



WEBINAR

SF 1750: How HOA Boards Can Get Ready for Compliance



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Use Your **Chat** Function
to Ask Questions

Ends at 6:00 p.m.

Program is being
recorded.



Minnesota HOA Legislation

What Every Board Needs to Know Before January 1, 2027

Smith Jadin Johnson, PLLC | HOA Leadership Network Webinar | May 28, 2026

Today's Agenda

75 minutes | Questions via chat

- 1 Welcome & introductions
- 2 Background on HF 1750
- 3 Key changes — what the law now requires
- 4 Trouble spots boards need to watch
- 5 Best practices: getting ready for January 1
- 6 Q&A (chat only — we'll surface the best questions)



Housekeeping

- Questions: chat only — we'll field the best ones as we go
- Recording will be available after the webinar
- Slides will be distributed to registrants
- This is general legal education — not legal advice for your specific association
- Contact SJJ for help applying these changes to your governing documents
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Background: HF 1750

- 2026 legislative session — broad package of MCIOA amendments
- Signed by Governor May 12, 2026
- Most provisions effective January 1, 2027
- Addresses long-standing complaints: fine abuse, opaque governance, collection overreach, management lock-in
- Significant new procedural obligations for boards and management companies

Effective Dates at a Glance

Already effective	§ 515B.1-103 — Definitions (day after enactment)
January 1, 2027	Rulemaking, fines, due process, collections, board governance, meeting transparency, conflicts/bidding, management contracts, grievance rights, legal fee notice, resale disclosures, ARC, parking, retaliation, lien foreclosure, local government prohibition
Jan 1, 2027 — new CICs only	§ 515B.5-101 — Local government / HOA formation prohibition

SECTION 1

Rulemaking

§ 515B.3-102(a)(1)



Rulemaking — What Changed

- Rules must now be reasonable — codifies a rational-basis standard (previously implied by case law)
- 21-day advance notice required **before** board votes to adopt, amend, or revoke any rule
- Notice must include opportunity for owners to comment — not consent, just to be heard
- Emergency exception: board may adopt temporary rule without notice in exigent circumstances; must follow up with proper process

Rulemaking — Administrative Burden

- Every rule adoption/amendment/revocation — no matter how routine — requires a full 21-day notice and comment cycle
- Still likely need period after adoption of new rules prior to enforcement
- Emergency exception is narrow — boards should not treat it as a general workaround

SECTION 2

Fines & Due Process

§ 515B.3-102(a)(11), (c)

\$ Fine Cap — \$100 Per Violation

- Fines capped at \$100 for a single violation — any existing schedule above that amount is unenforceable
- Exceptions to the \$100 cap: (1) owner vote at a meeting approving a higher amount; (2) violation involving health/safety impact, physical property damage, or financial enrichment (e.g., unauthorized rental)
- Continuing violations: each additional day may support an increased fine if it falls in an exception category
- All client fine schedules must be reviewed and rewritten before January 1, 2027

Fine Cap — Structural Ambiguity

- The statute allows a higher fine if approved "at a board meeting" by a majority of owners — but owners don't vote at board meetings
- Likely a drafting error; no legislative fix before enactment
- Practical effect: the owner-vote exception may be unworkable for most associations — do not rely on it in fine schedules
- The health/safety/damage/enrichment exception categories are your primary tools for fines above \$100
- Each category of elevated fine needs careful definition in the new fine schedule



Due Process Rights for Owners

- Right to hearing attaches to any violation notice — safest reading includes courtesy notices without a fine
- Owner has 30 days from notice to request a hearing (unless governing documents specify different period)
- Owner has the right to be represented by an attorney at the hearing
- If fine is upheld, board must issue a written resolution with reasons within 30 days
- Attorney fees may not be charged to the owner unless the fine is upheld at the hearing



Fine Schedule & Remedies List

- Associations must maintain a written list of common fines
- List must include a description of remedies available to the association
- Must be distributed to every unit owner — and updated when the schedule changes
- Natural deliverable: consolidated covenant enforcement policy combining fine schedule, violation list, and owner rights

SECTION 3

Interest & Late Fees

§ 515B.3-102(a)(17)–(18)

\$ Interest & Late Fee Caps

- Interest on delinquent assessments capped at 8% per annum
- Late fees capped at the greater of \$20 or 5% of the amount owed
- For associations with low monthly assessments, this cap is very small — e.g., \$200/month assessment → max late fee is \$10
- Interest at 8% may become the preferred tool given the minimal late fee ceiling

Late Fee Cap — Cash Flow Impact

- An owner 90 days delinquent on a \$200/month assessment owes \$600 in assessments plus \$30 in late fees ($3 \times \$10$)
- That is the entire late-fee exposure before foreclosure can commence — effectively no meaningful deterrent
- Associations should consider adding interest charges (up to 8%) to compensate — but interest calculations add administrative complexity
- Collection policy must be updated to reflect new payment application order and caps
- Boards with significant delinquency histories should plan for tighter cash flow starting January 2027

SECTION 4

Collections

§§ 515B.3-102(g)–(i), 515B.3-115(k), 515B.3-1151(k)

\$ No Refusing Payment

- Association may not refuse to accept any payment from an owner — unless foreclosure has already been commenced
- Acceptance of payment does not waive any claim or defense of the association
- Partial payments must be accepted and applied per the new statutory order

\$ Payment Application Order

- Payments must be applied to assessments and special assessments first
- Only after assessments are satisfied may payments be applied to fines, fees, or other charges
- Exception: fines more than 120 days old involving health/safety, property damage, or financial enrichment may be paid first
- Prior practice of applying payments to oldest balance is no longer permitted



Payment Plans, Pre-Foreclosure & Collection Policy

- Association must consider offering a reasonable payment plan — no definition of "reasonable" provided; document the consideration
- Foreclosure may not commence until owner is at least 3 months delinquent
- Pre-foreclosure counseling notices must be sent by both U.S. mail and certified mail
- Association must adopt a written collection policy and provide a copy to all owners
- Policy must require at least 3 notifications before referral to a law firm or collection agency

SECTION 5

Board Governance

§ 515B.3-103



Board Terms & Elections

- Director terms may not exceed three years
- Terms must be staggered (unless all terms are one year or less) — ensures continuity
- No limit on the number of terms a director may serve
- A director filling a vacancy by board appointment serves the remainder of the vacated term only
- Governing documents that exceed these limits must be amended or they are unenforceable as written



Board Meeting Transparency

- Agenda and all contracts/documents to be approved must be made available to owners before the meeting
- Posting to a website satisfies the requirement
- Before action on any agenda item, any owner (or designated rep) must be permitted to speak
- Board may set reasonable time limits; may remove disruptive attendees
- Board may not impose a fine for exercising the right to speak or submit written comments



WATCH: Owner forum at every board meeting on every action item — expect longer meetings and higher management costs

Board Meeting Owner Forum

- The owner-forum requirement applies to every agenda item at every open board meeting — not just annual meetings
- Every contract approval, budget vote, rule change, and enforcement action becomes an opportunity for owner comment
- Boards and managers should establish clear time-limit procedures before January 1 to control meeting length
- Management contracts likely do not contemplate this level of owner engagement — review and renegotiate as appropriate
- Consider restructuring meeting agendas to group action items and minimize forum exposure on routine items



Working Sessions — What's Permitted

- Boards may hold informal sessions among board members to discuss basic maintenance or daily operations
- No notice required, no minutes required — as long as no formal vote or action is taken
- Intent: reduce administrative burden on routine operational discussions
- Risk: boards may use working sessions to reach consensus informally, reducing meaningful open-meeting deliberation

SECTION 6

Conflicts of Interest & Competitive Bidding

§ 515B.3-103(g)–(j)



Conflicts of Interest

- Board member must recuse from voting on any contract where they or a family member has a material financial interest
- Board member may not solicit or accept payment/inducement to approve a construction or maintenance contract
- Same prohibition applies to property managers entering contracts on the association's behalf
- Written record of all disclosures must be retained and included in meeting minutes

Three-Bid Requirement

- Contracts for maintenance, construction, or repair exceeding \$50,000 require at least 3 written competitive bids
- Any bid from a person affiliated with a board member, board family member, or property manager must be disclosed in writing before consideration
- Board must select vendor based on documented reasonable business criteria (cost, qualifications, warranty, timeline)
- Records of bid process and contracts awarded must be retained for 6 years — subject to owner inspection
- Exceptions: emergency repairs, warranty work, sole-source situations, materials under \$50K with volunteer labor

SECTION 7

Management Contracts

§ 515B.3-103(k)

Management Contract Termination Rights

Contract Type

Termination Right

Declarant-period contract



Terminates automatically 12 months after declarant control period ends

Non-auto-renewing contract



Association may terminate at any time on 3 months' written notice

Auto-renewing contract



Association may decline renewal — give written notice at least 3 months before auto-renewal date

SECTION 8

Grievance Rights

§ 515B.3-102(i)



Grievance Rights

- Board must permit any owner to present a grievance — orally or in writing — on any matter other than a pending fine or ARC application
- Board must make a good faith effort to resolve the grievance
- If unresolved, board must refer the owner to the common interest community ombudsperson
- Association may not charge any fee for the presentation
- Scope is potentially very broad — any owner disagreement with any board decision could qualify

⚠ WATCH: No definition of "grievance" — nearly any owner complaint could trigger this obligation; need for a grievance procedure to manage scope

SECTION 9

Legal Fee Notice

§ 515B.3-125 (new)



Legal Fee Notice — New § 515B.3-125

- Before referring an owner's **inquiry** to association counsel, the association must notify the owner in advance
- Notice must state: (1) the inquiry is being referred to legal counsel; (2) legal fees may be assessed to the owner
- No fee may be charged for the notice itself
- Exceptions: pending/threatened litigation, owner has already retained counsel, or immediate action is required to protect the association
- "Inquiry" is undefined — safest reading covers any owner-initiated communication the association elects to refer to counsel

SECTION 10

Resale & Annual Report Disclosures

§§ 515B.4-107, 515B.3-106



Resale Disclosure — New Required Items

- Insurance deductible amount — must be updated each policy year
- Statement that unit owners are personally responsible for any loss assessment regardless of personal coverage
- Reserve study (if one exists within the past 3 years)
- Common fine schedule and collection policy
- Purchaser advisory: buying in a CIC impacts property rights — consult an attorney
- All resale disclosure packages must be updated before January 1, 2027



Annual Report — Loss Assessment Disclosure

- Annual report must include a specific notice: if a loss assessment is levied, the unit owner is personally responsible — even without sufficient personal insurance
- Language must be included regardless of whether a loss assessment has been levied
- Annual report templates must be updated before the next reporting cycle
- Reinforces the importance of owners carrying HO-6 coverage adequate to cover the association's deductible

SECTION 11

Architectural Review & Parking

§§ 515B.3-107(e)–(f)



Architectural Review — 90-Day Deadline

- Association must establish a fair, reasonable, and expeditious ARC procedure by rule or regulation
- Decision must be in writing
- Board or ARC committee must act within 90 days of a complete application — or the application may be deemed approved
- Decision standards: written, consistent with governing documents, meeting director standards of conduct
- ARC procedures and decision forms should be updated or created before January 1, 2027



Parking Regulations

- Association may not regulate parking on a public right-of-way (except to require compliance with applicable law)
- Association may not restrict parking on a driveway or area designed for vehicle use that is part of a unit or limited common element
- Driveway parking prohibitions in townhome communities are no longer enforceable
- Personal vehicles include cars, vans, pickups, and utility vehicles under 26,001 lbs. — not motor homes or commercial vehicles

⚠ WATCH: "Public right-of-way" is undefined — if interpreted to include private streets, this could gut parking authority in many planned communities

SECTION 12

Retaliation, Safe at Home, & Local Government

§§ 515B.4-116, 515B.5-101



Retaliation Prohibition

- Association may not retaliate against an owner for asserting any right under MCIOA or other law
- "Retaliation" defined: restricting rights, or imposing any fine/penalty not authorized by governing documents
- Exception: commencing foreclosure for an unpaid fine after a board resolution upholding the fine is not retaliation
- Modeled on Minn. Stat. § 504B landlord-tenant anti-retaliation provisions — application in HOA context is unsettled



Safe at Home Program

- A violation of Minnesota's Safe at Home program (Minn. Stat. § 5B.05(d)) by an association or management company is now a violation of MCIOA
- MCIOA violations expose associations to attorney's fees and punitive damages — remedies not previously available under Safe at Home
- Safe at Home protects the addresses of victims of domestic violence, stalking, and similar crimes
- All association and management staff must be trained on Safe at Home compliance — do not disclose protected addresses in any public document or communication



Local Government — HOA Formation

- Effective January 1, 2027 for new CICs created on or after that date
- Local governments may not condition a building permit, subdivision approval, or PUD approval on creation of an HOA
- May not require inclusion of any feature or common property necessitating an HOA (unless requested by developer)
- May not dictate terms in governing documents or require adoption/revocation of rules
- Exception: local governments may still require maintenance or insurance of common elements, and may require easements for public infrastructure access

Trouble Spots — Recap

The provisions most likely to generate problems in year one

TROUBLE SPOTS — CONSOLIDATED

Fine cap: owner-vote exception

"Owner approval at a board meeting" is structurally incoherent — do not rely on it

Late fees

Cap makes delinquency cheap for owners with low monthly assessments — cash flow risk

Owner forum at board meetings

Applies to every action item — plan for longer meetings; train managers now

Working sessions

Risk of informal consensus-building that bypasses open-meeting requirements

Grievance rights

No definition of "grievance" — nearly any complaint may qualify; adopt a grievance procedure

Parking / "public ROW"

Undefined term could gut parking authority in communities with private streets

Safe at Home

MCIOA violation exposure for address disclosure — train all staff and management

Getting Ready for January 1, 2027

A practical checklist for boards and managers

Document Updates — Do Before Jan 1

Items 1–3 are highest priority — touch every delinquency and enforcement matter

- 1 Fine schedule — \$100 cap with exception categories clearly defined
- 2 Violation notice template — include hearing rights, 30-day deadline, attorney right, ombudsperson referral
- 3 Collection policy — 3-notification requirement, payment application order, payment plan process
- 4 Rulemaking procedure — 21-day notice template, comment process, emergency rule protocol
- 5 Grievance procedure — intake, response, and ombudsperson referral
- 6 ARC procedure — 90-day deadline, written decision form
- 7 Resale disclosure package — add deductible, loss assessment statement, reserve study, fine schedule, purchaser advisory

Governance & Contract Review

- 1 Review governing documents — identify term limits and staggering provisions that conflict with statute
- 2 Review all management contracts — determine termination category; calendar 3-month notice deadlines
- 3 Establish bid solicitation procedure for contracts over \$50,000 and 6-year record retention protocol
- 4 Adopt conflict-of-interest recusal policy for board members
- 5 Update board meeting agenda template — include owner-forum period and time-limit procedures
- 6 Adopt working session policy — define scope and limits
- 7 Confirm Safe at Home compliance — address disclosure prohibited

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