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September 25, 2026
Homeowners-Only Webinar
Winter Preparation

October 2, 2026
Law Seminar & Fall Expo
Bloomington DoubleTree Hotel

October 14, 2026
Board Leader Certificate Program
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MESSAGE FROM THE PRESIDENT

AMANDA GLADER, CMCA, AMS

VICE PRESIDENT

Wintrust Community Advantage

CAI-MN recently wrapped up another annual golf event—a great day filled with networking and fun. We enjoyed seeing so many faces and look forward to the next event!

With plenty of warm weather still ahead, winter may seem like a long way off. But fall will arrive quickly, and winter won't be far behind. That means there are only a few months left to review your community's finances, tackle seasonal maintenance, develop next year's budget and make sure everything is in place for the winter months ahead.

Some of us still rely on an old-school paper calendar—and maybe there's a good reason for that! A calendar can be a simple but effective tool for keeping the association on track. Consider mapping out year-end tasks, budget approval deadlines, homeowner communications, annual meeting preparation and other important dates. Having a clear picture of what's ahead helps everyone stay aligned and ensures important deadlines don't sneak up on the board.

Reviewing upcoming contract renewals is another important year-end task. Doing so gives the association an opportunity to plan for the next season and, in some cases, factor changes into the upcoming budget. Take time to identify what needs to be completed before cold weather arrives and assign clear deadlines for those items.

It's also important to make sure contractors understand the association's expectations for snow removal (within contract, of course) and to follow up on irrigation shutdown and other seasonal maintenance. Staying on top of these small details helps ensure the community is buttoned up for the year.

And, perhaps most importantly, communicate. Homeowners are better prepared when they know what to expect with maintenance, budgets and other changes before those decisions or projects are underway. It may feel like there's a lot to manage, but establishing a consistent process can make year-end planning much more manageable—and much more effective.

CAI-MN is taking the same approach as an organization. With just a few months remaining in 2026, we're taking a close look at our financial position, reviewing current contracts and vendor relationships, and beginning to plan for 2027 and beyond. Each year presents new challenges for our organization and our clients, but with proper review and planning there is always a path forward.

The goal of year-end preparation is straightforward: close out the current year with accurate financials, a well-maintained community and a clear roadmap for the year ahead—including being prepared for the full implementation of new legislation! Taking care of fall and winter priorities early can help HOA boards head into the new year organized, prepared and ready for success.

Year-end planning isn't just about checking boxes—it's also an opportunity to look ahead, explore creative ideas and find solutions that can make the year ahead run a little more smoothly.

MINNESOTA COMMUNITY LIVING | VOLUME 72

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- Elliot, CAM

"I went to another management company and RowCal hired me back. They will have to pry me out of my chair if they ever want me to leave."

- Matthew, CAM

Whether you're a CAM looking for a place where you can build a career — or a board looking for a management partner that's MN-grown and just built differently — we'd love to meet you.

Scan the QR code to connect!

IN THIS EDITION

Cents and Sensibility

In community associations, good decision-making requires more than balancing a budget. It takes thoughtful leadership, long-term planning, and the ability to navigate an ever-changing legal and operational landscape. This issue explores the many ways financial responsibility and common sense intersect.

We examine recent changes to Fannie Mae and Freddie Mac lending requirements and what they may mean for condominium communities, while also taking a closer look at cooperative housing and the unique considerations that come with that ownership model.

Several articles focus on Minnesota's evolving legal landscape, including new rules governing collections, homeowner payment applications, fines, and enforcement procedures. As associations prepare for upcoming statutory changes, clear policies and consistent practices will be more important than ever.

We also explore practical challenges facing communities today, from vendor selection and major restoration projects to Safe at Home compliance and the many roles volunteer board members play as homeowners, neighbors, and fiduciaries.

In addition to our feature articles, you'll find highlights from the Education Committee and a recap of another successful annual golf tournament.

As always, we welcome article submissions, new ideas, and fresh voices. Looking ahead, our fourth-quarter theme is "Winter Is Coming." If you have a topic you'd like to share, or if you're interested in joining the Editorial Committee, we'd love to hear from you.

We hope this edition provides practical insights as you continue serving your communities.

Dana Hansen
Chair, Editorial Committee

Five Hundred Hats: One Community

BY PENNY MIXHAU

What's it like to be a board member in an association? It's hard. Some say it's thankless. I think that's true, some of the time. But it's also one of the most rewarding things a homeowner can do.

Board members hear complaints. About assessments, landscaping, maintenance, neighbors, dogs, Ring cameras and, occasionally, the offending hosta planted three inches on the wrong side of an architectural guideline. They wrestle with money: how much is enough, what happens when the boiler fails, how much should go into reserves, and what to do when the responsible budget is also the unpopular one.

They enforce governing documents, including the rules they personally wouldn't have written. They review bids, watch maintenance needs, monitor delinquencies and make decisions whose consequences may outlast their own time in the community.

Put that way, it's a wonder anyone volunteers. But don't run for the hills yet.

Board members also get to shape the places they call home. And that's really what it's all about, isn't it? It's the places we call home. The places we return to for safety and belonging, where we can be ourselves and, for most people, the largest financial investment they will ever make.

Board members preserve more than buildings and monument signs. They preserve neighborhoods and communities.

They make decisions that can protect tens and hundreds of thousands, or even millions, of dollars in their neighbors' collective investment. They help prepare for problems before they become crises. And they can make an association more financially stable, more welcoming, better maintained, and generally just a better place to live. That's pretty cool.

The homeowner association is one of the most foundational and basic examples of governance. Board members are volunteers who come from all walks of life, some have experience in facilities or financial management. Many do not. But in an HOA, almost to a person, they are also neighbors in a shared community. I don't live next to my state representative, I do live between two board members in my HOA. Balancing neighborliness with the fiduciary duties of a board member is a hidden challenge of the role.

Serving on a board of directors means wearing two very different hats, often at the same time. Homeowner, Neighbor, and Fiduciary. I guess that's three hats. Like Bartholomew Cubbins of my childhood days with Dr. Seuss, there are probably 500 hats in the closet, and nobody shows up at their first board meeting knowing which is the most important in any given situation.

The best board members don't put their homeowner hat on the top shelf when they're elected. They know what it feels like to see an increase in the annual assessment, or to receive a special assessment notice. They know what it's like to encounter the neighbor whose violation hearing was held last Tuesday night.

The challenge isn't taking off the homeowner hat. It's understanding when another hat needs to sit on top of it. When the fiduciary obligations of care, loyalty, and obedience take precedence over being a friendly ear. When being a financial steward is needed to steer the community toward the future.

The Homeowner Hat vs. the Financial Steward Hat

As a homeowner you see the proposed 12% assessment increase and think, "Ouch."

As a director you see the same increase and have to ask: What does the association actually need? Are operating expenses adequately funded? Are reserves keeping pace with the reserve study? Are we maintaining the property today or simply transferring today's costs to tomorrow's homeowners?

The Neighbor Hat vs. Fiduciary Hat

Your neighbor tells you over the mailbox that his architectural violation is ridiculous. You may even privately agree. But Tuesday night you’re not deciding whether Bob’s shed bothers you. You’re deciding whether the association is administering its governing documents fairly and consistently.

The Homeowner Hat vs. Long-Term Steward Hat

Nobody wants to spend $80,000 on something that still appears to work. But preventive maintenance, reserves and lifecycle planning are where boards can either leave the community stronger or leave the next board a very expensive surprise.

Good board service isn’t about knowing everything. It’s about being willing to learn, to ask good questions, and listen to trusted advisors, to consider interests beyond the individual, either self or neighbor, and to make the best decision with the information you have.

Somewhere between the budget meetings, potholes, and barking dogs, something wonderful happens. You find you’ve left your community and your home better than you found it. That’s not thankless at all. That’s leadership.

Penny Mixhau, CMCA, AMS, is a Senior Director at Cities Management overseeing Education and Development and the Limited Services Departments.


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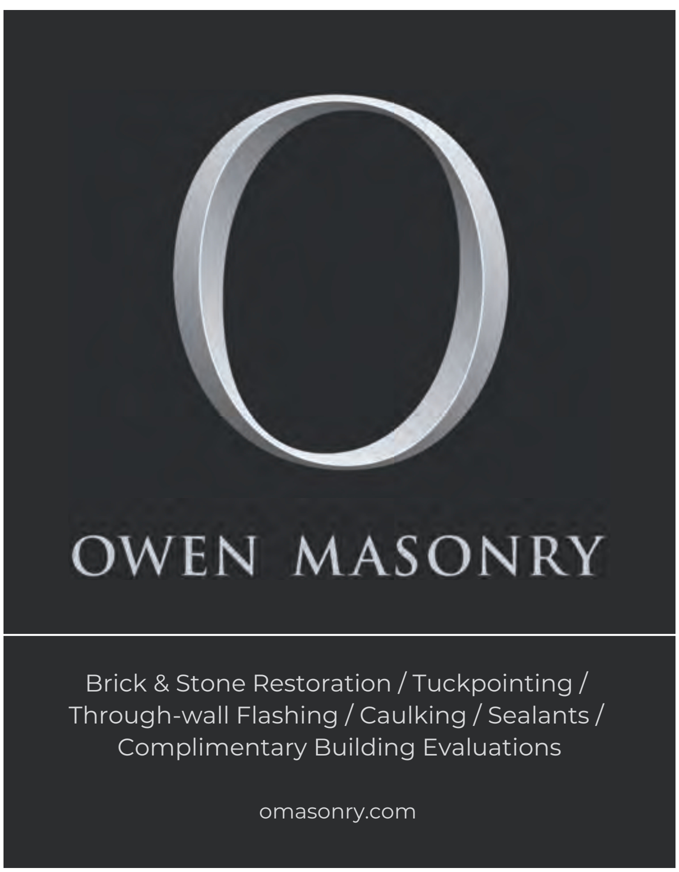
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Fannie Mae, Freddie Mac & Your Condominium: Why Recent Lending Changes Matter

BY DANA HANSEN

For years, condominium association Boards have focused on the basics of balancing budgets, maintaining property, managing insurance costs, and keeping assessments affordable. Increasingly, however, another consideration has entered the conversation: eligibility for conventional financing through Fannie Mae and Freddie Mac.

While most associations are not directly involved in mortgage lending, the lending standards established by Fannie Mae and Freddie Mac have a significant impact on condominium communities. When a project meets those standards, buyers generally have greater access to affordable financing. When it does not, unit sales can become more difficult, financing options may shrink, and property values can be affected.

Recent updates from Fannie Mae and Freddie Mac continue a trend that began after the tragic Surfside condominium collapse in Florida in 2021. The focus has shifted toward the long-term financial and physical health of condominium communities, with increased attention on reserves, deferred maintenance, insurance, and overall project stability.

A Clear Message: Financial Health Matters

In March 2026, Fannie Mae issued Lender Letter LL-2026-03, coordinated with Freddie Mac and the Federal Housing Finance Agency. The changes reflect a balancing act between two challenges affecting condominium communities nationwide: rising insurance costs and concerns about underfunded buildings and deferred maintenance.

Perhaps the most impactful change for condominium associations is the increase in the minimum reserve contribution requirement for many projects reviewed under the Full Review process. Beginning in 2027, projects generally will need to allocate at least 15% of annual assessment income to replacement reserves, up from the previous 10% standard.

For associations that have historically maintained lower reserve contributions in an effort to keep assessments affordable, this change may require difficult conversations about future budgeting and long-term capital planning.

Reserve Studies Are Becoming More Important

The new guidance does not simply focus on reserve balances. It also places greater emphasis on reserve studies and whether communities are actually following their recommendations.

Previously, some reserve funding approaches allowed associations to maintain minimal reserve balances while still technically satisfying lending requirements. Under the updated standards, if a reserve study is used to justify reserve funding levels, lenders must verify that the association's budget follows the study's highest recommended funding allocation. The use of baseline funding methodologies is no longer permitted for this purpose.

In practical terms, reserve studies are increasingly moving from "helpful planning tools" to critical documents that can influence a community's financing eligibility. In other words, condominium associations should approach reserve studies with intentionality and follow through, rather than treating them as a tentative guide.

More Scrutiny of Deferred Maintenance

Boards should also expect continued attention on building conditions and deferred maintenance.

This is not entirely new. Since 2023, Fannie Mae and Freddie Mac have implemented requirements aimed at identifying projects with significant deferred maintenance, unsafe conditions, or critical repairs. The 2026 updates reinforce these concerns by drawing a direct connection between underfunded reserves and projects facing major maintenance challenges.

As a result, associations that postpone necessary repairs or fail to adequately plan for future capital needs may face more than maintenance challenges. Financing eligibility will likely become part of the conversation as well.

Long-Term Projects and Litigation Remain Areas of Concern

Another trend Boards should be aware of involves major construction projects and ongoing litigation.

Many condominium communities are undertaking significant repair, reconstruction, or building-envelope projects to address aging infrastructure and deferred maintenance. While these projects are often exactly what responsible Boards should be doing, they can create challenges during the lending review process. In some cases, associations and lenders have reported increased scrutiny or temporary project ineligibility while large-scale repairs are underway, particularly when projects involve substantial special assessments, structural components, or extended construction timelines.

The result can be frustrating for associations. A Board may be proactively addressing necessary repairs and investing in the long-term health of the community, yet owners may still encounter financing hurdles while the work is ongoing. Although Boards cannot always control project timelines, understanding how lenders view major construction activity can help communities better prepare for potential impact on unit sales and refinancing opportunities.

Litigation presents a similar challenge. Fannie Mae and Freddie Mac have long considered litigation as part of the project review process, but recent years have seen lenders take a closer look at the nature and scope of association-related lawsuits. Construction defect claims, disputes involving major repairs, and other significant litigation matters can trigger additional questions, requests for documentation, or heightened underwriting scrutiny.

Importantly, the existence of litigation does not automatically make a community ineligible. However, lengthy or high-stakes litigation can create uncertainty regarding future costs, insurance coverage, project stability, or the association's financial condition. As a result, some communities have experienced delays in financing approvals or found themselves subject to more extensive lender review.

For Boards, the takeaway is not to avoid pursuing necessary construction projects or legitimate legal claims. Rather, it is a reminder that major repairs, special assessments, reserve funding, insurance, and litigation are all increasingly interconnected in today's lending environment. Transparent communication with owners and proactive planning remain essential as associations navigate these complex issues.

Insurance Relief Amid a Challenging Market

Not all of the recent changes create additional requirements. Several revisions were designed to address the ongoing insurance crisis affecting community associations throughout the country.

Fannie Mae acknowledged that rising premiums and limited insurance availability have created significant challenges for borrowers and associations alike. In response, the updated guidance provides greater flexibility regarding insurance documentation, replacement cost verification, roof coverage requirements, and deductible structures.

The message from regulators appears to be that while insurance requirements remain important, there is recognition that today's insurance market often requires practical flexibility. For many Boards struggling with escalating premiums and limited carrier options, these adjustments may offer some welcome relief.

The End of "Limited Review"

Another notable change is the retirement of the "Limited Review" process for many condominium transactions. Beginning in August 2026, lenders generally must conduct more comprehensive project reviews, placing greater emphasis on association finances, reserves, insurance, and project condition.

The practical effect is that association records and financial information may face greater scrutiny during real estate transactions. Boards and managers can expect continued requests for reserve studies, budgets, insurance information, and disclosures regarding maintenance projects.

What Should Boards Do Now?

The good news is that most associations do not need to make dramatic changes overnight. However, Boards should view these updates as another reminder that long-term planning matters. Now is a good time to:

- Review reserve funding levels.
- Evaluate the age and accuracy of existing reserve studies.
- Discuss long-term capital needs.
- Ensure deferred maintenance issues are being addressed proactively.
- Review insurance coverage with qualified professionals.
- Consider how future budgets align with industry expectations.

Most importantly, Boards should remember that artificially low assessments often come with long-term consequences. While no one enjoys raising assessments, maintaining adequate reserves and addressing maintenance needs early can help protect both the physical condition of the community and the marketability of its units.

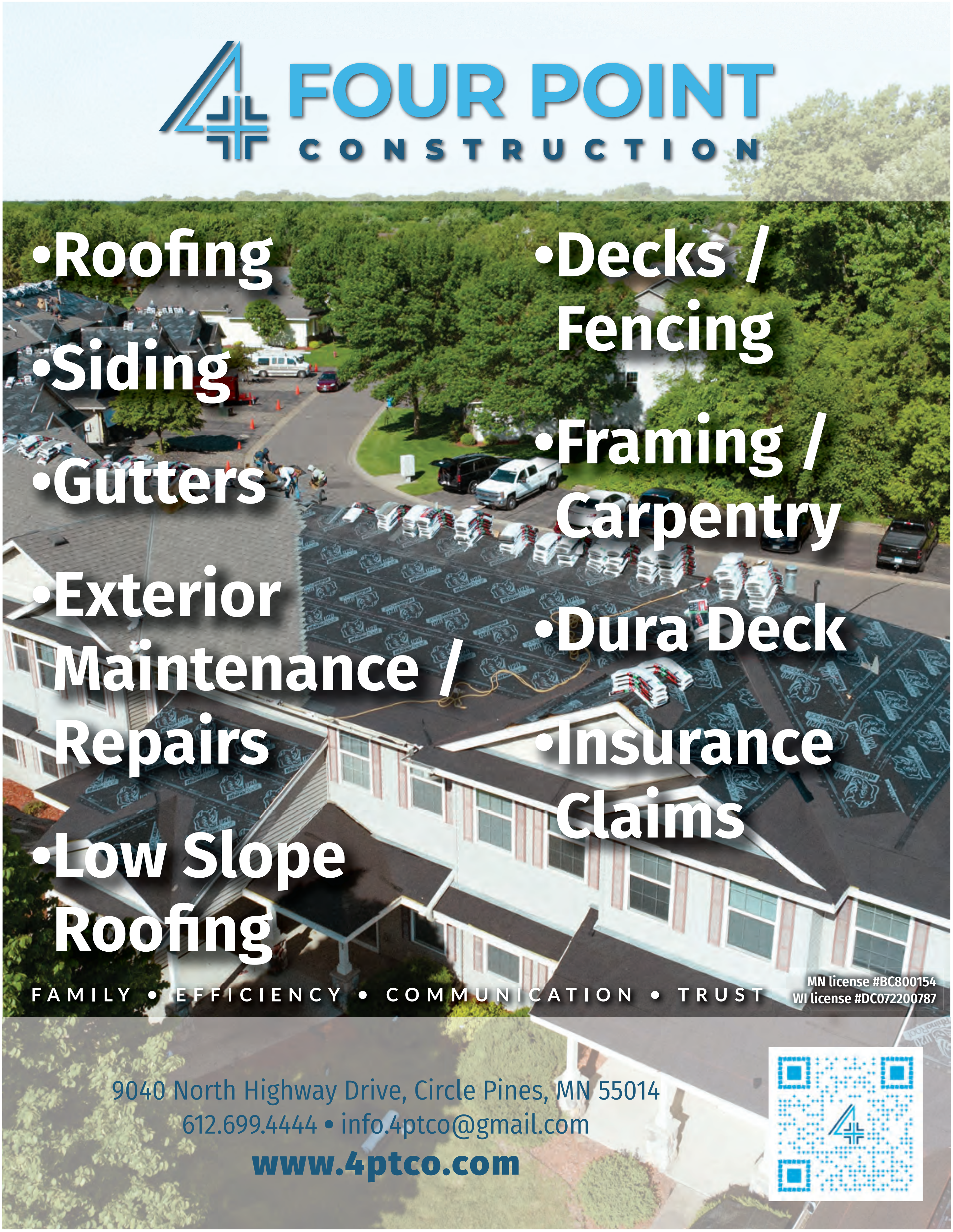
Looking Ahead

The broader trend is unmistakable. Fannie Mae and Freddie Mac are placing increasing emphasis on the financial resilience and physical condition of condominium communities. Today's lending environment looks beyond whether an association is simply balancing its budget. Increasingly, lenders are evaluating the overall health of a community through a broader lens that includes reserve funding, insurance, deferred maintenance, ongoing construction projects, and litigation exposure. These are increasingly interconnected factors that influence a community's ability to remain attractive to buyers and eligible for conventional financing.

For condominium Boards, the takeaway is straightforward: good governance, responsible financial planning, and proactive maintenance are no longer just best practices. They have become critical components of preserving financing opportunities and protecting property values for owners.

Dana R. Hansen is an attorney with Chestnut Cambronne PA.

This article is intended for informational purposes only and should not be construed as legal, lending, or insurance advice. Associations should consult qualified legal counsel, reserve professionals, insurance advisors, and lending experts regarding their specific circumstances.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You've Had a Fire or Water Restoration Loss: Why's It Taking So Long?

BY LARRY BORGEN

Men and women who restore fire and water damaged structures, and subsequently swing hammers in subsequent reconstruction, have been hearing the same question since the nail was invented: "Why are things taking so long?" Owners and their association boards demand answers from property managers who in turn put heat on contractors. The answers to this exasperating question always seem to come down to common sense, cents and sensibilities.

When a townhouse or condominium experiences water or fire damage, one of the first questions property owners and managers understandably ask is, "How long will it take to get everything cleaned up and back to normal?" The answer is often more complicated than it would be for a typical single-family home. Townhomes and condominiums have unique construction features and shared responsibilities that can make restoration and reconstruction more involved. Shared walls, floors, ceilings, plumbing systems, neighboring units, common areas, homeowner associations, property managers, insurance companies, public adjusters and multiple contractors may all play a role in the process. What may initially appear to be a small problem inside one unit can sometimes affect several areas or even multiple residences. So, answering that original question is fraught with risk as each situation is unique, and insurance carriers settle claims differently.

The Damage May Extend Beyond Your Unit

One of the biggest challenges with water and fire damage in townhomes and condominiums is that damage travels. Water can move through walls, ceilings, floors, plumbing chases, and other concealed spaces. A leaking appliance or pipe in one unit can affect the unit below or an adjoining residence. Fire and smoke can also sift through shared walls, attic spaces, ventilation systems, hallways, and other pathways. As a result, restoration professionals may need to inspect areas outside the visibly damaged room—and sometimes outside the affected unit—to determine the full extent of the problem. Until the source and extent of the damage are understood, it can be difficult to know exactly what needs to be repaired.

Shared Walls and Building Components Make Restoration More Complicated

Townhomes and condominiums often share structural components with neighboring units.

These may include:

- Walls
- Floors and ceilings
- Roof systems
- Plumbing lines
- Electrical systems
- HVAC components
- Attic or mechanical spaces
- Exterior walls and siding
- Common hallways and other shared areas

When damage involves one or more of these components, determining who is responsible for inspection, repairs, and payment can add layers to the project. A restoration company may need to coordinate with the property owner, neighboring residents, the HOA or condominium association, the property manager, insurance representatives, a public adjuster and other contractors. That coordination takes time.

Water Has to Be Removed and the Property Has to Dry

Water restoration is more than removing visible standing water. As mentioned previously, moisture can travel underneath flooring, behind drywall, into insulation, beneath cabinets, and into wall or ceiling cavities. In a townhouse or condominium, moisture may also travel into adjoining units or shared building components. Professional drying equipment may be required, including air movers and dehumidifiers. Restoration professionals will also monitor moisture levels throughout the drying process. The property will need to be inspected multiple times to determine whether affected materials are adequately dry. Humid weather can also lengthen the process. Drying cannot be rushed. If walls, flooring, cabinets, or other materials are rebuilt before the affected areas are properly dried, moisture can remain trapped inside the structure. That can lead to additional damage, odors, deterioration, or mold growth.

Fire and Smoke Damage Can Spread Throughout a Building

Fire restoration in a condominium or townhouse can be especially complicated because smoke does not necessarily remain in the room where the fire started. Smoke and soot can move through openings, ventilation systems, hallways, wall cavities, and other pathways. A fire that appears to be contained to one unit may still result in smoke odors or residue in neighboring areas. In addition to repairing direct fire damage, restoration may involve cleaning walls, ceilings, flooring, cabinets, fixtures, personal belongings, and other affected surfaces. Water used to extinguish the fire can also create a separate restoration problem. This means a single fire loss may involve fire damage, smoke damage, soot contamination, and water damage simultaneously.

Determining What Belongs to the Owner and What Belongs to the Association

One of the most important differences between a single-family home and a condominium or townhouse is determining responsibility. Depending on the governing documents, insurance policies, and local requirements, responsibility for repairs may be divided between the individual owner and the HOA or condominium association. For example, one party may be responsible for certain building components while another is responsible for interior finishes, improvements, personal property, or other items. The exact responsibilities vary from property to property. Before reconstruction can move forward, the parties involved may need to determine who is responsible for specific portions of the damage. This can require communication between the property owner, association, property manager, insurance companies, restoration contractors, and other professionals. That process can be very time-consuming. Legal disputes occur on occasion, and we all know about those delays.

Insurance Claims Can Involve Multiple Parties and Prolonged Settlement Times

Insurance coordination can be more complicated in a townhouse or condominium because there may be multiple policies involved. Depending on the circumstances, the claim could involve the individual owner's insurance, the association's insurance, and potentially another party's insurance. Determining which policy applies to which portion of the damage can take time.

Ask any restoration contractor these days how long insurance approvals are taking. Work can't begin without agreement on what is to be done at what price. In recent years some insurers have had huge claim backlogs. Some companies have cut staff, and many experienced adjusters have retired, so staffing issues have been a huge headache for carriers. While emergency mitigation may begin quickly, reconstruction decisions take longer as the parties involved determine coverage and responsibility. Even mitigation takes time as the contractor will need to provide photographs, moisture documentation, estimates, scopes of work, and other information to support the claim.

HOA and Property Management Coordination Can Add Time

In a condominium or townhouse community, restoration work may require approval or coordination with the HOA or property management company. There may be requirements concerning:

- Access to neighboring units
- Work hours
- Common area protection
- Elevators
- Parking
- Contractor requirements
- Building rules
- Permits
- Architectural approvals
- Exterior repairs
- Shared mechanical systems

Even when the restoration company is ready to proceed, work may need to wait for approvals, access, inspections, or coordination with other parties. These steps are important for protecting both the individual property and the larger community.

Access to Neighboring Units May Be Necessary

Sometimes the only way to properly investigate or repair damage is to access another unit. For example, water originating in an upper unit may have traveled into the ceiling of the unit below. Inspecting only the original source may not reveal the full extent of the damage. Similarly, a fire or smoke event may require inspection of adjacent units or common areas.

Coordinating access can take time, especially when residents are away, units are occupied, or multiple owners need to be contacted. Emergency access policies differ amongst associations. While against association governing documents, condo or townhouse owners have been known to change locks without approval. In some bizarre situations, owners have threatened property managers with bodily harm if they insist on entry and local police must be summoned.

Access to Neighboring Units May Be Necessary

Sometimes the only way to properly investigate or repair damage is to access another unit. For example, water originating in an upper unit may have traveled into the ceiling of the unit below. Inspecting only the original source may not reveal the full extent of the damage. Similarly, a fire or smoke event may require inspection of adjacent units or common areas. Coordinating access can take time, especially when residents are away, units are occupied, or multiple owners need to be contacted. Emergency access policies differ amongst associations. While against association governing documents, condo or townhouse owners have been known to change locks without approval. In some bizarre situations, owners have threatened property managers with bodily harm if they insist on entry and local police must be summoned.

Reconstruction Cannot Always Begin Immediately

Once emergency mitigation is completed, there may still be several steps before reconstruction can begin. Damaged materials may need to be removed. The structure may need additional drying. Lead and asbestos testing is required by law. Physical samples of damaged building materials—such as roofing shingles, siding, and flooring—may need to be obtained to identify the exact manufacturer, product line, color, and production status to determine if the material is still available or discontinued. Results can take days and sometimes weeks. As mentioned previously, HOA responsibilities may need to be established. Permits or approvals may be required. This isn't Amazon Prime. Only after these issues are addressed can reconstruction move forward confidently.

Materials Can Create Additional Delays

Reconstruction often depends on materials that may take time to obtain. Townhomes and condominiums can be particularly challenging when replacement materials need to match existing finishes. This might include flooring, cabinets, countertops, trim, doors, siding, roofing materials, paint colors, fixtures, or other building components. Some materials may be discontinued or difficult to match. Others may need to be specially ordered. If materials are delayed, the construction schedule may also be delayed.

The Cause of the Damage May Need to Be Resolved First

Restoration cannot always move forward until the source of the damage has been addressed. For water losses, that might mean repairing a failed supply line, appliance, pipe, roof leak, or plumbing component. In a condominium or townhouse, the source could be connected to another unit or a shared building system. If the source has not been corrected, completing cosmetic repairs too early can put the property at risk of additional damage.

The restoration process therefore often involves both fixing the damage and making sure the cause of the damage has been addressed.

Multiple Contractors May Be Required

A significant loss may involve multiple contractors. Depending on the situation, a project could require restoration technicians, plumbers, electricians, HVAC professionals, flooring installers, drywall contractors, painters, carpenters, roofers, or other specialists. Coordinating these trades takes planning. One contractor may have to finish before another can begin. If one part of the project is delayed, it can affect the entire schedule.

Patience Is Part of the Restoration Process

Water and fire damage are stressful under any circumstances. In a townhouse or condominium, the process can feel even more complicated because so many people and organizations may be involved, and so many factors cause delays. The ultimate goal of water and fire restoration is not simply to finish as fast as possible. It is to restore the property professionally and to the satisfaction of homeowners.

By Larry Borgen, independent contractor with Lindstrom Restoration.

Protecting Safe at Home Participants In Your Community

BY KYSA MCDUFFIE

For community associations, protecting residents' confidential information is both a legal responsibility and a practical risk-management strategy. Minnesota's Safe at Home program, established under Minnesota Statutes Chapter 5B, provides address confidentiality for survivors of domestic violence, sexual assault, stalking, and others who fear for their safety. The program gives participants a designated PO Box address through the Minnesota Secretary of State, while their actual location remains confidential.

During the 2025–2026 legislative session, Minnesota enacted SF1750, which among many other updates adds anti-retaliation protections to Section 515B.4-116 of the Minnesota Common Interest Ownership Act (MCIOA). Effective January 1, 2027, an Association may not retaliate against an Owner for exercising rights under MCIOA. Significantly, an Association's disclosure of information in violation of the Safe at Home program could subject the Association to a lawsuit under Section 515B.4-116 for retaliation, based on an Owner's participation in the program.

Save Cents: Avoiding Costly Mistakes

In the event of a violation, the potential consequences for community associations can be severe and expensive. A prevailing Owner may recover attorneys' fees, and a willful violation may support punitive damages. The best strategy is straightforward: prevent the disclosure before it occurs.

Confidentiality does not remove a Safe at Home participant from Association governance, and they still receive notices and ballots, count toward quorum, pay assessments and may be subject to liens or other collection procedures. But once an Association is notified of a participant's Safe at Home enrollment, the Association must immediately use the participant's designated Secretary of State address for Association mail. This includes all assessment statements, meeting notices, collection correspondence, ballots and resale-related communications.

The central practical principle is to break the connection between the participant's name and their physical location. A participant's name should not appear alongside the Unit location on membership lists, directories, resident portals, lobby or entry lookup systems, keypad directories, mailbox listings or other materials accessible to other Owners, residents, vendors or the public.

A neutral placeholder, such as "Owner of Record: Contact Through Management," can be used instead. Do not add an explanation that identifies the Owner as a Safe at Home participant. Participation itself is confidential, and an annotation intended to explain the redaction will defeat the purpose of the protection. The same approach should be applied to electronic systems. Review member directories, online portals, call lists and vendor reports to ensure that an employee or resident cannot simply search for a name and discover the associated Unit.

A Sensible System: Creating a Procedure for Safe at Home Compliance

A short, written Safe at Home protection procedure is inexpensive insurance. At minimum, it should include four steps;

1. **Route the notification immediately.** As soon as the Association is notified of a participant's Safe at Home enrollment, send the Secretary of State's notification to the community manager or designated contact.

2. **Flag the account securely.** Add an internal alert to the participant's account so staff know that special confidentiality procedures apply. The alert should be visible only to employees or Association representatives who have a legitimate need to know.

3. **Apply the redaction protocol consistently.** Before any membership list, directory, report,

resident portal information or other record is produced, posted or shared, confirm that the participant's name and Unit information have been removed or replaced with an approved neutral placeholder.

4. **Train front-line personnel.** Ensure management staff, Board members and other personnel who interact with residents understand that they must not confirm the participant's Unit, physical address or other identifying information by phone, email or in person.

Even if a resident provides informal or oral notice of Safe at Home participation, or does so without complete documentation, the request should be taken seriously and handled in the same manner in accordance with the Association's Safe at Home protection procedures.

Sensible Recordkeeping: Handling Confidential Information Carefully

Minnesota law provides Owners with inspection rights of Association records, but those rights do not override Safe at Home confidentiality requirements. When membership records or other documents are produced for inspection or distributed to Owners, the participant's identifying information must be redacted or substituted with a neutral placeholder, while the remainder of the records are provided normally.

Special care is necessary for documents that must include Owner names or be recorded with the county, including certain termination, lien and foreclosure documents. Before recording a document or preparing a statutorily required name schedule that identifies a Safe at Home participant, consult legal counsel about the appropriate masking procedures.

The Bottom Line: Protect Privacy, Reduce Risk

Good Safe at Home practices are uncomplicated: know who needs access to confidential information, limit that access to only what is necessary, securely protect information that must be retained, and train everyone who handles Association records. Adopting a few sensible procedures today can improve homeowner protections, support compliance with Minnesota law, and prevent a costly mistake tomorrow.

Kysa McDuffie is an Attorney with Greenstein Sellers, PLLC.

A Co-Operative Endeavor

BY CHUCK KRUMRIE

There are myriads of ways humans have found to house themselves over the millennia. In recent history, Common Interest Communities (CICs) have arisen as a popular choice. You, as an individual own something and collectively, you and the others comprising the community own something else.

Who owns what is determined by the association's governing documents. Maybe you, as the individual, own your lot and the improvements thereupon. ("Improvements" in real estate jargon are the structures—the house, the garage, etc.)

Today, we are turning our attention to a form of ownership known as a co-operative. A co-op's cousin, so to speak, is the condominium. With a condo, you might own the unfinished surfaces of the boundaries of the unit on inward. With a co-op, you own no real estate. The co-operative, the corporation, owns all the land and improvements.

Each shareholder, as the name suggests, owns shares in the corporation which correspond to a certain unit or units. You can see the parallel between owning shares in a co-op and owning shares of a company traded on a stock exchange. Indeed, prima facie proof of co-op ownership is evidenced by a document called a stock certificate.

A stock certificate will have an unique number and identifies the unit, its number of shares, the shareholder(s) and the date of transfer from the previous shareholder(s), along with the previous certificate number. The number of shares corresponds with the unit's percentage of ownership, against all other units. This percentage is used to calculate the unit's annual, hence monthly dues.

As with a condo, a co-op has certain elements of common property (e.g. hallways, elevators, roof, gardens) of which all shareholders make use and for which all are responsible for maintenance and replacement when necessary.

Unlike the shares with which Wall Street is concerned, co-op shares typically may not be bought or sold without the approval of the co-op, i.e. the Board of Directors. Most often, the co-op has a right of first refusal, meaning that it has a say in to whom a unit's shares may be sold. It also has first option to purchase shares for sale. This is in place to ward against a shareholder dumping their shares at fire-sale prices and thus diminishing the value of the entire community.

As you may surmise, the members of a co-op community tend to be a more tightly knit group than condo dwellers. They have a more well-defined sense of community, oftentimes because of shared values, history or station in life. (Think student housing, senior communities, even retired Catholic priests.)

In many respects, co-ops and condos share similarities. Both have members who elect a Board of Directors which approves an operating budget. Both have governing documents, although co-ops do not have a Declaration. Declarations consume a lot of ink articulating who owns what. i.e. What are the unit boundaries, what are common vs. limited common vs. individual unit elements? In a co-op, other than furniture, appliances and the clothes in the closet, the association owns everything.

As such, rules and regulations in a co-op may be more restrictive than in other CIC living situations. This is not to say that you'll necessarily need permission for what color you want to paint your walls or how you cover your floors. But it is always best practice to obtain association approval before undertaking more involved interior decorating projects.

Co-ops do not have a Declaration but they do have what's known as a Proprietary Lease. This underscores the fact that co-op members do not own any real estate. Again, ownership is shares of stock in the corporation. The Proprietary Lease details the terms of the lease, occupancy and use restrictions, member vs. association maintenance duties and assignment and transfer of the lease. (Please note that this list is not exhaustive.)

With a condo, if you can obtain a mortgage or have the cash on hand, you can buy into the community.

With a co-op, there is a more rigorous approval process. Prospective shareholders must submit an application which often includes tax returns, credit reports and other documentation as evidence of financial wherewithal. The co-op association has greater prerogative in vetting potential shareholders, particularly as regards the ability to consummate the stock transfer and keep current on dues payments.

In both condos and co-ops, dues, fines and other charges represent a lien on the unit, which if not paid, may be foreclosed upon. In addition to foreclosure, a co-op has the authority to cancel a member's lease, membership and stock and to sell that stock.

Mortgages are the means by which most people purchase real estate. A mortgage is a loan with the real estate being purchased serving as the collateral. Again, there is no real estate involved in buying into a co-op. Generally speaking, a co-op shareholder may enter into an agreement with a secured party (i.e. a lender), provided that association requirements are met. But it is highly unusual for a co-op to permit a prospective shareholder to take out a loan for the initial purchase of stock shares.

You couldn't tell a condo from a co-op just by looking at it—unless the monument sign says so. The salient differences are found in the governance and the legal structure by which the community was brought into being. Allow me to illustrate with two poor comparisons. Bats aren't birds simply because they can fly. Spiders aren't insects because they crawl and give people the willies. Today's entomological factoid: spiders are arachnids as they have eight legs. Insects have six legs. And both condos and co-ops play host to either.

Chuck Krumrie, CMCA, is Broker and Owner of Urbanwood, Inc., which serves smaller CICs in the Twin Cities metro area.

Collection Policies in Minnesota HOAs:
Advancing Equity and Inclusion Through Fair Enforcement

BY KARLY KAUF & KRISTINE SPIEGELBERG NELSON

Homeowners associations in Minnesota rely on assessments to maintain common property, fund operations, and preserve the financial health of the community. Collection policies are an important tool for ensuring that all owners contribute their share of those common expenses. At the same time, the way those policies are written and applied matters. A fair collection process protects the association, but it also helps ensure owners understand what is owed, what happens next, and how they may resolve an issue before a balance escalates unnecessarily.

A collection policy is more than an administrative document. It establishes the process an association will follow when an owner falls behind on assessments, including notices, deadlines, payment arrangements, late fees, interest, collection costs, attorney involvement, and potential legal remedies. As Minnesota law continues to evolve, associations governed by the Minnesota Common Interest Ownership Act should review their collection policies to confirm that they are clear, legally compliant, and consistent with the association's actual practices.

An equitable collection policy begins with transparency. Owners should be able to understand when an account becomes delinquent, what charges may be added, when notices will be sent, when the matter may be referred for legal action, and who they may contact with questions. Clear policies and clear notices reduce confusion and help prevent enforcement decisions from feeling arbitrary or inconsistent. They also ensure that all owners receive the same basic information, regardless of their financial resources, prior experience with associations, language access, or familiarity with legal or collection processes.

Equitable enforcement does not mean ignoring delinquencies, waiving valid assessments, or shifting one owner's financial obligations to the rest of the community. It means applying consistent standards through a process that is understandable, documented, and reasonably accessible. A missed assessment payment may result from temporary financial hardship, medical expenses, job loss, family circumstances, accounting issues, or other challenges. A well-written collection policy allows the association to respond to delinquencies in a way that promotes accountability without creating unnecessary confusion, conflict, or hardship.

This is especially important because relatively small delinquencies can grow quickly once late fees, interest, collection costs, and attorney fees are added. Escalation may be necessary, and boards have a duty to collect assessments owed to the association. However, escalation should occur through a defined process that gives owners a fair opportunity to understand and address the issue before additional costs are incurred whenever practical.

An effective collection policy should identify the key steps in the process. It should explain when an account is considered delinquent, what notices will be provided, how payments will be applied, when late fees or interest may be charged, when the account may be referred to counsel or collections, whether payment plans may be considered, who has authority to approve them, and what happens if an owner defaults. The policy should also reflect the association's governing documents and applicable law, rather than relying on informal practices or case-by-case decision-making.

Communication is a central part of a fair collection process. Written notices should be clear, accurate, and easy to understand. Owners should receive an itemized explanation of the amount owed, including assessments, late fees, interest, legal fees, or other charges. Notices should avoid unnecessary legal terminology and should identify a person or office the owner may contact with questions. When owners receive clear information early in the process, they are more likely to correct accounting issues, ask questions, request a payment arrangement, or otherwise resolve the matter before it becomes more serious.

Payment plans may also be an important tool, when appropriate. A payment plan can allow an owner to meet their obligations while avoiding further escalation and preserving housing stability. At the same time, payment plans should be handled under objective standards. The policy should identify when a payment plan may be considered, who may approve it, what terms are acceptable, and what consequences apply if the owner does not comply. This helps the board avoid inconsistent treatment and protects the association if a collection decision is later questioned.

Consistency is essential. Collection decisions should be based on established policies rather than personal relationships, assumptions, frustration with a particular owner, or informal knowledge of an owner's circumstances. Associations should avoid selective enforcement, where some owners receive additional flexibility while others face immediate penalties for similar delinquencies. A consistent process protects both the association and its residents by creating predictable expectations and reducing the risk of perceived favoritism or unequal treatment.

Fairness also requires attention to accessibility. Associations should consider whether collection communications are reaching owners effectively. For example, notices should be sent to current addresses, balances should be itemized, deadlines should be clear, and the next steps should be explained in plain language. In communities where the association is aware of language barriers or accessibility needs, thoughtful communication practices can help ensure that all owners have a meaningful opportunity to comply. While an association must still operate within its governing documents and legal requirements, clear communication supports the broader goal of fair and inclusive governance.

Documentation is equally important. If an association later needs to explain or defend a collection decision, the record should show that the association followed its policy, communicated clearly, and applied the same standards it would apply to any similarly situated owner. Boards and managers should document notices, owner communications, payment arrangements, board decisions, referrals to counsel, and any approved deviations from the standard process. Good documentation protects the association and reinforces consistent treatment.

The board's role is to balance financial responsibility with fair process. Board members have a fiduciary duty to protect association assets, and unpaid assessments affect the entire community. At the same time, boards serve communities made up of individuals and families. A clear collection policy helps the board meet its financial obligations without allowing collection decisions to become unnecessarily personal, reactive, or inconsistent. The goal is not to avoid enforcement. The goal is to ensure that enforcement is fair, predictable, and respectful.

Fair collection practices also contribute to community trust. Owners are more likely to respect association rules and board decisions when they believe those rules are applied consistently. Conversely, perceptions of unequal treatment can damage confidence in the board and create conflict that extends beyond a single collection matter. A transparent and consistently applied collection policy helps reduce that risk.

Minnesota's evolving requirements for common interest communities provide an opportunity for associations to review their collection practices. Associations should not only ask whether they are able to collect assessments effectively, but whether their process is clear, consistent, legally compliant, and practical to administer. A collection policy should be viewed as a governance tool that promotes financial responsibility, transparency and fairness.

Ultimately, a fair collection policy allows an association to collect what it is owed, protect the community's finances, and treat owners with the clarity and consistency they should be able to expect from their board. Collections may be necessary, but the process used to collect matters. When associations combine consistent enforcement with clear communication and thoughtful procedures, they are better positioned to protect both the financial stability of the community and the trust of the owners who live there.

By Karly A. Kauf, Esq., Partner, Chestnut Cambronne PA and Vice Chair of the CAI-MN DEI Committee as well as Kristine M. Spiegelberg Nelson, Esq., with Hellmuth & Johnson.

Vendor Selection in an Imperfect World

BY JEREMY HERNANDEZ

Time is often the most valuable asset to homeowner leaders as well as to the vendors who serve them. Unlike corporate executives, homeowner leaders are often residents balancing their personal lives with fiduciary duties. Vendors are trying to maximize their assets over time as well. This can affect decisions and bids whether a job is considered to be a long-term relationship between the vendor and the association or if a task is considered a one-off that is not likely to be frequently repeated. The urgency of a task is also a factor.

When time is a luxury and jobs are large in scope, boards can generate “request for proposals” (RFPs) as well as build specific expectations of what they want from any vendor that they hire. Multiple potential vendors can be identified and vetted before being hired on the Association’s terms. That sounds great, but when time is short and/or a project is ambiguous, this type of vetting may not be possible.

My association once had an RFP sent out that only a handful of vendors were licensed for. One of the three vendors outright said they were not interested and another let us know that they wouldn’t even visit our property unless we made a non-refundable $1,000 deposit with no guarantee they’d even want to bid on the project. Given the urgency and specialized knowledge needed at the time this left few options and an imperfect choice to be made. Instances like this do not reduce the obligation that boards must maintain common elements in a manner which minimizes fiscal and legal risks. So what are homeowner leaders to do when things are imperfect?

Utilize the Knowledge you Have

Homeowner leaders are often volunteers with different professional backgrounds, so their knowledge of a specific project can vary widely. Keeping a list of reliable vendors for one-time tasks can help the association respond quickly regardless of who is on the board while completing some vetting in advance. If the association has a property manager, that person can help identify appropriate vendors and obtain bids between board meetings. Boards can also use directories from professional organizations, such as CAI, to find vendors who perform the needed work. In older associations, past board members may also be able to share useful information from similar projects. Even so, the board should review and approve every vendor proposal, regardless of the vendor’s past performance.

Having a preferred vendor list on hand saves time and protects the association in terms of verification of vendor credentials. To do business with your association, vendors should have the proper credentials, licensing, and insurance. If your association uses a management company, they can help you keep track of that but if you are self-managed this is a critical step. If an uninsured laborer is injured on HOA property during a one-off job, the association can face catastrophic lawsuits. No one wants that.

Balancing Price with Job Quality

When boards select vendors for projects where a traditional RFP is not truly in play (e.g. repaving a parking lot, replacing a clubhouse roof, etc.) they can run into problems if they cannot compare bids on an apples-to-apples basis. Such bids can be wildly different in scope and price. A mistake homeowner leaders can make is automatically leaning towards the lowest bid without analyzing the underlying scope of work. Leaders operate under constant pressure to save community funds which can make cheap estimates highly attractive. As the old saying goes, however, if it looks too good to be true it probably is. Exceptionally low bids often signal that a vendor is missing key project requirements and/or plans to take potentially undesirable shortcuts. This can lead to unplanned change orders that drive the final cost when it is too late to avoid it which could exceed the cost of any original competing bids.

The lack of a spelled-out contract can sometimes be an issue as well. For one-off jobs, boards sometimes rely on the vendor’s standard estimate sheet as the sole agreement. These generic documents protect the

contractor, but not the community. Including clear performance milestones, payment schedules tied to specific deliverables, and explicit warranty terms are not givens unless they are worked out ahead of time.

Teach the Vendor Your Property Ahead of Time

Depending on the project, a vendor's work can significantly disrupt daily life in the association. If those impacts are not planned for in advance, preventable issues can create confusion and frustration among residents. Making sure residents know where the specific areas where work will occur and how it might impact them can go a long way. There may also be community concerns or logistical challenges that the vendor may be unaware of. For example, what hours will crews be working? Any working on weekends? Etc. The lack of clear communication protocols between the vendor and the residents leads to sudden road closures or blocked driveways, triggering intense community backlash and friction.

Jeremy Hernandez is a homeowner leader at the MacLaren Hill Condominium Association in Saint Paul, MN, who is currently in his 10th year of service.

Make It Make Cent$

Highlights of Minnesota's New Rules for Collections Under SF 1750

BY KRISTINE SPIEGELBERG NELSON

Effective January 1, 2027, Minnesota Homeowners Associations (HOAs) and other common interest communities subject to the Minnesota Common Interest Ownership Act (Minn. Stat. § 515B), will operate under significant new requirements affecting how they handle collections of past due assessments, common expenses, fines, and fees.

Senate File 1750 (SF 1750), introduces new transparency requirements and limits on certain Association practices while preserving the ability of Associations to collect amounts properly owed by homeowners. For HOA Boards and managers, the changes require a careful review of existing collection policies, fine schedules, governing documents, and enforcement procedures. Here are a few highlights of the new law:

Want More Information?

One of the most significant changes under SF 1750 is the requirement that Associations adopt a written collection policy and provide a copy to all unit owners. The policy must establish procedures that occur before an account is referred to a law firm for collection and may detail the amounts being charged, payment due dates, acceptable methods of payment, delinquency timelines, and consequences of nonpayment.

Notice(s) of Delinquency

Prior to referring delinquent accounts to legal counsel for collections, Associations must now send three (3) separate notifications to a homeowner, with at least at one notice sent by both U.S. Mail and certified mail to the homeowner's registered address. Boards should ensure that managers and vendors have documented procedures for notices, deadlines, account histories, and communication with owners. A consistent process will become increasingly important because failure to follow required procedures may create challenges for an Association's collection efforts.

Application of Payments

SF 1750 also directs how Associations apply payments to an outstanding balance. Unless otherwise agreed upon by the homeowner and Association, payments generally must be applied to common expense assessments and special assessments before certain other charges, such as fines or fees. This change is significant because it prioritizes maintaining a homeowner's obligation for shared community expenses rather than allowing payments to be consumed first by penalties or other charges.

Limits on Late Fees and Related Charges

SF 1750 places restrictions on certain fees associated with delinquent assessments. The legislation limits late fees for assessments capped to either $20 or 5% of the past due assessments. In addition, an Association may only assess interest (as provided under their governing documents) for past due common and special assessments, with interest capped at 8 percent. These changes require associations to examine current fee schedules and revise policies that do not comply with the new requirements. Boards and managers should update accounting systems so that late fees and interest are applied consistently and accurately beginning January 1, 2027.

Acceptance of Partial Payment(s)

An Association must now accept partial payments tendered by homeowners, unless foreclosure of an assessment lien has commenced. In Minnesota, foreclosure by advertisement is considered commenced upon publication of the Notice of Sale. If foreclosing by action, foreclosure is commenced upon service of the Summons and Complaint. This means if a homeowner tenders a partial payment prior to commencement of foreclosure, it must be accepted and applied to the homeowner's ledger. Timely communications with legal counsel regarding the acceptance and application of partial payments will be key to ensure compliance, transparency and accuracy of any remaining balance.

Consideration of a Reasonable Payment Plan

SF 1750 also adds a requirement that Associations consider offering a reasonable payment plan to a homeowner with a delinquent account. However, the new laws provides no guidance to Boards regarding when or how they should consider offering a payment plan. Nor does the law define what makes a plan reasonable—either from the homeowner's perspective or from the Association's perspective. Until further direction is provided by our Courts, Boards should carefully document each payment plan considered and each payment plan offered. As a best practice, apply consistent procedures to help avoid claims that similarly situated homeowners are being treated differently.

Preparing for 2027 Compliance

Before the effective date, Minnesota HOAs should consider several steps:

- Review and update collection policies.
- Confirm that all assessment, fee, and fine schedules comply with statutory limits.
- Educate your community on new procedures.
- Update owner communications regarding delinquency and enforcement.
- Maintain thorough records of notices, violations, payments, and Board decisions.

Boards should work with their managers, collection professionals, and other vendors to develop thoughtful collection policies and procedures now. Doing so will help ensure compliance with the new law while protecting the Association's financial interests and providing a fair process for homeowners experiencing temporary financial hardships.

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Please Note: The information in this article is provided solely as general information and not as legal advice. Neither receiving nor implementing this information establishes an attorney-client relationship. Readers are urged to speak with a qualified attorney focusing on community association law when making decisions regarding a specific legal issue.

Beyond the Reserve Study:

A Comprehensive Approach to Capital Planning

BY JOHN ZAWADSKY

Traditional reserve studies are valuable tools for budget planning and understanding a building's current condition. They help owners identify visible deficiencies, address immediate risks, and meet Minnesota Reserve Study requirements. However, these assessments often provide high-level recommendations and may not fully capture the long-term capital needs associated with a building's most critical assets. For boards, property managers, and owners seeking to make informed investment decisions, a more comprehensive capital planning approach can be a valuable complement to an existing reserve study.

A robust capital planning program extends beyond identifying today's maintenance needs. It evaluates the full lifecycle of major building systems, forecasts future replacement requirements, and projects long-term expenditures with a level of detail that supports effective budgeting and financial decision-making. By incorporating targeted condition assessments, lifecycle considerations, and detailed cost estimating, stakeholders gain a clearer understanding of future obligations and can proactively manage capital reserves for significant projects.

Building Envelope: Planning for Major Capital Events

The building envelope, or portions thereof, is often one of the largest and most expensive and critical asset categories within an association's responsibility. The building envelope includes facades, roofing systems, windows, sealants, air and weather barriers, waterproofing, plaza decks, balconies, and other elements that protect the structure from environmental exposure.

While a traditional reserve study may identify phased masonry repairs, typical useful life, water infiltration concerns, or deteriorated sealant joints, it may not fully address when major replacement projects will be required. It may also overlook opportunities to coordinate related work, incorporate a project's general conditions and efficiencies, or account for how construction costs are expected to change over time. A comprehensive capital planning assessment evaluates these components based on age, condition, historical performance, anticipated service life, and likely replacement strategies. For example, a sealant replacement program may be anticipated every 15 to 20 years, while window replacement could represent a significant milestone expense decades after initial construction. Roofing systems, waterproofing membranes, and exterior cladding assemblies each have their own maintenance and replacement cycles that can substantially impact future reserve requirements.

Understanding these timelines, costs, and potential project efficiencies allows building owners to avoid reactive spending and establish funding strategies well in advance of major capital events.

Vertical Transportation: Looking Beyond Useful Life

Just as important as the building envelope are vertical transportation systems, including elevators, escalators, and associated equipment. Elevators are among the most heavily used building systems and play a critical role in occupant safety, accessibility, and daily operations. These systems are frequently underrepresented in reserve studies or evaluated using generalized assumptions that may not reflect actual modernization needs, equipment reuse opportunities, or industry obsolescence.

A comprehensive capital plan examines elevator equipment at a component level, including machine room equipment and controllers, hoistway equipment, door operating equipment, cables, counterweights, pushbuttons, and fire/life-safety provisions. This approach helps stakeholders understand the condition and remaining useful life of individual components, potential equipment for reuse, modernization options, prevailing elevator code requirements, and related work by other trades such as electrical and plumbing.

The assessment can also establish a realistic schedule for future modernization activities. While targeted repairs can often extend service life in the short term, there eventually comes a point when increasing maintenance costs, reliability concerns, parts availability, obsolescence, and operational disruptions justify a more comprehensive modernization.

Because elevator modernization represents a significant capital expenditure, forecasting the timing and potential cost of that investment allows owners to budget proactively, avoid escalating repair expenses, and make informed decisions about the optimal balance between continued maintenance and full system modernization.

Mechanical, electrical, and plumbing (MEP) systems should be evaluated with the same level of detail, as their condition, service life, and replacement timing can significantly impact long-term capital planning.

Turning Individual Assessments into a Capital Strategy

The benefits of an integrated approach extend beyond budgeting. Comprehensive capital planning supports important decisions by helping owners prioritize projects based on risk, lifecycle considerations, operational needs, and financial constraints.

Rather than addressing deficiencies one project at a time, stakeholders can evaluate how multiple systems interact and coordinate work to maximize efficiencies. For example, facade restoration projects may be coordinated with window replacement programs, or elevator modernization may be scheduled alongside broader building upgrades to reduce disruption, mobilization costs, and redundant work.

This approach also helps stakeholders distinguish between **maintenance, repair, and modernization or renovation**, providing a clearer understanding of which expenditures can reasonably be deferred and which should be budgeted for.

From Data to Actionable Insight

Ultimately, successful capital planning is about transforming data into actionable insight. By combining detailed lifecycle forecasting, and sophisticated cost analysis for **Building Envelope, Vertical Transportation and MEP equipment**, owners can proactively plan for the future of their assets.

This broader perspective enables organizations to:

- Anticipate major capital expenditures before they become emergencies.
- Better understand the timing and magnitude of future funding needs.
- Prioritize projects based on condition, risk, and operational importance.
- Identify opportunities to coordinate projects and reduce overall costs.
- Evaluate repair-versus-replacement decisions using lifecycle considerations.
- Reduce financial surprises and improve long-term budget planning.
- Maintain the safety, functionality, and value of their properties.

As buildings age and replacement costs rise, reactive approaches become harder to sustain. A comprehensive capital planning strategy gives owners the clarity and confidence to make informed decisions, allocate resources effectively, and preserve the safety, functionality, and long-term value of their buildings.

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Fine, Fine, Everywhere a Fine

Minnesota's Legislature Channels Legendary Protest Song to Highlight that HOAs Have a Duty, and Not Just Powers, When it Comes to Enforcement

BY MATT DREWES

It's not a controversial sentiment that an organized and well-run homeowners association (or HOA) will create a more harmonious community. It's also true that a community will be more organized and will run well if homeowners abide by the HOA's governing documents. But by now we've all heard stories, and some people have unfortunately experienced scenarios, in which certain HOAs' gusto for enforcement became overbearing.

These narratives gained enough traction in the Minnesota legislature to lead to some dramatic changes to the Minnesota Common Interest Ownership Act (MCIOA), and these changes now impose limits on the enforcement powers available to HOAs (as long as those HOAs are governed by MCIOA – which is the vast majority of them). Without commenting on whether these changes will prove to be good, bad, or ultimately somewhat neutral, this article will address several of the impacts these changes will have on how HOAs might deal with enforcement from and after the effective date of January 1, 2027.

The legislature appears to have been influenced by the song "Signs," originally released in 1970 by Five Man Electrical Band (and re-released by Tesla in 1990). For those unfamiliar, the song protests that excessive efforts to require conformity have become too intrusive to allow people to live in genuine harmony, as indicated in the chorus:

Sign, sign
Everywhere a sign
Blockin' out the scenery
Breakin' my mind
Do this, don't do that
Can't you read the sign?

The Board's authority comes from the Declaration. If the word sign is replaced by fine, the message is clear: if an HOA is too reliant on fines, or is overeager in implementing them, the intended order will be disrupted: "[Fine, fine] * Everywhere a [fine] * Blocking out the scenery * Breaking my mind * Do this, don't do that * Can't you [heed] the [fine]?"

The first sign (pardon the pun) of the legislature's intent is a change to the heading for Minn. Stat. § 515B.3-102, which previously indicated that this section outlines the "powers" held by the HOA. The new heading indicates this section expresses the "Powers and Duties of Unit Owners' Association." The implication is that HOAs should seek a more measured and transparent approach to governance. Within the statutory language, the added provisions now emphasize "[r]ules and regulations adopted must be reasonable," and outside of temporary rules passed in "exigent circumstances," any new rules now require 21 days' notice to unit owners.

After this change becomes effective, fines will be limited to no more than $100 for a single violation unless certain exceptions or conditions exist. First, the plain meaning of the limit means that a fine can exceed $100 only if the owner has committed more than one violation arising from the same conduct. Other exceptions or conditions that permit a fine of greater than $100 include fines to address a violation that: (i) impacts the health or safety of a resident, occupant, or guest within the community; (ii) causes physical damage to another unit or a common element; or (iii) involves using the property for financial enrichment, including violating a rental policy. A fine of greater than $100 may also be imposed if "at a board meeting, a greater amount is approved by owners of units to which a majority of the votes in the association are allocated." It is true that owners don't vote at board meetings and owners aren't even considered in the requirements to establish a quorum at board meetings, but there are means to address this requirement if sufficient desire exists within the community to do so.

HOAs must also adjust the way they impose fines to include additional information in the required notices to the affected owner(s). Those familiar with the process will recognize that Minn. Stat. § 515B.3-102(c) has already required notice to an owner before a fine may be imposed, in which the owner must be notified of the amount of the fine, the date the fine is imposed, and a detailed rationale for the fine (including the provision of the governing document allegedly violated), as well as an express statement that fines may become liens, that the owner has a right to a hearing, and that attorneys' fees and collection costs may accrue if the fine remains unpaid, and finally that the owner may contact the Minnesota Homeownership Center for further guidance. However, these notices must now clarify that fines may constitute liens only in certain circumstances (which is another new statutory provision), must provide the particular steps that a unit owner must take to schedule a hearing (which is now required of the owner within 30 days of the owner's "receipt of the notice"), and must notify the owner that dispute resolution and other information will be available from the newly-appointed "common interest community ombudsperson."

The new statutory language now also provides an express order in which payments from a unit owner must be applied. The purpose of this new allocation provision is to require application of payments toward common expense assessments and special assessments first, while in turn eliminating late fees or the accrual of interest on amounts that are unpaid due solely to fines. Finally, HOAs are now limited to foreclosing past due amounts that include fines. Under the new statutory structure, foreclosures can only be instituted to collect fines when those fines are permitted to exceed the $100 limit and are delinquent for more than three months.

The overall impact of the statutory changes relating to fines will almost certainly be subject to lawsuits and interpretation by the courts, but it's clear that community associations will have to change their practices no matter what. It's important that HOAs work proactively to show they are interested in striking the balance that the legislature has prioritized. Those who have shown they are ready, willing and able to "read the signs" are going to be in the best position to maintain the harmony that each of them should all be striving to achieve.

Matt Drewes is a Partner with DeWitt Law Firm.

Please Note: The information in this article is provided solely as general information and not as legal advice. Your receipt, and even your use of this information, does not establish an attorney-client relationship. Readers are urged to speak with a qualified attorney focusing on community association law when making decisions regarding a specific legal issue.


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2026 Golf Tournament Recap

BY CINDY HOESCHEN

What a day! On Monday, August 10, CAI-MN members and friends gathered at Stonebrooke Golf Club for our annual Golf Tournament. With picture-perfect weather, beautiful surroundings and nearly 200 golfers hitting the links, it was a fantastic day of golf, networking, friendly competition and fun.

From the first tee shot to the final putt, the day ran like clockwork thanks to our incredible volunteers, sponsors, golfers and the Stonebrooke team. We're grateful to everyone who helped make the tournament such a success – and especially to our sponsors whose support makes events like this possible.

Of course, no tournament would be complete without at least one unexpected adventure. This year, a highlight – or lowlight – came when a wallet took an ill-fated plunge from the pontoon into the lake. (Thanks to the wallet owner for taking the mishap in stride.)

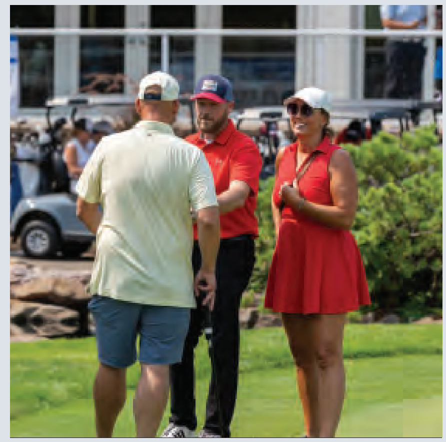
Congratulations to our winning foursomes on both courses! And a huge thank you to everyone who joined CAI-MN for another outstanding Golf Tournament. We hope you had as much fun as we did and we'll see you back on the links next year! **Mark your calendars for August 16, 2027.**

Congratulations to Our Winners:

1st Place Foursome - 18-hole Tournament:
Josh Palma, Steve Erickson, Garret Rogers, Tom Sullivan

1st Place Foursome - 9-hole Tournament:
John Schloo, Rob Selb, Amy Lemon, Andrew Maltzen

Putting Shootout Winner - 18-hole Tournament:
Travis Mills, Associa (for the second year in a row!)



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