

**Minnesota Legislative Working Group
on Common Interest Communities
and Homeowner Associations
Prioritized Recommendations
January 24, 2025**

Conflict of Interest

2.5. Establish Conflict of Interest (COI) standards in MN Statute, apply COI standards to boards, property Management and vendors/contractors, all COI and relationships must be disclosed and communicated. Full transparency around relationships

2.6. Property managers cannot require an association to work with a specific vendor

2.7. Require boards or property managers must see multiple bids for vendors/contractors (seek competitive bids for issues that are not insurance-related), bids should be made available and must be retained for a minimum record retention period. Create a work group to discuss this, if needed. Update statute to require board to hire whoever they would like.

Cooperatives

1.6. Remove M.S. 515b governance over housing cooperatives, allowing for M.S. 308c governance.

Disability

8.3. Require HOAs to allow disabled owners to make modifications to their units and HOA common areas at the owner's expense to accommodate the owner's disability.

8.4. Provide a standard, State of MN-created template form that can be used to request reasonable accommodations for disability.

Disclosure

4.1. HOAs must provide information to anyone (including renters) without charge on their rights and responsibilities within the association, including who is on the board and HOA procedures and policies.

Education

3.4. Oversee and Update a Wiki/educational materials and resources page (such as University of Minnesota public law school)

4.2. Require licensing of HOA association managers, similar to real estate agents

Fees and Fines

- 5.1. Create a minimum amount (reasonable and justifiable) related to fees assessed/time delinquent, (minimum threshold \$ or time delinquent) leading to foreclosure
- 5.2. Create caps and standards (reasonable and justifiable) on fees and fines
- 5.3. Set reasonableness standards of rules, including a 60- day (too long, 30-days) notice around fee increases and special Assessments

Financial Reporting

- 2.3. Require Associations to report Annual Financial Accounting - Balance, Reserves, Costs

Foreclosure

- 6.1. Ensure new foreclosure laws passed apply to older townhomes (built before 1994), which currently are not part of 515B
- 6.2. HOAs cannot foreclose a lien for fines under \$2500 total (not including attorney fees).
- 6.4. Prohibit aesthetic rules from being a foreclosable offense. Require an internal dispute resolution process or "right to contest" for a violation of an aesthetic rule in an open meeting. (Perhaps look to examples from municipalities). Board should have a timeline for when to approve requests related to aesthetic mandates.
- 6.3. Pre-foreclosure notices should provide more information (who, what, where why, how much is being assessed, options for addressing the fine/fee, a right to be heard by the board to contest a fine or fee, repayment plan options, and counseling.) If this information is not provided, the pre-foreclosure notice is void.

Governing Documents

- 1.2. Make unenforced covenants "automatically" revoked unless HOAs collectively renew then at annual meetings

Housing Improvement Area (HIA) Loans

- 2.1. Allow Housing Improvement Area (HIA) loans (perhaps capped - look at Eagan) to be administered by BOTH cities as well as Minnesota Housing Finance Agency (MHFA) which has more infrastructure to manage these types of loans.
- 2.2. Use Housing Improvement Area (HIA) to make repairs for HOAs more affordable, or extend the time frame for payment of the costs

7.1. Make HIA-type loans available to all HOAs. Require all cities or state entity to offer HIA loans as an option (recognizing that currently, some cities do not). Eliminate the "sunset" scheduled to terminate on 6/30/28 so this option continues to be available (421A.21).

7.3. HIA should allow for a payoff of the loan before the end of the term (at the time of the loan or over time), if the homeowner so desires, if it does not add cost to the municipality.

HOA creation

1.5. Provide clear and reasonable guidelines for when a HOA must not be created or an alternative structure to oversee common maintenance, or elements (elder community)

HOA Taxes

7.2. Ensure elimination of "double taxation" (taxes + HOA dues)

Homeowner Participation

1.4. Require that boards and property managers must provide an open forum in open meetings for homeowner questions and right to see governing documents (without fines/fees) and notice is required re: HOA board meetings at a designated time and place.

3.1. Provide parameters for homeowners to reasonably ask questions without incurring attorney's fees.

Insurance

2.4. Recommend work group on the issue of HOA insurance

Ombudsman

3.3. Create an Office of Ombudsman

3.5. Require participation by the Office of the Ombudsman in the Mediation Process

3.6. Recommend a way for homeowners to resolve disputes, other than the courts. Do not add to responsibilities of the HOA boards

3.7. Create an office of the Ombudsman to facilitate open templates for documents and recommended process to create an open learning community for HOAs in MN

Reasonableness

1.1. Establish a clear "Reasonableness and justifiable standard" for boards and association managers

Rental

8.2. Prohibit HOA's from imposing blanket rental screening restrictions.

Single-Family Detached

1.3. Set limitations on practices dictating single-family homes (e.g., solar panels, pollinator gardens, not barring home businesses, not barring work vehicles in driveways

Research

3.2. Appropriate money for a Housing Advocacy Center to fund research of conflict of interest by management companies

8.1. Study social return on investment (SROI) of HOAs to determine how beneficial they are and where the money goes

Secretary of State Database

4.3. Public database that includes all associations, property management companies, and a board member listed with the Secretary of State. Registration with the Secretary of State should include this information.

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