

SF 1750 WEBINAR SERIES



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NETWORK

By Board Leaders. For Board Leaders.



SJJ LAW

SERVING OUR CLIENTS FROM OUR OFFICES IN
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SF 1750:

PART THREE | CONTRACTS & CHECKLIST



Moderator Mark Foster
HOA Leadership Network



Attorney Finn Jacobson
Partner, SJJ Law



Webinar Format

- ← One Hour Presentation
- ← Slides will be available on HOALN Resource Hub. JOIN NETWORK Free.
- ← Questions will be taken via chat; limit to only current topic. Open Forum at end.
- ← Please keep your video / microphone on MUTE

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General Categories of Changes

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July (Recorded)
PART I: COVENANT ENFORCEMENT
Watch at www.hoalnet.com

- Rules
- Fines
- Due Process
- Collections
- Parking
- Architectural Approval
- Grievance Rights
- Legal Fee Notice
- Retaliation

August (Recorded)
PART II: ASSOC. GOVERNANCE
Watch at www.hoalnet.com

- Budget
- Annual Packet
- Board Terms
- Board Meetings
 - *Agendas / Documents*
 - *Homeowner Forum*
- Working Sessions
- Conflicts of Interest
- Safe at Home
- Disclosure
 - *Resale*

TODAY
PART III: CONTRACTS/CHECK LIST

- Contracts
 - *Three bids*
 - *Management Contracts*
- Miscellaneous
 - *Local Government*
 - *Termination*
 - *Definitions*
- Check List for Readiness
- OPEN FORUM

SF 1750 History

- ← Negative News Stories → HOA Working Group → SF 1750
- ← 2 Year Legislative Cycle
 - 2025—Passed Senate, stalled in House
 - 2026—Passed House, Senate consents, Walz signs
- ← Operative Dates
 - ← January 1, 2027
 - Other than definitions

Common Questions

- ← Do Associations not covered under MCIOA need to comply with the new law?
- ← Do we need to rewrite our governing documents?
- ← Do we need to be fully in compliance on January 1, or simply start the process at that time?

Today: Contracts, Misc., Checklist

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Contracts: Construction (1 of 2)

- Minn. Stat. § 515B.3-103(g)

- 3 bids

- If greater than \$50,000
- If for property maintenance, construction, repair, or reconstruction
- Affiliated bids disclosed in minutes

(3) prior to entering into any contract for property maintenance, construction, repair, or reconstruction services with an estimated cost exceeding \$50,000, the board or property managers must solicit a minimum of three written competitive bids. All bids from a person affiliated with a board member, a member of the family of a board member, a property manager, or any member of the family of a property manager or employee must be disclosed prior to consideration or a vote on the bids. A written record of the disclosures must be retained and recorded in the meeting minutes.

Contracts: Construction (2 of 2)

- Minn. Stat. § 515B.3-103(h-j)
- Bid reviews
 - Not required to choose the cheapest
- Exceptions to 3-bid requirement
- Maintain records of bids and reasons

(h) The board must review all bids and select a vendor based on reasonable business criteria, including but not limited to, the cost of the project, the contractor's qualifications, available warranties, the extent to which the bidder has met the bid solicitation requirements, and the length of time estimated to complete the project.

(i) An association is not obligated to comply with the bidding requirements of this subsection if:

(1) multiple bids cannot be obtained despite reasonable efforts;

(2) emergency repairs are required to protect the health or safety of the unit owners;

(3) there has been significant damage to the property that must be addressed without delay to prevent further damage to the property;

(4) the work is covered by a warranty;

(5) the vendor is the only available vendor capable of providing the required goods or services; or

(6) the cost of materials does not exceed \$50,000 and labor is performed at no charge by volunteers.

(j) The association must maintain a record of the bid selection process, including the criteria used, and the contracts awarded for the last six years, and make those records available to unit owners at cost or as otherwise provided in section 515B.3-118.

Contracts: Property Management

- Minn. Stat. § 515B.3-103(k)
- Declarant → expires 12 months after declarant control period
- Board (auto renew) → option to cancel renewal three months prior to renewal
- Board (non-auto renew) → 3 month out

(k) A contract entered into by a declarant with a property manager shall terminate no later than 12 months after the declarant control period has ended. A contract entered into by an association with a property manager after the declarant control period has ended that does not automatically renew may be terminated by the association, with or without cause, upon three months' written notice. An association may decline to renew an automatically renewing contract for another term, provided the association gives written notice to the other party no less than three months before the date the contract will automatically renew.

Miscellaneous: Local Government

- Minn. Stat. § 515B.5-101
- Cities cannot force creation of HOAs

Sec. 14. [515B.5-101] LOCAL GOVERNMENT REGULATIONS.

Subdivision 1. **Definition.** For purposes of this section, "local government" means a county; a town; a municipality as defined in section 462.352, subdivision 2; a joint planning board; or a public corporation, including the Metropolitan Council.

Subd. 2. **Prohibited regulations.** Except as required by state or federal law or rule, a local government 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, unless requested by the developer;

(3) inclusion of any terms in a homeowners association declaration, bylaws, articles of incorporation, or any other governing document; or

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

Subd. 3. **Exemptions.** Nothing in this section prohibits:

(1) a local government from requiring the maintenance or insurance of common elements;
or

(2) a project applicant from providing an easement to access public infrastructure.



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Miscellaneous: Termination

- Minn. Stat. § 515B.2-119(a)(1)
- Easier to terminate Single Family HOAs without Common Elements

(1) if a common interest community consists entirely of detached, single-family dwellings that does not include any common elements and the association has no maintenance obligations for any building that contains a dwelling, the common interest community may be terminated only by the written agreement of unit owners of units to which at least 67 percent of the votes in the association are allocated, provided that agreement shall be deemed to have been provided by any unit owner who has not otherwise indicated a preference and whose written refusal to agree is not received by the association within 60 days after the association has provided notice of the proposed termination by certified United States mail, postage prepaid, and return receipt requested. Termination of the common interest community does not relieve the association of its obligations under any contract other than the declaration; or

Miscellaneous: Definitions

- Minn. Stat. § 515B.1-103 (17a, 17b, 18a, 26a)
- Effective now
- Clarification
 - First mortgage and mortgagee
 - Governing documents include rules
 - Property manager includes mngt company and its employees

(17a) "First mortgage" means either (i) if there is only one mortgage encumbering title to a unit, that mortgage, or (ii) if there are multiple mortgages encumbering title to a unit, the mortgage that is first in priority, whether by operation of applicable law or by a properly recorded agreement.

(17b) "First mortgagee" means the holder of a first mortgage.

(18a) "Governing documents" means the declaration, articles of incorporation, bylaws, and rules and regulations of an association as amended.

(26a) "Property manager" means a person with whom the association contracts to perform management services and includes, without limitation, the property manager's employees and agents.

QUESTIONS

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A vibrant graphic for the 'SF 1750 Webinar Series'. The background features a row of colorful suburban houses in shades of blue, yellow, green, and red, with a modern high-rise apartment building in the background. The text 'SF 1750' is in large, bold, yellow letters with a blue outline, and 'WEBINAR SERIES' is in white letters with a blue outline. Below the houses, there are two logos: the HOA Leadership Network logo on the left and the SJJ Law logo on the right. The HOA logo includes the text 'By Board Leaders. For Board Leaders.' and the SJJ Law logo includes the text 'SERVING OUR CLIENTS FROM OUR OFFICES IN MINNESOTA • COLORADO • OHIO • IOWA'. A stone sign in the foreground reads 'STRONGER COMMUNITIES BETTER TOGETHER'.

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COMPLIANCE CHECKLIST (LINK IN CHAT)

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2026 MINNESOTA HOA LEGISLATIVE UPDATE

SF 1750 is a bill, which was signed into law by Governor Walz. This bill modified the Minnesota Common Interest Ownership Act, Minn. Stat. § 515B ("MCIOA"). It is the most substantial change to MCIOA since MCIOA's creation.

WHO IS IMPACTED?

The new legislation modifies MCIOA and the changes therefore affect all associations subject to MCIOA. This includes all condominiums, most townhomes created after June 1, 1994, and other associations which have opted into MCIOA by amending their Declaration. SF 1750 modifies the resale disclosure requirement in MCIOA, which applies to some non-MCIOA associations.

WHY DID THIS HAPPEN?

News coverage about, and largely critical of, Minnesota homeowner associations in the last few years created the political will for politicians to try and address what they perceived as homeowner association issues. The legislature created the HOA Working Group which met in 2024 and produced recommendations to the legislature. These recommendations became the basis for SF 1750.

HOW DID THIS HAPPEN?

Minnesota has a two-year legislative cycle, so bills have two years to become law. The original version of SF 1750 was introduced in the 2025 legislative cycle and passed the Minnesota Senate but stalled in the House of Representatives. The House of Representatives picked the legislation back up in 2026 and eventually passed it. The Senate voted again and consented to the changes made by the House at which point it was sent to and signed by Governor Walz.

WHEN DOES IT TAKE EFFECT?

The bill was signed by Governor Walz. One small provision, the provision adding new definitions to Minn. Stat. § 515B.1-103, became law immediately, but the remainder of the changes go into effect on January 1, 2027.

SUBSTANCE OF SF 1750

SF 1750 is a long and complex bill that amends an equally long and complex statute. The legislation itself is over 50 pages long and inserts, deletes, and edits many provisions of MCIOA, which itself is a nearly 100-page statute. The summary below is intended only as a high-level outline of the major changes. Associations should consult with their attorney on specific questions.

RULES & ENFORCEMENT

Rules: Must be enforceable.

- New formal processes to be followed prior to adoption, including notice and comment period for Owners.
- **Fines:** Maximum \$100 fine.
- Exceptions for (1) repeat violations; (2) health/safety; (3) physical damage; and (4) Owner is using property for financial enrichment.
- Association must provide list of common fines and description of remedies available to the association.

Due Process: For violations, fines, and assessments for damage caused by an Owner/occupant/invitee/guest the association must provide:

- Opportunity to appeal/contest within 30 days.
- Owner has the right to an attorney/representative.
- No attorneys' fees can be assessed until after the hearing.
- Attorneys' fees can only be assessed if appeal is upheld (upholding fine requires formal resolution which includes explanation for upholding fine).

COLLECTIONS

Association must have a collection policy.

- **Interest and Late Fees:**
- Interest capped at 8% per year.
- Late fees capped at the greater of (1) \$20 per month or (2) 5% of the total past due balance per month.
- **Payments:**
- Must accept payments absent some minor exceptions.
- Assessments (not legal/fines).
- Must consider offering reasonable payment plan to Owners.

Foreclosure:

- Cannot commence foreclosure until assessments are at least 90 days past due.
- Three notifications from association/manager prior to referral to attorney/collection agency (one notice must be certified mail).
- Lawyer foreclosing must have sent preforeclosure notices via U.S. and certified mail.

2026 MINNESOTA HOA LEGISLATIVE UPDATE

SUBSTANCE OF SF 1750 CONTINUED

GOVERNANCE

Budget: Must provide proposed budget to Owners prior to Board approval meeting.

Annual Packet: Additional language re: loss assessments.

- **Resale Disclosure Additions:**
- List of fines, collection policy, and reserve study —if you have a reserve study.
- Language re: Owners' rights and obligations living in the association.

Board of Directors:

- Must have regular elections.
- Three-year terms for each director; no term limits.
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Board Meetings: Agendas and contracts/documents to be voted on by the Board must be provided to Owners prior to the meeting.

Homeowner Forum:

- Homeowner (or a person designated by the Owner in writing) can speak on any agenda item.
- Board can limit time people can speak and remove people if needed.
- Board cannot fine owners for exercising this right.

Working Sessions: Board can meet outside of a formal meeting without minutes or notice so long as they don't make decisions.

Conflict of Interest:

- If Board members or their family have material financial interest, they must recuse (remove) themselves from discussing or voting on the topic.
- Board members cannot accept anything of value to vote in favor of construction contracts.
- If the association manager signs contracts on behalf of the association, management company/its employees can't accept anything of value to enter a construction contract.

Safe at Home:

- Minn. Stat. § 5B (Safe at Home) provides anonymity to people who meet certain criteria.
- If an Owner within an HOA is a participant in Safe at Home, the association must (among other things) anonymize their information.
- A violation of Safe at Home is now a violation of MCIOA, creating possible liability for attorney fees' and punitive damages.

CONTRACTS

Construction contracts over \$50,000:

- Need three bids (narrow exceptions).
- Need to disclose in minutes if any bids are from anyone affiliated with board members, property managers, or their families.
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Property Management:

- If Declarant enters a management contract, it expires 12 months after declarant control period.
- Auto-renewing (Homeowner Board): Association has option to cancel by providing notice at least three months prior to renewal date.
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OTHER COVENANT ENFORCEMENT

Parking: Limits ability of Boards to regulate parking including places like driveways (narrow exceptions).

Architectural: Association must adopt formal procedure for approving architectural requests.

DISPUTES WITH OWNERS

Grievances: Association must allow Owners to present grievances, make good faith effort to resolve, and if unable, refer the Owners to the Ombudsperson.

Inquiries: Before an Owner's inquiry is referred to the association attorney, the Association must provide notice and information about the inquiry to the Owner at no cost.

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Local Government: Cities cannot require HOAs as a condition for permits.

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DOCUMENTS/POLICIES YOU WILL NEED

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OPEN FORUM QUESTIONS

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Watch All
Three Parts

Part 1: Covenants



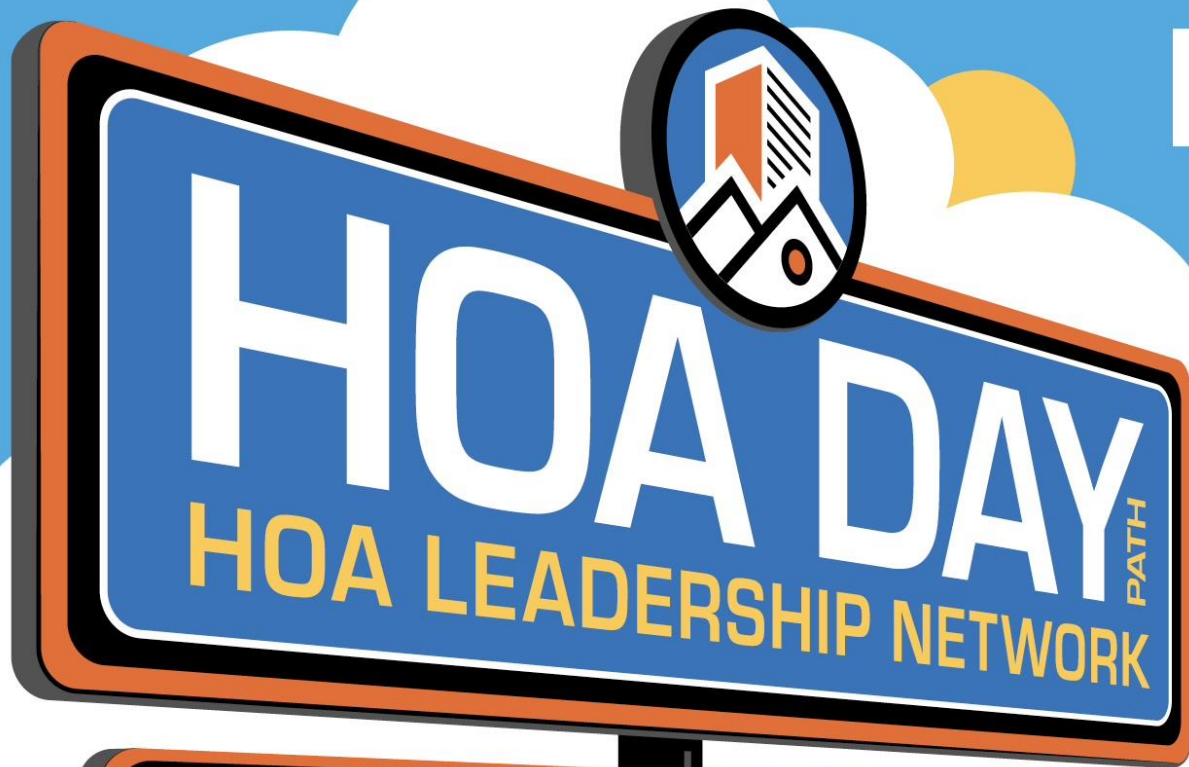
Part 2: Governance



Part 3: Contracts



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