deficit shall be determined using the accrual basis of accounting applied as of the date of termination of the period of declarant control, regardless of the accounting methodology previously used by the association to maintain its accounts.

(b) The replacement reserve component of the common expenses shall be funded for each unit in accordance with the projected annual budget required by section 515B.4-102(a)(23) provided that the funding of replacement reserves with respect to a unit shall commence no later than the date that the unit or any building located within the unit boundaries is substantially completed. Substantial completion shall be evidenced by a certificate of occupancy in any jurisdiction that issues the certificate.

(c) After an assessment has been levied by the association, assessments shall be levied at least annually, based upon a budget approved at least annually by the association. The association shall provide each member of the homeowners association with a copy of the proposed annual budget prior to the annual meeting at which the budget is to be approved and allow member input on the budget prior to or during the meeting.

(d) Except as modified by subsections (a)(1) and (2), (e), (f), and (g), all common expenses shall be assessed against all the units in accordance with the allocations established by the declaration pursuant to section 515B.2-108.

(e) Unless otherwise required by the declaration:

(1) any common expense associated with the maintenance, repair, or replacement of a limited common element shall be assessed against the units to which that limited common element is assigned, equally, or in any other proportion the declaration provides;

(2) any common expense or portion thereof benefiting fewer than all of the units may be assessed exclusively against the units benefited, equally, or in any other proportion the declaration provides;

(3) the costs of insurance may be assessed in proportion to risk or coverage, and the costs of utilities may be assessed in proportion to usage;

(4) subject to subsection (k) and section 515B.3-102(a)(11), reasonable attorney fees and costs incurred by the association in connection with (i) the collection of assessments against a unit owner, and (ii) the enforcement of this chapter, the articles, bylaws, declaration, or rules and regulations against a unit owner, may be assessed against the unit owner's unit subject to section 515B.3-116(h), provided that the attorney fees and costs for enforcement and collection may not exceed \$1,500 and no fees or costs may be assessed if the association uses a collection agency as defined in section 332.31 if the fees of the collection agency are contingent on the amount collected; and

(5) subject to subsection (k), fees, charges, late charges, and fines ~~and interest~~ may be assessed as provided in section 515B.3-116(a).

(f) Assessments levied under section 515B.3-116 to pay a judgment against the association may be levied only against the units in the common interest community at the time the judgment was entered, in proportion to their common expense liabilities.

(g) If any damage to the common elements or another unit is caused by the act or omission of any unit owner, or occupant of a unit, or their invitees, the association may assess the costs of repairing the damage exclusively against the unit owner's unit to the extent not covered by insurance.

(h) Subject to any shorter period specified by the declaration or bylaws, if any installment of an assessment becomes more than 60 days past due, then the association may, upon ten days' written notice to the unit owner, declare the entire amount of the assessment immediately due and payable in full, except that any portion of the assessment that represents installments that are not due and payable without acceleration as of the date of reinstatement must not be included in the amount that a unit owner must pay to reinstate under section 580.30 or chapter 581.

(i) If common expense liabilities are reallocated for any purpose authorized by this chapter, common expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated common expense liabilities.

(j) An assessment against fewer than all of the units must be levied within three years after the event or circumstances forming the basis for the assessment, or shall be barred.

(k) An association must offer a unit owner a reasonable payment agreement and take into consideration the financial circumstances of the unit owner.

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

**EFFECTIVE DATE.** This section is effective January 1, 2026.

Sec. 11. 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) The association shall approve an annual budget of common expenses at or prior to the conveyance of the first unit in the common interest community to a purchaser and annually thereafter. The association shall provide each member of the homeowners association with a copy of the proposed annual budget prior to the annual meeting at which the budget is to be approved and allow member input on the budget prior to or during the meeting. The annual budget shall include all customary and necessary operating expenses and replacement reserves for the common interest community, consistent with this section and section 515B.3-114. For purposes of replacement reserves under subsection (b), until an annual budget has been approved, the reserves shall be paid based upon the budget contained in the disclosure statement required by section 515B.4-102. The obligation of a unit owner to pay common expenses shall be as follows:

(1) If a common expense assessment has not been levied by the association, the declarant shall pay all common expenses of the common interest community, including the payment of the replacement reserve component of the common expenses for all units in compliance with subsection (b).

(2) If a common expense assessment has been levied by the association, all unit owners, including the declarant, shall pay the assessments levied against their units, except as follows:

(i) The declaration may provide for an alternate common expense plan whereby the declarant's common expense liability, and the corresponding assessment lien against the

28.1 units owned by the declarant, is limited to: (A) paying when due, in compliance with  
28.2 subsection (b), an amount equal to the full share of the replacement reserves allocated to  
28.3 units owned by the declarant, as set forth in the association's annual budget approved as  
28.4 provided in this subsection; and (B) paying when due all accrued expenses of the common  
28.5 interest community in excess of the aggregate assessments payable with respect to units  
28.6 owned by persons other than a declarant; provided, that the alternate common expense plan  
28.7 shall not affect a declarant's obligation to make up any operating deficit pursuant to item  
28.8 (iv), and shall terminate upon the termination of any period of declarant control unless  
28.9 terminated earlier pursuant to item (iii).

28.10 (ii) The alternate common expense plan may be authorized only by including in the  
28.11 declaration and the disclosure statement required by section 515B.4-102 provisions  
28.12 authorizing and disclosing the alternate common expense plan as described in item (i), and  
28.13 including in the disclosure statement either (A) a statement that the alternate common  
28.14 expense plan will have no effect on the level of services or amenities anticipated by the  
28.15 association's budget contained in the disclosure statement, or (B) a statement describing  
28.16 how the services or amenities may be affected.

28.17 (iii) A declarant shall give notice to the association of its intent to utilize the alternate  
28.18 common expense plan and a commencement date after the date the notice is given. The  
28.19 alternate common expense plan shall be valid only for periods after the notice is given. A  
28.20 declarant may terminate its right to utilize the alternate common expense plan prior to the  
28.21 termination of the period of declarant control only by giving notice to the association and  
28.22 the unit owners at least 30 days prior to a selected termination date set forth in the notice.

28.23 (iv) If a declarant utilizes an alternate common expense plan, that declarant shall cause  
28.24 to be prepared and delivered to the association, at the declarant's expense, within 90 days  
28.25 after the termination of the period of declarant control, an audited balance sheet and profit  
28.26 and loss statement certified to the association and prepared by an accountant having the  
28.27 qualifications set forth in section 515B.3-121(b). The audit shall be binding on the declarant  
28.28 and the association.

28.29 (v) If the audited profit and loss statement shows an accumulated operating deficit, the  
28.30 declarant shall be obligated to make up the deficit within 15 days after delivery of the audit  
28.31 to the association, and the association shall have a claim against the declarant for an amount  
28.32 equal to the deficit until paid. A declarant who does not utilize an alternate common expense  
28.33 plan is not liable to make up any operating deficit. If more than one declarant utilizes an  
28.34 alternate common expense plan, all declarants who utilize the plan are jointly and severally  
28.35 liable to the association for any operating deficit.

(vi) The existence and amount, if any, of the operating deficit shall be determined using the accrual method of accounting applied as of the date of termination of the period of declarant control, regardless of the accounting methodology previously used by the association to maintain its accounts.

(vii) Unless approved by a vote of the unit owners other than the declarant and its affiliates, the operating deficit shall not be made up, prior to the election by the unit owners of a board of directors pursuant to section 515B.3-103(d), through the use of a special assessment described in subsection (c) or by assessments described in subsections (e), (f), and (g).

(viii) The use by a declarant of an alternate common expense plan shall not affect the obligations of the declarant or the association as provided in the declaration, the bylaws, or this chapter, or as represented in the disclosure statement required by section 515B.4-102, except as to matters authorized by this chapter.

(b) The replacement reserves required by section 515B.3-114 shall be paid to the association by each unit owner for each unit owned by that unit owner in accordance with the association's annual budget approved pursuant to subsection (a), regardless of whether an annual assessment has been levied or whether the declarant has utilized an alternate common expense plan under subsection (a)(2). Replacement reserves shall be paid with respect to a unit commencing as of the later of (1) the date of creation of the common interest community or (2) the date that the structure and exterior of the building containing the unit, or the structure and exterior of any building located within the unit boundaries, but excluding the interior finishing of the structure itself, are substantially completed. If the association has not approved an annual budget as of the commencement date for the payment of replacement reserves, then the reserves shall be paid based upon the budget contained in the disclosure statement required by section 515B.4-102.

(c) After an assessment has been levied by the association, assessments shall be levied at least annually, based upon an annual budget approved by the association. In addition to and not in lieu of annual assessments, an association may, if so provided in the declaration, levy special assessments against all units in the common interest community based upon the same formula required by the declaration for levying annual assessments. Special assessments may be levied only (1) to cover expenditures of an emergency nature, (2) to replenish underfunded replacement reserves, (3) to cover unbudgeted capital expenditures or operating expenses, or (4) to replace certain components of the common interest community described in section 515B.3-114(a), if such alternative method of funding is approved under section 515B.3-114(a)(5). The association may also levy assessments against

30.1 fewer than all units as provided in subsections (e), (f), and (g). An assessment under  
30.2 subsection (e)(2) for replacement reserves is subject to the requirements of section  
30.3 515B.3-1141(a)(5).

30.4 (d) Except as modified by subsections (a), ~~clauses~~ paragraphs (1) and (2), (e), (f), and  
30.5 (g), all common expenses shall be assessed against all the units in accordance with the  
30.6 allocations established by the declaration pursuant to section 515B.2-108.

30.7 (e) Unless otherwise required by the declaration:

30.8 (1) any common expense associated with the maintenance, repair, or replacement of a  
30.9 limited common element shall be assessed against the units to which that limited common  
30.10 element is assigned, equally, or in any other proportion the declaration provides;

30.11 (2) any common expense or portion thereof benefiting fewer than all of the units may  
30.12 be assessed exclusively against the units benefited, equally, or in any other proportion the  
30.13 declaration provides;

30.14 (3) the costs of insurance may be assessed in proportion to risk or coverage, and the  
30.15 costs of utilities may be assessed in proportion to usage;

30.16 (4) subject to subsection (k) and section 515B.3-102(a)(11), reasonable attorney fees  
30.17 and costs incurred by the association in connection with (i) the collection of assessments,  
30.18 and (ii) the enforcement of this chapter, the articles, bylaws, declaration, or rules and  
30.19 regulations, against a unit owner, may be assessed against the unit owner's unit, subject to  
30.20 section 515B.3-116(h), provided that the attorney fees and costs for enforcement and  
30.21 collection may not exceed \$1,500 and no fees or costs may be assessed if the association  
30.22 uses a collection agency as defined in section 332.31 if the fees of the collection agency are  
30.23 contingent on the amount collected; and

30.24 (5) subject to subsection (k), fees, charges, late charges, and fines, ~~and interest~~ may be  
30.25 assessed as provided in section 515B.3-116(a).

30.26 (f) Assessments levied under section 515B.3-116 to pay a judgment against the association  
30.27 may be levied only against the units in the common interest community at the time the  
30.28 judgment was entered, in proportion to their common expense liabilities.

30.29 (g) If any damage to the common elements or another unit is caused by the act or omission  
30.30 of any unit owner, or occupant of a unit, or their invitees, the association may assess the  
30.31 costs of repairing the damage exclusively against the unit owner's unit to the extent not  
30.32 covered by insurance.

(h) Subject to any shorter period specified by the declaration or bylaws, if any installment of an assessment becomes more than 60 days past due, then the association may, upon ten days' written notice to the unit owner, declare the entire amount of the assessment immediately due and payable in full, except that any portion of the assessment that represents installments that are not due and payable without acceleration as of the date of reinstatement must not be included in the amount that a unit owner must pay to reinstate under section 580.30 or chapter 581.

(i) If common expense liabilities are reallocated for any purpose authorized by this chapter, common expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated common expense liabilities.

(j) An assessment against fewer than all of the units must be levied within three years after the event or circumstances forming the basis for the assessment, or shall be barred.

(k) An association must offer a unit owner a reasonable payment agreement and take into consideration the financial circumstances of the unit owner.

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

**EFFECTIVE DATE.** This section is effective January 1, 2026.

Sec. 12. Minnesota Statutes 2024, section 515B.3-116, is amended to read:

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

(a) The association has a lien on a unit for any assessment levied against that unit from the time the assessment becomes due. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due. Unless the declaration otherwise provides, fees, charges, and late charges, ~~fees and interest charges~~ pursuant to section 515B.3-102(a)(10), (11) and (12) are liens, and are enforceable as assessments, under this section. Recording of the declaration constitutes record notice and perfection of any assessment lien under this section, and no further recording of any notice of or claim for the lien is required.

(b) Subject to subsection (c), a lien under this section is prior to all other liens and encumbrances on a unit except (i) liens and encumbrances recorded before the declaration and, in a cooperative, liens and encumbrances which the association creates, assumes, or takes subject to, (ii) any first mortgage encumbering the fee simple interest in the unit, or, in a cooperative, any first security interest encumbering only the unit owner's interest in the unit, (iii) liens for real estate taxes and other governmental assessments or charges against

32.1 the unit, and (iv) a master association lien under section 515B.2-121(h). This subsection  
32.2 shall not affect the priority of mechanic's liens.

32.3 (c) If a first mortgage on a unit is foreclosed, the first mortgage was recorded after June  
32.4 1, 1994, and no owner or person who acquires the owner's interest in the unit redeems  
32.5 pursuant to chapter 580, 581, or 582, the holder of the sheriff's certificate of sale from the  
32.6 foreclosure of the first mortgage or any person who acquires title to the unit by redemption  
32.7 as a junior creditor shall take title to the unit subject to a lien in favor of the association for  
32.8 unpaid assessments for common expenses levied pursuant to section 515B.3-115(a), (e)(1)  
32.9 to (3), (f), and (i) which became due, without acceleration, during the six months immediately  
32.10 preceding the end of the owner's period of redemption. The common expenses shall be  
32.11 based upon the association's then current annual budget, notwithstanding the use of an  
32.12 alternate common expense plan under section 515B.3-115(a)(2). If a first security interest  
32.13 encumbering a unit owner's interest in a cooperative unit which is personal property is  
32.14 foreclosed, the secured party or the purchaser at the sale shall take title to the unit subject  
32.15 to unpaid assessments for common expenses levied pursuant to section 515B.3-115(a),  
32.16 (e)(1) to (3), (f), and (i) which became due, without acceleration, during the six months  
32.17 immediately preceding the first day following either the disposition date pursuant to section  
32.18 336.9-610 or the date on which the obligation of the unit owner is discharged pursuant to  
32.19 section 336.9-622.

32.20 (d) Proceedings to enforce an assessment lien shall be instituted within three years after  
32.21 the last installment of the assessment becomes payable, or shall be barred.

32.22 (e) The unit owner of a unit at the time an assessment is due shall be personally liable  
32.23 to the association for payment of the assessment levied against the unit. If there are multiple  
32.24 owners of the unit, they shall be jointly and severally liable.

32.25 (f) This section does not prohibit actions to recover sums for which subsection (a) creates  
32.26 a lien nor prohibit an association from taking a deed in lieu of foreclosure.

32.27 (g) The association shall furnish to a unit owner or the owner's authorized agent upon  
32.28 written request of the unit owner or the authorized agent a statement setting forth the amount  
32.29 of unpaid assessments currently levied against the owner's unit. If the unit owner's interest  
32.30 is real estate, the statement shall be in recordable form. The statement shall be furnished  
32.31 within ten business days after receipt of the request and is binding on the association and  
32.32 every unit owner.

32.33 (h) The association's lien may be foreclosed as provided in this subsection. In no case  
32.34 may an association's lien be foreclosed for unpaid fines. Not including attorney fees, when



33.1 unpaid fees, charges, and late charges are properly issued pursuant to section 515B.3-102,  
33.2 subsection (a), paragraphs (10), (11), and (12), an association may begin a foreclosure when  
33.3 the total amount owed is \$5,000 or more and that amount has been outstanding for 180 days  
33.4 or more.

33.5 (1) In a condominium or planned community, the association's lien may be foreclosed  
33.6 in a like manner as a mortgage containing a power of sale pursuant to chapter 580, or by  
33.7 action pursuant to chapter 581. The association shall have a power of sale to foreclose the  
33.8 lien pursuant to chapter 580, except that any portion of the assessment that represents  
33.9 attorney fees or costs shall not be included in the amount a unit owner must pay to reinstate  
33.10 under section 580.30 or chapter 581.

33.11 (2) In a cooperative whose unit owners' interests are real estate, the association's lien  
33.12 shall be foreclosed in a like manner as a mortgage on real estate as provided in paragraph  
33.13 (1).

33.14 (3) In a cooperative whose unit owners' interests in the units are personal property, the  
33.15 association's lien shall be foreclosed in a like manner as a security interest under article 9  
33.16 of chapter 336. In any disposition pursuant to section 336.9-610 or retention pursuant to  
33.17 sections 336.9-620 to 336.9-622, the rights of the parties shall be the same as those provided  
33.18 by law, except (i) notice of sale, disposition, or retention shall be served on the unit owner  
33.19 90 days prior to sale, disposition, or retention, (ii) the association shall be entitled to its  
33.20 reasonable costs and attorney fees not exceeding the amount provided by section 582.01,  
33.21 subdivision 1a, (iii) the amount of the association's lien shall be deemed to be adequate  
33.22 consideration for the unit subject to disposition or retention, notwithstanding the value of  
33.23 the unit, and (iv) the notice of sale, disposition, or retention shall contain the following  
33.24 statement in capital letters with the name of the association or secured party filled in:

33.25 "THIS IS TO INFORM YOU THAT BY THIS NOTICE (fill in name of association or  
33.26 secured party) HAS BEGUN PROCEEDINGS UNDER MINNESOTA STATUTES,  
33.27 CHAPTER 515B, TO FORECLOSE ON YOUR INTEREST IN YOUR UNIT FOR THE  
33.28 REASON SPECIFIED IN THIS NOTICE. YOUR INTEREST IN YOUR UNIT WILL  
33.29 TERMINATE 90 DAYS AFTER SERVICE OF THIS NOTICE ON YOU UNLESS  
33.30 BEFORE THEN:

33.31 (a) THE PERSON AUTHORIZED BY (fill in the name of association or secured party)  
33.32 AND DESCRIBED IN THIS NOTICE TO RECEIVE PAYMENTS RECEIVES FROM  
33.33 YOU:

33.34 (1) THE AMOUNT THIS NOTICE SAYS YOU OWE; PLUS

34.1 (2) THE COSTS INCURRED TO SERVE THIS NOTICE ON YOU; PLUS

34.2 (3) \$500 TO APPLY TO ATTORNEY FEES ACTUALLY EXPENDED OR  
34.3 INCURRED; PLUS

34.4 (4) ANY ADDITIONAL AMOUNTS FOR YOUR UNIT BECOMING DUE TO (fill  
34.5 in name of association or secured party) AFTER THE DATE OF THIS NOTICE; OR

34.6 (b) YOU SECURE FROM A DISTRICT COURT AN ORDER THAT THE  
34.7 FORECLOSURE OF YOUR RIGHTS TO YOUR UNIT BE SUSPENDED UNTIL YOUR  
34.8 CLAIMS OR DEFENSES ARE FINALLY DISPOSED OF BY TRIAL, HEARING, OR  
34.9 SETTLEMENT. YOUR ACTION MUST SPECIFICALLY STATE THOSE FACTS AND  
34.10 GROUNDS THAT DEMONSTRATE YOUR CLAIMS OR DEFENSES.

34.11 IF YOU DO NOT DO ONE OR THE OTHER OF THE ABOVE THINGS WITHIN  
34.12 THE TIME PERIOD SPECIFIED IN THIS NOTICE, YOUR OWNERSHIP RIGHTS IN  
34.13 YOUR UNIT WILL TERMINATE AT THE END OF THE PERIOD, YOU WILL LOSE  
34.14 ALL THE MONEY YOU HAVE PAID FOR YOUR UNIT, YOU WILL LOSE YOUR  
34.15 RIGHT TO POSSESSION OF YOUR UNIT, YOU MAY LOSE YOUR RIGHT TO  
34.16 ASSERT ANY CLAIMS OR DEFENSES THAT YOU MIGHT HAVE, AND YOU WILL  
34.17 BE EVICTED. IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE, CONTACT  
34.18 AN ATTORNEY IMMEDIATELY."

34.19 (4) In any foreclosure pursuant to chapter 580, 581, or 582, the rights of the parties shall  
34.20 be the same as those provided by law, except (i) the period of redemption for unit owners  
34.21 shall be six months from the date of sale or a lesser period authorized by law, (ii) in a  
34.22 foreclosure by advertisement under chapter 580, the foreclosing party shall be entitled to  
34.23 costs and disbursements of foreclosure and attorney fees ~~authorized by the declaration or~~  
34.24 ~~by laws, notwithstanding the provisions of section 582.01, subdivisions 1 and 1a, as specified~~  
34.25 in section 582.01, subdivision 1, up to a maximum of \$1,000, (iii) in a foreclosure by action  
34.26 under chapter 581, the foreclosing party shall be entitled to costs and disbursements of  
34.27 foreclosure and attorney fees as the court shall determine, and (iv) the amount of the  
34.28 association's lien shall be deemed to be adequate consideration for the unit subject to  
34.29 foreclosure, notwithstanding the value of the unit.

34.30 (i) If a holder of a sheriff's certificate of sale, prior to the expiration of the period of  
34.31 redemption, pays any past due or current assessments, or any other charges lienable as  
34.32 assessments, with respect to the unit described in the sheriff's certificate, then the amount  
34.33 paid shall be a part of the sum required to be paid to redeem under section 582.03.

(j) In a cooperative, if the unit owner fails to redeem before the expiration of the redemption period in a foreclosure of the association's assessment lien, the association may bring an action for eviction against the unit owner and any persons in possession of the unit, and in that case section 504B.291 shall not apply.

(k) An association may assign its lien rights in the same manner as any other secured party.

**EFFECTIVE DATE.** This section is effective January 1, 2026.

Sec. 13. **[515B.3-122] REQUIREMENT TO MEET AND CONFER.**

**Subdivision 1. Enforcement action defined.** For the purposes of this section, "enforcement action" means any attempt by an association, management company, or an attorney or other person on behalf of the association or management company, to collect a disputed assessment, fine, late fee, or other charge, or a civil action or proceeding, other than a cross-complaint, involving rights, duties, or liabilities under this chapter or any other law, or the governing documents of a common interest community or association, including the foreclosure of an association's lien pursuant to section 515B.3-116.

**Subd. 2. Meet and confer process.** Prior to an association taking any enforcement action, the association and the unit owner must engage in a meet and confer process in an effort to resolve any dispute between the association and the unit owner involving their respective rights, duties, or liabilities under this chapter or any other section of law, or under the governing documents of the common interest community or association. The association's board must designate a member of the board to meet and confer with the unit owner. The parties must meet as soon as practicable at a mutually convenient time and place. At the meeting, each party must be given reasonable time to present their positions and must confer in good faith to seek a resolution to the dispute. If the meet and confer process results in the resolution of the dispute, the resolution must be in writing and signed by both a board member and the unit owner. The signed agreement binds the parties and is judicially enforceable. A unit owner must not be charged any fees, including any attorney fees, to participate in the meet and confer process.

**EFFECTIVE DATE.** This section is effective January 1, 2026.

Sec. 14. **[515B.3-125] LEGAL FEES; NOTICE REQUIRED.**

(a) Prior to referring a unit owner's inquiry to an attorney, the board must provide a notice to the unit owner with the following information:

- 36.1 (1) a statement that the board plans to refer the matter at issue to an attorney;  
36.2 (2) the name of the person responsible for payment of any resulting legal fees; and  
36.3 (3) an estimate of the legal fees the attorney may charge or has charged for similar work.

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

36.6 (c) The board must provide to a unit owner an itemized invoice for any legal fees charged  
36.7 to the unit owner detailing the attorney's rate, the time the attorney spent on the matter, the  
36.8 specific services the attorney provided, and the date or dates of service.

36.9 **EFFECTIVE DATE.** This section is effective January 1, 2026.

36.10 Sec. 15. Minnesota Statutes 2024, section 515B.4-102, is amended to read:

36.11 **515B.4-102 DISCLOSURE STATEMENT; GENERAL PROVISIONS; CIC**  
36.12 **CREATED BEFORE AUGUST 1, 2010.**

36.13 (a) A disclosure statement shall fully and accurately disclose:

36.14 (1) the name and, if available, the number of the common interest community;

36.15 (2) the name and principal address of the declarant;

36.16 (3) the number of units which the declarant has the right to include in the common  
36.17 interest community and a statement that the common interest community is either a  
36.18 condominium, cooperative, or planned community;

36.19 (4) a general description of the common interest community, including, at a minimum,  
36.20 (i) the number of buildings, (ii) the number of dwellings per building, (iii) the type of  
36.21 construction, (iv) whether the common interest community involves new construction or  
36.22 rehabilitation, (v) whether any building was wholly or partially occupied, for any purpose,  
36.23 before it was added to the common interest community and the nature of the occupancy,  
36.24 and (vi) a general description of any roads, trails, or utilities that are located on the common  
36.25 elements and that the association or a master association will be required to maintain;

36.26 (5) declarant's schedule of commencement and completion of construction of any  
36.27 buildings and other improvements that the declarant is obligated to build pursuant to section  
36.28 515B.4-117;

36.29 (6) any expenses or services, not reflected in the budget, that a declarant pays or provides,  
36.30 which may become a common expense; the projected common expense attributable to each

37.1 of those expenses or services; and an explanation of declarant's limited assessment liability  
37.2 under section 515B.3-115(b);

37.3 (7) any initial or special fee due from the purchaser to the declarant or the association  
37.4 at closing, together with a description of the purpose and method of calculating the fee;

37.5 (8) identification of any liens, defects, or encumbrances which will continue to affect  
37.6 the title to a unit or to any real property owned by the association after the contemplated  
37.7 conveyance;

37.8 (9) a description of any financing offered or arranged by the declarant;

37.9 (10) a statement as to whether application has been made for any project approvals for  
37.10 the common interest community from the Federal National Mortgage Association (FNMA),  
37.11 Federal Home Loan Mortgage Corporation (FHLMC), Department of Housing and Urban  
37.12 Development (HUD) or Department of Veterans Affairs (VA), and which, if any, such final  
37.13 approvals have been received;

37.14 (11) the terms of any warranties provided by the declarant, including copies of sections  
37.15 515B.4-112 through 515B.4-115, and any other applicable statutory warranties, and a  
37.16 statement of any limitations on the enforcement of the applicable warranties or on damages;

37.17 (12) a statement that: (i) within ten days after the receipt of a disclosure statement, a  
37.18 purchaser may cancel any contract for the purchase of a unit from a declarant; provided,  
37.19 that the right to cancel terminates upon the purchaser's voluntary acceptance of a conveyance  
37.20 of the unit from the declarant or by the purchaser agreeing to modify or waive the right to  
37.21 cancel in the manner provided by section 515B.4-106(a); (ii) if a purchaser receives a  
37.22 disclosure statement more than ten days before signing a purchase agreement, the purchaser  
37.23 cannot cancel the purchase agreement; and (iii) if a declarant obligated to deliver a disclosure  
37.24 statement fails to deliver a disclosure statement which substantially complies with this  
37.25 chapter to a purchaser to whom a unit is conveyed, the declarant shall be liable to the  
37.26 purchaser as provided in section 515B.4-106(d);

37.27 (13) a statement disclosing to the extent of the declarant's or an affiliate of a declarant's  
37.28 actual knowledge, after reasonable inquiry, any unsatisfied judgments or lawsuits to which  
37.29 the association is a party, and the status of those lawsuits which are material to the common  
37.30 interest community or the unit being purchased;

37.31 (14) a statement (i) describing the conditions under which earnest money will be held  
37.32 in and disbursed from the escrow account, as set forth in section 515B.4-109, (ii) that the

38.1 earnest money will be returned to the purchaser if the purchaser cancels the contract pursuant  
38.2 to section 515B.4-106, and (iii) setting forth the name and address of the escrow agent;

38.3 (15) a detailed description of the insurance coverage provided by the association for the  
38.4 benefit of unit owners, including a statement as to which, if any, of the items referred to in  
38.5 section 515B.3-113, subsection (b), are insured by the association;

38.6 (16) any current or expected fees or charges, other than assessments for common  
38.7 expenses, to be paid by unit owners for the use of the common elements or any other  
38.8 improvements or facilities;

38.9 (17) the financial arrangements, including any contingencies, which have been made to  
38.10 provide for completion of all improvements that the declarant is obligated to build pursuant  
38.11 to section 515B.4-118, or a statement that no such arrangements have been made;

38.12 (18) in a cooperative: (i) whether the unit owners will be entitled for federal and state  
38.13 tax purposes, to deduct payments made by the association for real estate taxes and interest  
38.14 paid to the holder of a security interest encumbering the cooperative; (ii) a statement as to  
38.15 the effect on the unit owners if the association fails to pay real estate taxes or payments due  
38.16 the holder of a security interest encumbering the cooperative; and (iii) the principal amount  
38.17 and a general description of the terms of any blanket mortgage, contract for deed, or other  
38.18 blanket security instrument encumbering the cooperative property;

38.19 (19) a statement: (i) that real estate taxes for the unit or any real property owned by the  
38.20 association are not delinquent or, if there are delinquent real estate taxes, describing the  
38.21 property for which the taxes are delinquent, stating the amount of the delinquent taxes,  
38.22 interest and penalties, and stating the years for which taxes are delinquent, and (ii) setting  
38.23 forth the amount of real estate taxes, including the amount of any special assessment certified  
38.24 for payment with the real estate taxes, due and payable with respect to the unit in the year  
38.25 in which the disclosure statement is given, if real estate taxes have been separately assessed  
38.26 against the unit;

38.27 (20) if the association or the purchaser of the unit will be a member of a master  
38.28 association, a statement to that effect, and all of the following information with respect to  
38.29 the master association: (i) a copy of the master declaration, the articles of incorporation,  
38.30 bylaws, and rules and regulations for the master association, together with any amendments  
38.31 thereto; (ii) the name, address and general description of the master association, including  
38.32 a general description of any other association, unit owners, or other persons which are or  
38.33 may become members; (iii) a description of any nonresidential use permitted on any property  
38.34 subject to the master association; (iv) a statement as to the estimated maximum number of

associations, unit owners or other persons which may become members of the master association, and the degree and period of control of the master association by a declarant or other person; (v) a description of any facilities intended for the benefit of the members of the master association and not located on property owned or controlled by a member or the master association; (vi) the financial arrangements, including any contingencies, which have been made to provide for completion of the facilities referred to in subsection (v), or a statement that no arrangements have been made; (vii) any current balance sheet of the master association and a projected or current annual budget, as applicable, which budget shall include with respect to the master association those items in paragraph (23), clauses (i) through (iii), and the projected monthly common expense assessment for each type of unit, lot, or other parcel of real estate which is or is planned to be subject to assessment; (viii) a description of any expenses or services not reflected in the budget, paid for or provided by a declarant or a person executing the master declaration, which may become an expense of the master association in the future; (ix) a description of any powers delegated to and accepted by the master association pursuant to section 515B.2-121(f)(2); (x) identification of any liens, defects or encumbrances that will continue to affect title to property owned or operated by the master association for the benefit of its members; (xi) the terms of any warranties provided by any person for construction of facilities in which the members of the master association have or may have an interest, and any known defects in the facilities which would violate the standards described in section 515B.4-112(b); (xii) a statement disclosing, after inquiry of the master association, any unsatisfied judgments or lawsuits to which the master association is a party, and the status of those lawsuits which are material to the master association; (xiii) a description of any insurance coverage provided for the benefit of its members by the master association; and (xiv) any current or expected fees or charges, other than assessments by the master association, to be paid by members of the master association for the use of any facilities intended for the benefit of the members;

(21) a statement as to whether the unit will be substantially completed at the time of conveyance to a purchaser, and if not substantially completed, who is responsible to complete and pay for the construction of the unit;

(22) a copy of the declaration and any amendments thereto (exclusive of the CIC plat); any other recorded covenants, conditions, restrictions, or reservations affecting the common interest community; the articles of incorporation, bylaws and any rules or regulations of the association; any agreement excluding or modifying any implied warranties; any agreement reducing the statute of limitations for the enforcement of warranties; any contracts or leases to be signed by purchaser at closing; and a brief narrative description of any (i) contracts

or leases that are or may be subject to cancellation by the association under section 515B.3-105 and (ii) any material agreements entered into between the declarant and a governmental entity that affect the common interest community; ~~and~~

(23) a balance sheet for the association, current within 90 days; a projected annual budget for the association; and a statement identifying the party responsible for the preparation of the budget. The budget shall assume that all units intended to be included in the common interest community, based upon the declarant's good faith estimate, have been subjected to the declaration; provided, that additional budget portrayals based upon a lesser number of units are permitted. The budget shall include, without limitation: (i) a statement of the amount included in the budget as a reserve for replacement; (ii) a statement of any other reserves; (iii) the projected common expense for each category of expenditures for the association; (iv) the projected monthly common expense assessment for each type of unit; and (v) a footnote or other reference to those components of the common interest community the maintenance, repair, or replacement of which the budget assumes will be funded by assessments under section 515B.3-115(e), rather than by assessments included in the association's annual budget, and a statement referencing section 515B.3-115(e)(1) or (2), as the source of funding. If, based upon the association's then current budget, the monthly common expense assessment for the unit at the time of conveyance to the purchaser is anticipated to exceed the monthly assessment stated in the budget, a statement to such effect shall be included;

(24) a copy of any fact sheet or other publication by the attorney general and the Community Association Institute that describes, in plain language, common interest communities and homeowner associations and explains the rights and responsibilities of unit owners and associations; and

(25) the schedules of fines required under section 515B.3-102, subsections (a), paragraph (10), and (c).

(b) A declarant shall promptly amend the disclosure statement to reflect any material change in the information required by this chapter.

(c) The master association, within ten days after a request by a declarant, a holder of declarant rights, or a buyer referred to in section 515B.4-101(e), or the authorized representative of any of them, shall furnish the information required to be provided by subsection (a)(20). A declarant or other person who provides information pursuant to subsection (a)(20) is not liable to the buyer for any erroneous information if the declarant or other person: (i) is not an affiliate of or related in any way to a person authorized to



41.1 appoint the master association board pursuant to section 515B.2-121(c)(3), and (ii) has no  
41.2 actual knowledge that the information is incorrect.

41.3 (d) This section applies only to common interest communities created before August 1,  
41.4 2010.

41.5 **EFFECTIVE DATE.** This section is effective January 1, 2026.

41.6 Sec. 16. Minnesota Statutes 2024, section 515B.4-1021, is amended to read:

41.7 **515B.4-1021 DISCLOSURE STATEMENT; GENERAL PROVISIONS; CIC**  
41.8 **CREATED ON OR AFTER AUGUST 1, 2010.**

41.9 (a) A disclosure statement shall fully and accurately disclose:

41.10 (1) the name and, if available, the number of the common interest community;

41.11 (2) the name and principal address of each declarant holding any special declarant rights;  
41.12 a description of the special declarant rights held by each declarant; a description of the units  
41.13 or additional real estate to which the respective special declarant rights apply; and a copy  
41.14 of any recorded transfer of special declarant rights pursuant to section 515B.3-104(a), or  
41.15 any instrument recorded pursuant to section 515B.3-104(b), (g), or (h);

41.16 (3) the total number of units which all declarants have the right to include in the common  
41.17 interest community and a statement that the common interest community is either a  
41.18 condominium, cooperative, or planned community;

41.19 (4) a general description of the common interest community, including, at a minimum,  
41.20 (i) the number of buildings, (ii) the number of dwellings per building, (iii) the type of  
41.21 construction, (iv) whether the common interest community involves new construction or  
41.22 rehabilitation, (v) whether any building was wholly or partially occupied, for any purpose,  
41.23 before it was added to the common interest community, and the nature of the occupancy,  
41.24 (vi) a general description of any roads, trails, or utilities that are located on the common  
41.25 elements and that the association or master association will be required to maintain, (vii) a  
41.26 description of any declarant licensing rights under section 515B.2-109(e), and (viii) the  
41.27 initial maintenance plan, initial maintenance schedule, and maintenance budget under section  
41.28 515B.3-107(b). The initial maintenance plan prepared by the declarant must be based on  
41.29 the best available information listing all building elements to which the plan will apply and  
41.30 the generally accepted standards of maintenance on which the plan is based. The initial plan  
41.31 must be dated and signed by the declarant and be fully funded by the initial budget provided  
41.32 by the declarant;

42.1 (5) declarant's schedule of commencement and completion of construction of any  
42.2 buildings and other improvements that the declarant is obligated to build pursuant to section  
42.3 515B.4-117;

42.4 (6) any expenses or services, not reflected in the budget, that the declarant pays or  
42.5 provides, which may become a common expense; the projected common expense attributable  
42.6 to each of those expenses or services; a description of any alternate common expense plan  
42.7 under section 515B.3-115(a)(2)(i); and, if the declaration provides for an alternate common  
42.8 expense plan, either (i) a statement that the alternate common expense plan will have no  
42.9 effect on the level of services or amenities anticipated by the association's budget or disclosed  
42.10 in the disclosure statement, or (ii) a statement describing how the services or amenities may  
42.11 be affected;

42.12 (7) any initial or special fee due from the purchaser to the declarant or the association  
42.13 at closing, together with a description of the purpose and method of calculating the fee;

42.14 (8) identification of any liens, defects, or encumbrances which will continue to affect  
42.15 the title to a unit or to any real property owned by the association after the contemplated  
42.16 conveyance;

42.17 (9) a description of any financing offered or arranged by the declarant;

42.18 (10) a statement as to whether application has been made for any project approvals for  
42.19 the common interest community from the Federal National Mortgage Association (FNMA),  
42.20 Federal Home Loan Mortgage Corporation (FHLMC), Department of Housing and Urban  
42.21 Development (HUD), or Department of Veterans Affairs (VA), and which, if any, such  
42.22 final approvals have been received;

42.23 (11) the terms of any warranties provided by the declarant, including copies of sections  
42.24 515B.4-112 to 515B.4-115, and any other applicable statutory warranties, and a statement  
42.25 of any limitations on the enforcement of the applicable warranties or on damages;

42.26 (12) a statement that:

42.27 (i) within ten days after the receipt of a disclosure statement, a purchaser may cancel  
42.28 any contract for the purchase of a unit from a declarant; provided, that the right to cancel  
42.29 terminates upon the purchaser's voluntary acceptance of a conveyance of the unit from the  
42.30 declarant or by the purchaser agreeing to modify or waive the right to cancel in the manner  
42.31 provided by section 515B.4-106(a);

42.32 (ii) if a purchaser receives a disclosure statement more than ten days before signing a  
42.33 purchase agreement, the purchaser cannot cancel the purchase agreement; and

(iii) if a declarant obligated to deliver a disclosure statement fails to deliver a disclosure statement which substantially complies with this chapter to a purchaser to whom a unit is conveyed, the declarant shall be liable to the purchaser as provided in section 515B.4-106(d);

(13) a statement disclosing to the extent of the declarant's or an affiliate of a declarant's actual knowledge, after reasonable inquiry, any unsatisfied judgments or lawsuits to which the association is a party, and the status of those lawsuits which are material to the common interest community or the unit being purchased;

(14) a statement (i) describing the conditions under which earnest money will be held in and disbursed from the escrow account, as set forth in section 515B.4-109, (ii) that the earnest money will be returned to the purchaser if the purchaser cancels the contract pursuant to section 515B.4-106, and (iii) setting forth the name and address of the escrow agent;

(15) a detailed description of the insurance coverage provided by the association for the benefit of unit owners, including a statement as to which, if any, of the items referred to in section 515B.3-113(b), are insured by the association;

(16) any current or expected fees or charges, other than assessments for common expenses, to be paid by unit owners for the use of the common elements or any other improvements or facilities;

(17) the financial arrangements, including any contingencies, which have been made to provide for completion of all improvements that the declarant is obligated to build pursuant to section 515B.4-118, or a statement that no such arrangements have been made;

(18) in a cooperative:

(i) whether the unit owners will be entitled, for federal and state tax purposes, to deduct payments made by the association for real estate taxes and interest paid to the holder of a security interest encumbering the cooperative;

(ii) a statement as to the effect on the unit owners if the association fails to pay real estate taxes or payments due the holder of a security interest encumbering the cooperative; and

(iii) the principal amount and a general description of the terms of any blanket mortgage, contract for deed, or other blanket security instrument encumbering the cooperative property;

(19) a statement:

(i) that real estate taxes for the unit or any real property owned by the association are not delinquent or, if there are delinquent real estate taxes, describing the property for which

44.1 the taxes are delinquent, stating the amount of the delinquent taxes, interest, and penalties,  
44.2 and stating the years for which taxes are delinquent; and

44.3 (ii) setting forth the amount of real estate taxes, including the amount of any special  
44.4 assessment certified for payment with the real estate taxes, due and payable with respect to  
44.5 the unit in the year in which the disclosure statement is given, if real estate taxes have been  
44.6 separately assessed against the unit;

44.7 (20) if the unit or other parcel of real estate being purchased is or may be subject to a  
44.8 master declaration at the time of the conveyance from the declarant to the purchaser, a  
44.9 statement to that effect, and all of the following information with respect to the master  
44.10 association:

44.11 (i) copies of the following documents (which may be in proposed form if the master  
44.12 declaration has not been recorded): the master declaration, the articles of incorporation,  
44.13 bylaws, and rules and regulations for the master association, together with any amendments  
44.14 thereto;

44.15 (ii) the name and address of the master developer, and the name, address, and general  
44.16 description of the master association, including a general description of any other association,  
44.17 unit owners, or other persons which are or may become members;

44.18 (iii) a description of any nonresidential use permitted on any property subject to the  
44.19 master declaration;

44.20 (iv) a statement as to the estimated maximum number of associations, unit owners, or  
44.21 other persons which may become members of the master association, and a description of  
44.22 any period of control of the master association and rights to appoint master association  
44.23 directors by a master developer or other person pursuant to section 515B.2-121(c);

44.24 (v) a description of any facilities intended for the benefit of the members of the master  
44.25 association and not located on property owned or controlled by a member of the master  
44.26 association;

44.27 (vi) the financial arrangements, including any contingencies, which have been made to  
44.28 provide for completion of the facilities referred to in subsection (v), or a statement that no  
44.29 arrangements have been made;

44.30 (vii) any current balance sheet of the master association and a projected or current annual  
44.31 budget, as applicable, which budget shall include with respect to the master association  
44.32 those items in paragraph (23), clauses (i) through (iii), and the projected monthly or other

45.1 periodic common expense assessment payment for each type of unit, lot, or other parcel of  
45.2 real estate which is or is planned to be subject to assessment;

45.3 (viii) a description of any expenses or services not reflected in the budget, paid for or  
45.4 provided by a master developer or another person executing the master declaration, which  
45.5 may become an expense of the master association in the future;

45.6 (ix) a description of any powers delegated to and accepted by the master association  
45.7 pursuant to section 515B.2-121(e)(2);

45.8 (x) identification of any liens, defects, or encumbrances that will continue to affect title  
45.9 to property owned or operated by the master association for the benefit of its members;

45.10 (xi) the terms of any warranties provided by any person for construction of facilities in  
45.11 which the members of the master association have or may have an interest, and any known  
45.12 defects in the facilities which would violate the standards described in section  
45.13 515B.4-113(b)(2);

45.14 (xii) a statement disclosing, after inquiry of the master association, any unsatisfied  
45.15 judgments or lawsuits to which the master association is a party, and the status of those  
45.16 lawsuits which are material to the master association;

45.17 (xiii) a description of any insurance coverage provided for the benefit of its members  
45.18 by the master association; and

45.19 (xiv) any current or expected fees or charges, other than assessments by the master  
45.20 association, to be paid by members of the master association for the use of any facilities  
45.21 intended for the benefit of the members;

45.22 (21) a statement as to whether the unit will be substantially completed at the time of  
45.23 conveyance to a purchaser, and, if not substantially completed, who is responsible to complete  
45.24 and pay for the construction of the unit;

45.25 (22) copies of the following documents (which may be in proposed form if the declaration  
45.26 has not been recorded): the declaration and any supplemental declaration, and any  
45.27 amendments thereto (exclusive of the CIC plat); any other recorded covenants, conditions,  
45.28 restrictions, and reservations affecting the common interest community; the articles of  
45.29 incorporation, bylaws, and any rules or regulations of the association; the names of the  
45.30 current members of the association's board of directors; any agreement excluding or  
45.31 modifying any implied warranties; any agreement reducing the statute of limitations for the  
45.32 enforcement of warranties; any contracts or leases to be signed by the purchaser at closing;

46.1 and a description of any material contracts, leases, or other agreements affecting the common  
46.2 interest community; ~~and~~

46.3 (23) a balance sheet for the association, following the creation of the association, current  
46.4 within 90 days; a projected annual budget for the association; and a statement identifying  
46.5 the party responsible for the preparation of the budget. The budget shall assume that all  
46.6 units intended to be included in the common interest community, based upon the declarant's  
46.7 good faith estimate, have been subjected to the declaration; provided, that additional budget  
46.8 portrayals based upon a lesser number of units are permitted. The budget shall include,  
46.9 without limitation:

46.10 (i) a statement of the amount included in the budget as a reserve for replacement, the  
46.11 components of the common interest community for which the reserves are budgeted, and  
46.12 the amounts of the reserves, if any, that are allocated for the replacement of each of those  
46.13 components;

46.14 (ii) a statement of any other reserves;

46.15 (iii) the projected common expense for each category of expenditures for the association;

46.16 (iv) the projected monthly common expense assessment for each type of unit;

46.17 (v) a statement as to the components of the common interest community whose  
46.18 replacement will be funded by assessments under section 515B.3-115(c) or (e), rather than  
46.19 by replacement reserves as approved pursuant to section 515B.3-114(a). If, based upon the  
46.20 association's then-current budget, the monthly common expense assessment for the unit at  
46.21 the time of conveyance to the purchaser is anticipated to exceed the monthly assessment  
46.22 stated in the budget, a statement to such effect shall be included;

46.23 (24) a copy of any fact sheet or other publication by the attorney general and the  
46.24 Community Association Institute that describes, in plain language, common interest  
46.25 communities and homeowner associations and explains the rights and responsibilities of  
46.26 unit owners and associations; and

46.27 (25) the schedules of fines required under section 515B.3-102, subsections (a), paragraph  
46.28 (10), and (c).

46.29 (b) A declarant shall promptly amend the disclosure statement to reflect any material  
46.30 change in the information required by this chapter.

46.31 (c) The master association, within ten days after a request by a declarant, a holder of  
46.32 declarant rights, or a buyer referred to in section 515B.4-101(e), or the authorized  
46.33 representative of any of them, shall furnish the information required to be provided by

subsection (a)(20). A declarant or other person who provides information pursuant to subsection (a)(20), is not liable to the buyer for any erroneous information if the declarant or other person: (i) is not an affiliate of or related in any way to a person authorized to appoint the master association board pursuant to section 515B.2-121(c)(3), and (ii) has no actual knowledge that the information is incorrect.

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

**EFFECTIVE DATE.** This section is effective January 1, 2026.

Sec. 17. 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. An association is liable to a unit owner for actual damages and shall pay to the unit owner a civil penalty in an amount up to \$1,000.

(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, notwithstanding whether those remedies are referred to in this chapter.

(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 purposes of this subsection, "asserting any rights" includes but is not limited to filing an action in district court to enforce a right or remedy provided by this chapter, other law, or the declaration, bylaws, rules, or regulations of the association; or by filing a complaint with local authorities regarding a violation of a health, safety, housing, or building code or ordinance. An association may not decrease services or impose a fine or other penalty or charge legal fees to a unit owner, nor may the association make the resumption of services or removal of the fine, penalty, or legal fees contingent on a unit owner withdrawing an action in district court or complaint with local authorities.

**EFFECTIVE DATE.** This section is effective January 1, 2026.

## ARTICLE 2

### LOCAL GOVERNMENT PREEMPTION

Section 1. Minnesota Statutes 2024, section 394.25, is amended by adding a subdivision to read:

Subd. 11. **Homeowners associations.** (a) A county 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;

(3) inclusion of any terms in a homeowners association declaration, bylaws, articles of incorporation, or any other governing document that is not required under state law; or



(4) adoption or revocation of, or amendment to, a rule or regulation governing the homeowners association or its members.

(b) A county must not take any action that requires a residential property to be part of a homeowners association or provide an incentive for such membership. A county must not require or incentivize a homeowners association to adopt, revoke, or amend a term in any governing document or a rule or regulation not required under state law.

(c) Nothing in this section prohibits a county from ensuring private common areas or facilities within a development comply with maintenance, insurance, and other requirements under applicable state law, including under chapter 515, 515A, or 515B.

**Sec. 2. [462.3577] MUNICIPALITIES; HOMEOWNERS ASSOCIATIONS.**

(a) A municipality, joint planning board, or public corporation 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;

(3) inclusion of any terms in a homeowners association declaration, bylaws, articles of incorporation, or any other governing document that is not required under state law; or

(4) adoption or revocation of, or amendment to, a rule or regulation governing the homeowners association or its members.

(b) A municipality, joint planning board, public corporation, or the Metropolitan Council must not take any action that requires a residential property to be part of a homeowners association or provide an incentive for such membership. A municipality, joint planning board, public corporation, or the Metropolitan Council must not require or incentivize a homeowners association to adopt, revoke, or amend a term in any governing document or a rule or regulation not required under state law.

(c) Nothing in this section prohibits a municipality from ensuring private common areas or facilities within a development comply with maintenance, insurance, and other requirements under applicable state law, including under chapter 515, 515A, or 515B.

50.1

Sec. 3. Laws 2024, chapter 96, article 2, section 13, is amended to read:

50.2

Sec. 13. **EFFECTIVE DATE.**

50.3

This article is effective August 1, ~~2025~~ 2026.

50.4

Sec. 4. **REPEALER.**

50.5

Minnesota Statutes 2024, section 308C.003, subdivision 3, is repealed.

APPENDIX  
Article locations for H1268-1

ARTICLE 1 COMMON INTEREST COMMUNITIES..... Page.Ln 1.14

ARTICLE 2 LOCAL GOVERNMENT PREEMPTION..... Page.Ln 48.19

APPENDIX  
Repealed Minnesota Statutes: H1268-1

**308C.003 APPLICATION OF OTHER STATUTES.**

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