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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

**EIGHTY-SIXTH  
SESSION**

**HOUSE FILE No. 3393**

March 4, 2010

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The bill was read for the first time and referred to the Committee on Civil Justice

1.1 A bill for an act  
1.2 relating to real property; amending the Minnesota Common Interest Ownership  
1.3 Act; making clarifying, conforming, and technical changes; amending Minnesota  
1.4 Statutes 2008, sections 515B.1-102; 515B.1-103; 515B.1-107; 515B.1-112;  
1.5 515B.1-115; 515B.1-116; 515B.2-101; 515B.2-102; 515B.2-105; 515B.2-106;  
1.6 515B.2-108; 515B.2-109; 515B.2-110; 515B.2-111; 515B.2-112; 515B.2-113;  
1.7 515B.2-114; 515B.2-118; 515B.2-119; 515B.2-121; 515B.2-124; 515B.3-101;  
1.8 515B.3-102; 515B.3-103; 515B.3-104; 515B.3-105; 515B.3-106; 515B.3-109;  
1.9 515B.3-110; 515B.3-112; 515B.3-113; 515B.3-114; 515B.3-115; 515B.3-116;  
1.10 515B.3-117; 515B.3-120; 515B.3-121; 515B.4-101; 515B.4-102; 515B.4-104;  
1.11 515B.4-105; 515B.4-106; 515B.4-107; 515B.4-108; 515B.4-110; 515B.4-111;  
1.12 515B.4-115; 515B.4-116; proposing coding for new law in Minnesota Statutes,  
1.13 chapter 515B.

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

1.15 **ARTICLE 1**

1.16 **APPLICABILITY, DEFINITIONS, AND OTHER GENERAL PROVISIONS**

1.17 Section 1. Minnesota Statutes 2008, section 515B.1-102, is amended to read:

1.18 **515B.1-102 APPLICABILITY.**

1.19 (a) Except as provided in this section, this chapter, and not chapters 515 and 515A,  
1.20 applies to all common interest communities created within this state on and after June  
1.21 1, 1994.

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

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

2.1 obligations of a declarant of a condominium created under chapter 515A, and the rights  
2.2 and claims of unit owners against that declarant.

2.3 (2) The following sections in this chapter apply to condominiums created under  
2.4 chapter 515: 515B.1-104 (Variation by Agreement); 515B.1-105 (Separate Titles and  
2.5 Taxation); 515B.1-106 (Applicability of Local ~~Ordinances, Regulations, and Building~~  
2.6 ~~Codes Requirements~~); 515B.1-107 (Eminent Domain); 515B.1-108 (~~Supplemental~~  
2.7 ~~General Principles of Law Applicable~~ This Chapter Prevails; Supplemental Law);  
2.8 515B.1-109 (Construction Against Implicit Repeal); 515B.1-110 (Vacation of Abutting  
2.9 Publicly Dedicated Property); 515B.1-112 (Unconscionable Agreement or Term of  
2.10 Contract); 515B.1-113 (Obligation of Good Faith); 515B.1-114 (Remedies to be  
2.11 Liberally Administered); 515B.1-115 (Notice); 515B.1-116 (Recording); 515B.2-103  
2.12 (Construction and Validity of Declaration and Bylaws); 515B.2-104 (Description of  
2.13 Units); 515B.2-108(d) (Allocation of Interests); 515B.2-109(c) (Common Elements and  
2.14 Limited Common Elements); 515B.2-112 (Subdivision, Combination, or Conversion  
2.15 of Units); 515B.2-113 (Alteration of Units); 515B.2-114 (Relocation of Boundaries  
2.16 Between Adjoining Units); 515B.2-115 (Minor Variations in Boundaries); 515B.2-118  
2.17 (Amendment of Declaration); 515B.2-119 (Termination of Common Interest Community);  
2.18 515B.3-102 (Powers of Unit Owners' Association); 515B.3-103(a), (b), and (g) (Board;  
2.19 Directors ~~and~~ Officers; Period of, and Declarant Control); 515B.3-107 (Upkeep of  
2.20 Common Interest Community); 515B.3-108 (Meetings); 515B.3-109 (Quorums);  
2.21 515B.3-110 (Voting; Proxies); 515B.3-111 (Tort and Contract Liability); 515B.3-112  
2.22 (Conveyance of, or Encumbrance of Creation of Security Interests in Common  
2.23 Elements); 515B.3-113 (Insurance); 515B.3-114 (Replacement Reserves; Surplus Funds);  
2.24 515B.3-115(c), (e), (f), (g), (h), and (i) (Assessments for Common Expenses); 515B.3-116  
2.25 (Lien for Assessments); 515B.3-117 (Other Liens); 515B.3-118 (Association Records);  
2.26 515B.3-119 (Association as Trustee); 515B.3-121 (Accounting Controls); 515B.4-107  
2.27 (Resale of Units); 515B.4-108 (Purchaser's Right to Cancel Resale); and 515B.4-116  
2.28 (Rights of Action; Attorney's Fees). Section 515B.1-103 (Definitions) shall apply  
2.29 to the extent necessary in construing any of the sections referenced in this section.  
2.30 Sections 515B.1-105, 515B.1-106, 515B.1-107, 515B.1-116, 515B.2-103, 515B.2-104,  
2.31 515B.2-118, 515B.3-102, 515B.3-110, 515B.3-111, 515B.3-113, 515B.3-116, 515B.3-117,  
2.32 515B.3-118, 515B.3-121, 515B.4-107, 515B.4-108, and 515B.4-116 apply only with  
2.33 respect to events and circumstances occurring on and after June 1, 1994. All other  
2.34 sections referenced in this section apply only with respect to events and circumstances  
2.35 occurring after July 31, 1999. A section referenced in this section does not invalidate the  
2.36 declarations, bylaws or condominium plats of condominiums created before August 1,

3.1 1999. But all sections referenced in this section prevail over the declarations, bylaws, CIC  
3.2 plats, rules and regulations under them, of condominiums created before August 1, 1999,  
3.3 except to the extent that this chapter defers to the declarations, bylaws, CIC plats, or  
3.4 rules and regulations issued under them.

3.5 (3) This chapter shall not apply to cooperatives and planned communities created  
3.6 prior to June 1, 1994, or to planned communities that were created on or after June 1,  
3.7 1994, and before August 1, 2006, and that consist of more than two but fewer than 13  
3.8 units; except by election pursuant to subsection (d), and except that sections 515B.1-116,  
3.9 subsections (a), (c), (d), (e), (f), and (h), 515B.4-107, and 515B.4-108, apply to all  
3.10 planned communities and cooperatives regardless of when they are created, unless they  
3.11 are exempt under subsection (e).

3.12 (c) This chapter shall not invalidate any amendment to the declaration, bylaws  
3.13 or condominium plat of any condominium created under chapter 515 or 515A if the  
3.14 amendment was recorded before June 1, 1994. Any amendment recorded on or after June  
3.15 1, 1994, shall be adopted in conformity with the procedures and requirements specified by  
3.16 those instruments and by this chapter. If the amendment grants to any person any rights,  
3.17 powers or privileges permitted by this chapter, all correlative obligations, liabilities and  
3.18 restrictions contained in this chapter shall also apply to that person.

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

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

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

4.1 508A, or the part of the plat or registered land survey upon which the common interest  
 4.2 community is located, shall be the CIC plat.

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

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

4.13 (5) A common interest community which elects to be subject to this chapter may, as  
 4.14 a part of the election process, change its form of ownership by complying with section  
 4.15 515B.2-123.

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

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

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

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

4.33 (4) planned communities utilizing a CIC plat complying with section  
 4.34 515B.2-110(d)(1) and (2) and cooperatives, which are limited by the declaration to  
 4.35 nonresidential ~~use~~ uses alone or in combination with residential rental uses in which  
 4.36 individual dwellings do not constitute units or other separate parcels of real estate; or



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

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

5.6 (g) Section 515B.1-106 shall apply to all common interest communities.

5.7 (h) The amendments in this act to the following sections apply only to common  
 5.8 interest communities created on or after August 1, 2010: section 515B.1-103(33) and  
 5.9 sections 515B.2-110, 515B.3-104, 515B.3-105, 515B.3-115, 515B.3-116, 515B.4-102,  
 5.10 and 515B.4-115.

5.11 (i) Section 515B.3-114, as amended by this act, applies to common interest  
 5.12 communities only for the association's fiscal years commencing on or after January  
 5.13 1, 2012.

5.14 Sec. 2. Minnesota Statutes 2008, section 515B.1-103, is amended to read:

5.15 **515B.1-103 DEFINITIONS.**

5.16 In the declaration and bylaws, unless specifically provided otherwise or the context  
 5.17 otherwise requires, and in this chapter:

5.18 (1) "Additional real estate" means real estate that may be added to a flexible  
 5.19 common interest community.

5.20 (2) "Affiliate of a declarant" means any person who controls, is controlled by, or is  
 5.21 under common control with a declarant.

5.22 (A) A person "controls" a declarant if the person (i) is a general partner, officer,  
 5.23 director, or employer of the declarant, (ii) directly or indirectly or acting in concert with  
 5.24 one or more other persons, or through one or more subsidiaries, owns, controls, holds with  
 5.25 power to vote, or holds proxies representing, more than 20 percent of the voting interest in  
 5.26 the declarant, (iii) controls in any manner the election of a majority of the directors of the  
 5.27 declarant, or (iv) has contributed more than 20 percent of the capital of the declarant.

5.28 (B) A person "is controlled by" a declarant if the declarant (i) is a general partner,  
 5.29 officer, director, or employer of the person, (ii) directly or indirectly or acting in concert  
 5.30 with one or more other persons, or through one or more subsidiaries, owns, controls, holds  
 5.31 with power to vote, or holds proxies representing, more than 20 percent of the voting  
 5.32 interest in the person, (iii) controls in any manner the election of a majority of the directors  
 5.33 of the person, or (iv) has contributed more than 20 percent of the capital of the person.

5.34 (C) Control does not exist if the powers described in this subsection are held solely  
 5.35 as a security interest and have not been exercised.

6.1 (3) "Allocated interests" means the following interests allocated to each unit: (i) in  
6.2 a condominium, the undivided interest in the common elements, the common expense  
6.3 liability, and votes in the association; (ii) in a cooperative, the common expense liability  
6.4 and the ownership interest and votes in the association; and (iii) in a planned community,  
6.5 the common expense liability and votes in the association.

6.6 (4) "Association" means the unit owners' association organized under section  
6.7 515B.3-101.

6.8 (5) "Board" means the body, regardless of name, designated in the articles of  
6.9 incorporation, bylaws or declaration to act on behalf of the association, or on behalf of  
6.10 a master association when so identified.

6.11 (6) "CIC plat" means a common interest community plat described in section  
6.12 515B.2-110.

6.13 (7) "Common elements" means all portions of the common interest community  
6.14 other than the units.

6.15 (8) "Common expenses" means expenditures made or liabilities incurred by or on  
6.16 behalf of the association, or master association when so identified, together with any  
6.17 allocations to reserves.

6.18 (9) "Common expense liability" means the liability for common expenses allocated  
6.19 to each unit pursuant to section 515B.2-108.

6.20 (10) "Common interest community" or "CIC" means contiguous or noncontiguous  
6.21 real estate within Minnesota that is subject to an instrument which obligates persons  
6.22 owning a separately described parcel of the real estate, or occupying a part of the real  
6.23 estate pursuant to a proprietary lease, by reason of their ownership or occupancy, to pay  
6.24 for (i) real estate taxes levied against; (ii) insurance premiums payable with respect to; (iii)  
6.25 maintenance of; or (iv) construction, maintenance, repair or replacement of improvements  
6.26 located on, one or more parcels or parts of the real estate other than the parcel or part that  
6.27 the person owns or occupies. Real estate which satisfies the definition of a common  
6.28 interest community is a common interest community whether or not it is subject to this  
6.29 chapter. Real estate subject to a master ~~association~~ declaration, regardless of when the  
6.30 master ~~association~~ declaration was ~~formed~~ recorded, shall not collectively constitute a  
6.31 separate common interest community unless so stated in the master declaration ~~recorded~~  
6.32 ~~against the real estate pursuant to section 515B.2-121, subsection (f)(1).~~

6.33 (11) "Condominium" means a common interest community in which (i) portions of  
6.34 the real estate are designated as units, (ii) the remainder of the real estate is designated for  
6.35 common ownership solely by the owners of the units, and (iii) undivided interests in the  
6.36 common elements are vested in the unit owners.

7.1 (12) "Conversion property" means real estate on which is located a building that  
7.2 at any time within two years before creation of the common interest community was  
7.3 occupied for residential use wholly or partially by persons other than purchasers and  
7.4 persons who occupy with the consent of purchasers.

7.5 (13) "Cooperative" means a common interest community in which the real estate  
7.6 is owned by an association, each of whose members is entitled to a proprietary lease by  
7.7 virtue of the member's ownership interest in the association ~~to a proprietary lease~~.

7.8 (14) "Dealer" means a person in the business of selling units for the person's own  
7.9 account.

7.10 (15) "Declarant" means:

7.11 (i) if the common interest community has been created, (A) any person who has  
7.12 executed a declaration, or ~~an~~ a supplemental declaration or amendment to a declaration  
7.13 ~~to add~~ adding additional real estate, except secured parties, a spouse holding only an  
7.14 inchoate interest, persons whose interests in the real estate will not be transferred to unit  
7.15 owners, or, in the case of a leasehold common interest community, a lessor who possesses  
7.16 no special declarant rights and who is not an affiliate of a declarant who possesses special  
7.17 declarant rights, or (B) any person who reserves, or succeeds under section 515B.3-104 to  
7.18 any special declarant rights; or

7.19 (ii) any person or persons acting in concert who have offered prior to creation of  
7.20 the common interest community to transfer their interest in a unit to be created and not  
7.21 previously transferred.

7.22 (16) "Declaration" means any instrument, however denominated, that creates a  
7.23 common interest community.

7.24 (17) "Dispose" or "disposition" means a voluntary transfer to a purchaser of any  
7.25 legal or equitable interest in the common interest community, but the term does not include  
7.26 the transfer or release of a security interest.

7.27 (18) "Flexible common interest community" means a common interest community  
7.28 to which additional real estate may be added.

7.29 (19) "Leasehold common interest community" means a common interest community  
7.30 in which all or a portion of the real estate is subject to a lease the expiration or termination  
7.31 of which will terminate the common interest community or reduce its size.

7.32 (20) "Limited common element" means a portion of the common elements allocated  
7.33 by the declaration or by operation of section ~~515B.2-102(d) or (f)~~ 515B.2-109(c) or (d) for  
7.34 the exclusive use of one or more but fewer than all of the units.

7.35 (21) "Master association" means an entity created on or after June 1, 1994, that  
7.36 directly or indirectly exercises any of the powers set forth in section 515B.3-102 on behalf

8.1 of one or more members described in section 515B.2-121(b), (i), (ii) or (iii), whether or  
 8.2 not it also exercises those powers on behalf of one or more property owners' associations  
 8.3 described in section 515B.2-121(b)(iv). A person (i) hired by an association to perform  
 8.4 maintenance, repair, accounting, bookkeeping or management services, or (ii) granted  
 8.5 authority under an instrument recorded primarily for the purpose of creating rights or  
 8.6 obligations with respect to utilities, access, drainage, or recreational amenities, is not,  
 8.7 solely by reason of that relationship, a master association.

8.8 (22) "Master declaration" means a written instrument, however named, (i) recorded  
 8.9 on or after June 1, 1994, ~~against property subject to powers exercised by a master~~  
 8.10 ~~association~~ and (ii) complying with section 515B.2-121; subsection ~~(f)(1)~~(e).

8.11 (23) "Master developer" means a person who is designated in the master declaration  
 8.12 as a master developer or, in the absence of such a designation, the owner or owners of  
 8.13 the real estate subject to the master declaration at the time the master declaration is  
 8.14 recorded, except (i) secured parties and (ii) a spouse holding only an inchoate interest.  
 8.15 A master developer is not a declarant unless the master declaration states that the real  
 8.16 estate subject to the master declaration collectively is or collectively will be a separate  
 8.17 common interest community.

8.18 ~~(23)~~ (24) "Period of declarant control" means the time period provided for in section  
 8.19 515B.3-103(c) during which the declarant may appoint and remove officers and directors  
 8.20 of the association.

8.21 ~~(24)~~ (25) "Person" means an individual, corporation, limited liability company,  
 8.22 partnership, trustee under a trust, personal representative, guardian, conservator,  
 8.23 government, governmental subdivision or agency, or other legal or commercial entity  
 8.24 capable of holding title to real estate.

8.25 ~~(25)~~ (26) "Planned community" means a common interest community that is not  
 8.26 a condominium or a cooperative. A condominium or cooperative may be a part of a  
 8.27 planned community.

8.28 ~~(26)~~ (27) "Proprietary lease" means an agreement with a cooperative association  
 8.29 whereby a member of the association is entitled to exclusive possession of a unit in the  
 8.30 cooperative.

8.31 ~~(27)~~ (28) "Purchaser" means a person, other than a declarant, who by means of a  
 8.32 voluntary transfer acquires a legal or equitable interest in a unit other than (i) a leasehold  
 8.33 interest of less than 20 years, including renewal options, or (ii) a security interest.

8.34 ~~(28)~~ (29) "Real estate" means any fee simple, leasehold or other estate or interest in,  
 8.35 over, or under land, including structures, fixtures, and other improvements and interests  
 8.36 that by custom, usage, or law pass with a conveyance of land though not described in the

9.1 contract of sale or instrument of conveyance. "Real estate" may include spaces with or  
9.2 without upper or lower boundaries, or spaces without physical boundaries.

9.3 ~~(29)~~ (30) "Residential use" means use as a dwelling, whether primary, secondary or  
9.4 seasonal, but not transient use such as hotels or motels.

9.5 ~~(30)~~ (31) "Secured party" means the person owning a security interest as defined in  
9.6 paragraph ~~(31)~~ (32).

9.7 ~~(31)~~ (32) "Security interest" means a perfected interest in real estate or personal  
9.8 property, created by contract or conveyance, which secures payment or performance of an  
9.9 obligation. The term includes a mortgagee's interest in a mortgage, a vendor's interest in  
9.10 a contract for deed, a lessor's interest in a lease intended as security, a holder's interest  
9.11 in a sheriff's certificate of sale during the period of redemption, an assignee's interest in  
9.12 an assignment of leases or rents intended as security, in a cooperative, a lender's interest  
9.13 ~~in a cooperative share loan~~ member's ownership interest in the association, a pledgee's  
9.14 interest in the pledge of an ownership interest, or any other interest intended as security  
9.15 for an obligation under a written agreement.

9.16 ~~(32)~~ (33) "Special declarant rights" means rights reserved in the declaration for the  
9.17 benefit of a declarant ~~to~~ and expressly identified in the declaration as special declarant  
9.18 rights. Such special declarant rights may include but are not limited to the following:

9.19 (i) to complete improvements indicated on the CIC plat, planned by the declarant  
9.20 consistent with the disclosure statement or authorized by the municipality in which the  
9.21 ~~CIC~~ common interest community is located, and to have and use easements for itself and  
9.22 its employees, agents, and contractors through the common elements for such purposes;

9.23 (ii) to add additional real estate to a common interest community;

9.24 (iii) to subdivide or combine units, or convert units into common elements, limited  
9.25 common elements and/or units, pursuant to section 515B.2-112;

9.26 (iv) to maintain and use sales offices, management offices, signs advertising the  
9.27 common interest community, and models, and to have and use easements for itself and its  
9.28 employees, agents, and invitees through the common elements for such purposes;

9.29 ~~(v) use easements through the common elements for the purpose of making~~  
9.30 ~~improvements within the common interest community or any additional real estate;~~

9.31 ~~(vi) create a master association and provide for the exercise of authority by the~~  
9.32 ~~master association over the common interest community or its unit owners;~~

9.33 ~~(vii) merge or consolidate a common interest community with another common~~  
9.34 ~~interest community of the same form of ownership; or~~

9.35 ~~(viii)~~ (v) to appoint or remove any officer or director of the association, or the master  
9.36 association where applicable, during any period of declarant control;

10.1 (vi) to utilize an alternate common expense plan as provided in section  
 10.2 515B.3-115(a)(2);  
 10.3 (vii) to grant common element licenses as provided in section 515B.2-109(e); or  
 10.4 (viii) to review, and approve or disapprove, the exterior design, materials, size,  
 10.5 site location, and other exterior features of buildings and other structures, landscaping  
 10.6 and other exterior improvements, located within the common interest community, and  
 10.7 any modifications or alterations thereto.

10.8 Special declarant rights shall not be reserved or utilized for the purpose of evading  
 10.9 any limitation or obligation imposed on declarants by this chapter.

10.10 ~~(33)~~ (34) "Time share" means a right to occupy a unit or any of several units during  
 10.11 three or more separate time periods over a period of at least three years, including renewal  
 10.12 options, whether or not coupled with ~~an estate or~~ a fee title interest in ~~a~~ the common  
 10.13 interest community or a specified portion thereof.

10.14 ~~(34)~~ (35) "Unit" means a portion of a common interest community the boundaries  
 10.15 of which are described in the common interest community's declaration and which is  
 10.16 intended for separate ownership<sub>2</sub> or separate occupancy pursuant to a proprietary lease.

10.17 ~~(35)~~ (36) "Unit identifier" means English letters or Arabic numerals, or a  
 10.18 combination thereof, which identify only one unit in a common interest community and  
 10.19 which meet the requirements of section 515B.2-104.

10.20 ~~(36)~~ (37) "Unit owner" means a declarant or other person who owns a unit, a lessee  
 10.21 under a proprietary lease, or a lessee of a unit in a leasehold common interest community  
 10.22 whose lease expires simultaneously with any lease the expiration or termination of which  
 10.23 will remove the unit from the common interest community, but does not include a secured  
 10.24 party. In a common interest community, the declarant is the unit owner of a unit until that  
 10.25 unit has been conveyed to another person.

10.26 **EFFECTIVE DATE.** The amendment to section 515B.1-103(33) is effective August  
 10.27 1, 2010, and applies only to common interest communities created on or after that date.

10.28 Sec. 3. Minnesota Statutes 2008, section 515B.1-107, is amended to read:

10.29 **515B.1-107 EMINENT DOMAIN.**

10.30 (a) If a unit is acquired by eminent domain, or if part of a unit is acquired by eminent  
 10.31 domain leaving the unit owner with a remnant which may not practically or lawfully be  
 10.32 used for any material purpose permitted by the declaration, the award shall compensate  
 10.33 the unit owner and secured party in the unit as their interests may appear, whether or not  
 10.34 any common element interest is acquired. Upon acquisition, unless the order or final

11.1 certificate otherwise provides, that unit's allocated interests are automatically reallocated  
 11.2 among the remaining units in proportion to their respective allocated interests prior to the  
 11.3 taking, and the association shall promptly prepare, execute, and record an amendment to  
 11.4 the declaration reflecting the ~~allocations~~ reallocations. Any remnant of a unit remaining  
 11.5 after part of a unit is taken under this subsection is thereafter a common element.

11.6 (b) Except as provided in subsection (a), if part of a unit is acquired by eminent  
 11.7 domain, the award shall compensate the unit owner and secured party for the reduction in  
 11.8 value of the unit and its interest in the common elements, whether or not any common  
 11.9 elements are acquired. Upon acquisition, unless the order or final certificate otherwise  
 11.10 provides, (i) that unit's allocated interests are reduced in proportion to the reduction in the  
 11.11 size of the unit, or on any other basis specified in the declaration and (ii) the portion of the  
 11.12 allocated interests divested from the partially acquired unit are automatically reallocated  
 11.13 to that unit and to the remaining units in proportion to the respective allocated interests  
 11.14 of those units before the taking, with the partially acquired unit participating in the  
 11.15 reallocation on the basis of its reduced allocated interests.

11.16 (c) If part of the common elements is acquired by eminent domain, the portion of  
 11.17 the award attributable to the common elements taken shall be paid to the association. In  
 11.18 an eminent domain proceeding which seeks to acquire a part of the common elements,  
 11.19 jurisdiction may be acquired by service of process upon the association. Unless the  
 11.20 declaration provides otherwise, any portion of the award attributable to the acquisition of a  
 11.21 limited common element shall be equally divided among the owners of the units to which  
 11.22 that limited common element was allocated at the time of acquisition and their secured  
 11.23 parties, as their interests may appear or as provided by the declaration.

11.24 (d) In any eminent domain proceeding the units shall be treated as separate parcels  
 11.25 of real estate for valuation purposes, regardless of the number of units subject to the  
 11.26 proceeding.

11.27 (e) Any distribution to a unit owner from the proceeds of an eminent domain award  
 11.28 shall be subject to any limitations imposed by the declaration or bylaws.

11.29 (f) The court order or final certificate containing the final awards shall be recorded in  
 11.30 every county in which any portion of the common interest community is located.

11.31 **Sec. 4. [515B.1-1105] VACATION OF ABUTTING PUBLICLY DEDICATED**  
 11.32 **PROPERTY.**

11.33 (a) When, by operation or presumption of law, all or any portion of vacated property,  
 11.34 such as a street, alley, right-of-way, or other publicly dedicated area, accrues to the owner  
 11.35 or owners of property subject to a declaration, such portion of the vacated property shall,

12.1 by operation of law and without any corresponding amendment to the declaration or the  
 12.2 CIC plat, become subject to all of the terms and conditions of the declaration. Except as  
 12.3 otherwise provided in an amendment to the declaration that is adopted in accordance with  
 12.4 section 515B.2-118 and the declaration:

12.5 (1) if the vacated rights accrue to one of more unit owners in a planned community,  
 12.6 the vacated property shall accrue to the unit or units owned by such unit owners, but the  
 12.7 interests allocated to the units pursuant to section 515B.2-108 and the declaration shall  
 12.8 not change as a result thereof; and

12.9 (2) if the vacated rights accrue to the unit owners in a condominium by reason of  
 12.10 their allocated interests in the common elements, or to the association in its capacity as  
 12.11 the owner of the common elements of a cooperative or a planned community, the vacated  
 12.12 property shall be treated as a part of the common elements.

12.13 (b) At any time after the vacation the association may, but is not obligated to, amend  
 12.14 the declaration or CIC plat to confirm the inclusion of the vacated property in the common  
 12.15 interest community in accordance with section 515B.2-118 and the declaration.

12.16 Sec. 5. Minnesota Statutes 2008, section 515B.1-112, is amended to read:

12.17 **515B.1-112 UNCONSCIONABLE AGREEMENT OR TERM OF CONTRACT.**

12.18 (a) The court, upon finding as a matter of law that a contract or contract clause was  
 12.19 unconscionable at the time the contract was made, may refuse to enforce the contract,  
 12.20 enforce the remainder of the contract without the unconscionable clause, or limit the  
 12.21 application of any unconscionable clause in order to avoid an unconscionable result. For  
 12.22 purposes of this section, a contract includes a declaration, master declaration, the articles of  
 12.23 incorporation and bylaws of an association or master association, and a proprietary lease.

12.24 (b) Whenever it is claimed, or appears to the court, that a contract or any contract  
 12.25 clause is or may be unconscionable, the parties, in order to aid the court in making the  
 12.26 determination, shall be afforded a reasonable opportunity to present evidence as to:

12.27 (1) the commercial setting of the negotiations;

12.28 (2) whether a party has knowingly taken advantage of the inability of the other party  
 12.29 reasonably to protect the other party's interests by reason of physical or mental infirmity,  
 12.30 illiteracy, inability to understand the language of the agreement, or similar factors;

12.31 (3) the effect and purpose of the contract or clause; and

12.32 (4) if a sale, any gross disparity, at the time of contracting, between the amount  
 12.33 charged for the property and the value of that property measured by the price at which  
 12.34 similar property was readily obtainable in similar transaction, provided, that this factor  
 12.35 shall not, of itself, render the contract unconscionable.



13.1 Sec. 6. Minnesota Statutes 2008, section 515B.1-115, is amended to read:

13.2 **515B.1-115 NOTICE.**

13.3 Except as otherwise stated in this chapter all notices required by this chapter shall be  
 13.4 in writing and shall be effective (i) upon hand delivery, or (ii) upon mailing if properly  
 13.5 addressed with postage prepaid and deposited in the United States mail, or (iii) when given  
 13.6 in compliance with section 515B.3-110(c), with respect to matters covered by that section.

13.7 Sec. 7. Minnesota Statutes 2008, section 515B.1-116, is amended to read:

13.8 **515B.1-116 RECORDING.**

13.9 (a) A declaration, bylaws, a supplemental declaration, any amendment to a  
 13.10 declaration, supplemental declaration or bylaws, and any other instrument affecting a  
 13.11 common interest community shall be entitled to be recorded. In those counties which  
 13.12 have a tract index, the county recorder shall enter the declaration in the tract index for  
 13.13 each unit or other tract affected. The county recorder shall not enter the declaration in  
 13.14 the tract index for lands described as additional real estate, unless such lands are added  
 13.15 to the common interest community pursuant to section 515B.2-111. The registrar of  
 13.16 titles shall file the declaration in accordance with section 508.351 or 508A.351. The  
 13.17 registrar of titles shall not file the declaration upon certificates of title for lands described  
 13.18 as additional real estate, unless such lands are added to the common interest community  
 13.19 pursuant to section 515B.2-111.

13.20 (b) The recording officer shall upon request promptly assign a number (CIC number)  
 13.21 to a common interest community to be formed or to a common interest community  
 13.22 resulting from the merger of two or more common interest communities.

13.23 (c) Documents recorded pursuant to this chapter shall in the case of registered  
 13.24 land be filed, and references to the recording of documents shall mean filed in the case  
 13.25 of registered land.

13.26 (d) ~~Subject to any specific requirements of this chapter~~ Except as provided in section  
 13.27 515B.2-109, 515B.2-112, 515B.2-114, or 515B.2-124, if a recorded document relating to a  
 13.28 common interest community or a master association purports to require a certain vote or  
 13.29 signatures approving any restatement or amendment of the document by a certain number  
 13.30 or percentage of unit owners or secured parties, and if the amendment or restatement is to  
 13.31 be recorded, an affidavit of the president or secretary of the association stating that the  
 13.32 required vote or signatures have been obtained shall be attached to the document to be  
 13.33 recorded and shall constitute prima facie evidence of the representations contained therein.

13.34 (e) Except as permitted under this subsection, a recording officer shall not file or  
 13.35 record a declaration creating a new common interest community, unless the county

14.1 treasurer has certified that the property taxes payable in the current year for the real estate  
 14.2 included in the proposed common interest community have been paid. This certification  
 14.3 is in addition to the certification for delinquent taxes required by section 272.12. In the  
 14.4 case of preexisting common interest communities, the recording officer shall accept,  
 14.5 file, and record the following instruments, without requiring a certification as to the  
 14.6 current or delinquent taxes on any of the units in the common interest community: (i) a  
 14.7 declaration subjecting the common interest community to this chapter; (ii) a declaration  
 14.8 changing the form of a common interest community pursuant to section 515B.2-123; or  
 14.9 (iii) an amendment to or restatement of the declaration, bylaws, or CIC plat. In order for  
 14.10 an instrument to be accepted and recorded under the preceding sentence, the instrument  
 14.11 must not create or change unit or common area boundaries.

## 14.12 ARTICLE 2

### 14.13 CREATION, ALTERATION AND TERMINATION

14.14 Section 1. Minnesota Statutes 2008, section 515B.2-101, is amended to read:

#### 14.15 **515B.2-101 CREATION OF COMMON INTEREST COMMUNITIES.**

14.16 (a) On and after June 1, 1994, a common interest community subject to this chapter  
 14.17 may be created only as follows:

14.18 (1) A condominium may be created only by recording a declaration.

14.19 (2) A cooperative may be created only by recording a declaration and by  
 14.20 immediately thereafter recording a conveyance of the real estate subject to that declaration  
 14.21 to the association.

14.22 (3) A planned community which includes common elements may be created  
 14.23 only by ~~simultaneously~~ recording a declaration ~~and~~. The declarant shall, immediately  
 14.24 thereafter, record a conveyance of the common elements subject to that declaration, other  
 14.25 than common elements described in section 515B.2-109(c) and (d), to the association;  
 14.26 provided, that a delay in or failure to record the conveyance shall have no effect on the  
 14.27 validity of the common interest community.

14.28 (4) A planned community without common elements may be created only by  
 14.29 recording a declaration.

14.30 (b) Except as otherwise ~~expressly~~ provided in this chapter, the declaration shall be  
 14.31 executed by ~~all persons whose interests in the owner of the real estate will be conveyed~~  
 14.32 ~~to unit owners or to the association~~ subject to the declaration at the time the declaration  
 14.33 is recorded, except vendors under contracts for deed, and by every lessor of a lease the  
 14.34 expiration or termination of which will terminate the common interest community. The

15.1 declaration shall be recorded in every county in which any portion of the common interest  
 15.2 community is located. Failure of any party not required to execute a declaration, but  
 15.3 having a recorded interest in the ~~common interest community~~ real estate subject to the  
 15.4 declaration at the time the declaration is recorded, to join in the declaration shall have no  
 15.5 effect on the validity of the common interest community; provided that the party is not  
 15.6 bound by the declaration ~~until that~~ unless the party (i) executes a recorded instrument that  
 15.7 utilizes a legal description of part or all of the common interest community complying  
 15.8 with section 515B.2-104, or (ii) otherwise acknowledges the existence of the common  
 15.9 interest community in a recorded instrument.

15.10 (c) In a condominium, a planned community utilizing a CIC plat complying with  
 15.11 section 515B.2-110(c), or a cooperative, where the unit boundaries are delineated by  
 15.12 a structure, a declaration, or an amendment to a declaration adding units, shall not be  
 15.13 recorded unless the structural components of the structures containing the units and  
 15.14 the mechanical systems serving more than one unit, but not the units, are substantially  
 15.15 completed, as evidenced by a recorded certificate executed by a registered engineer or  
 15.16 architect.

15.17 (d) A project which (i) meets the definition of a "common interest community" in  
 15.18 section 515B.1-103(10), (ii) is created after May 31, 1994, and (iii) is not exempt under  
 15.19 section 515B.1-102(e), is subject to this chapter even if this or other sections of the chapter  
 15.20 have not been complied with, and the declarant and all unit owners are bound by all  
 15.21 requirements and obligations of this chapter.

15.22 (e) The association shall be incorporated pursuant to section 515B.3-101 and the  
 15.23 CIC plat shall be recorded as and if required by section 515B.2-110.

15.24 Sec. 2. Minnesota Statutes 2008, section 515B.2-102, is amended to read:

15.25 **515B.2-102 UNIT BOUNDARIES.**

15.26 (a) The declaration shall describe the boundaries of the units as provided in section  
 15.27 515B.2-105(5). The boundaries need not be delineated by a physical structure. The unit  
 15.28 may consist of noncontiguous portions of the common interest community.

15.29 (b) In a condominium, a cooperative, or a planned community utilizing a CIC plat  
 15.30 complying with section 515B.2-110(c),

15.31 (1) except as the declaration otherwise provides, if the walls, floors, or ceilings of a  
 15.32 unit are designated as its boundaries, then the boundaries shall be the interior, unfinished  
 15.33 surfaces of the perimeter walls, floors, ceilings, doors, windows, and door and window  
 15.34 frames of the unit; all paneling, tiles, wallpaper, paint, floor covering, and any other  
 15.35 finishing materials applied to the interior surfaces of the perimeter walls, floors or ceilings,

16.1 are a part of the unit, and all other portions of the perimeter walls, floors, ceilings, doors,  
16.2 windows, and door and window frames, are a part of the common elements; and

16.3 (2) except in common interest communities created before August 1, 2010, and  
16.4 except in common interest communities in which all units are restricted to nonresidential  
16.5 use, if unit area or volume is used to allocate interests, the description of the unit  
16.6 boundaries for similar types of units, such as residential units, garage units, or storage  
16.7 units, shall be the same.

16.8 (c) In a planned community utilizing a CIC plat complying with section  
16.9 515B.2-110(d)(1) and (2), except as the declaration otherwise provides, the unit  
16.10 boundaries shall be the lot lines designated on a plat recorded pursuant to chapter 505 or  
16.11 the tract boundaries designated on a registered land survey recorded pursuant to chapter  
16.12 508 or 508A.

16.13 ~~(d) If any chute, flue, duct, wire, pipe, conduit, bearing wall, bearing column, or any~~  
16.14 ~~other fixture serving fewer than all units lies partially within and partially outside of the~~  
16.15 ~~boundaries of the unit or units served, any portion thereof serving only that unit or units is~~  
16.16 ~~a limited common element allocated solely to that unit or units, and any portion thereof~~  
16.17 ~~serving any portion of the common elements is a part of the common elements.~~

16.18 ~~(e) Subject to subsection (d) Except as provided in section 515B.2-109(c), all~~  
16.19 ~~spaces, interior partitions, and other fixtures and improvements located wholly within the~~  
16.20 ~~boundaries of a unit are a part of the unit.~~

16.21 ~~(f) Improvements such as shutters, awnings, window boxes, doorsteps, stoops,~~  
16.22 ~~porches, balconies, decks, patios, perimeter doors and windows, and their frames,~~  
16.23 ~~constructed as part of the original construction to serve a single unit, and authorized~~  
16.24 ~~replacements and modifications thereof, if located wholly or partially outside the unit's~~  
16.25 ~~boundaries, are limited common elements allocated exclusively to that unit.~~

16.26 Sec. 3. Minnesota Statutes 2008, section 515B.2-105, is amended to read:

16.27 **515B.2-105 DECLARATION CONTENTS; ALL COMMON INTEREST**  
16.28 **COMMUNITIES.**

16.29 (a) The declaration shall contain:

16.30 (1) the number of the common interest community, whether the common interest  
16.31 community is a condominium, planned community or cooperative, and the name of  
16.32 the common interest community, which shall appear at the top of the first page of the  
16.33 declaration in the following format:

16.34 Common Interest Community No. ....

16.35 (Type of Common Interest Community)

17.1 (Name of Common Interest Community)

17.2 DECLARATION

17.3 (2) a statement as to whether the common interest community is or is not subject  
17.4 to a master association;

17.5 (3) the name of the association, a statement that the association has been incorporated  
17.6 and a reference to the statute under which it was incorporated;

17.7 (4) a legally sufficient description of the real estate included in the common interest  
17.8 community, a statement identifying any appurtenant easement necessary for access to a  
17.9 public street or highway, and a general reference to any other appurtenant easements;

17.10 (5) a description of the boundaries of each unit created by the declaration and the  
17.11 unit's unit identifier;

17.12 (6) in a planned community containing common elements, a legally sufficient  
17.13 description of the common elements;

17.14 (7) in a cooperative, a statement as to whether the unit owners' interests in all units  
17.15 and their allocated interests are real estate or personal property;

17.16 (8) an allocation to each unit of the allocated interests in the manner described in  
17.17 section 515B.2-108;

17.18 (9) a statement ~~of~~ (i) of the total number of units, and (ii) ~~which units will be~~  
17.19 identifying any units that are restricted to residential use and which units will be any units  
17.20 that are restricted to nonresidential use;

17.21 (10) if applicable, a statement (i) of the maximum number of units which that may  
17.22 be created by the subdivision or conversion of units owned by the declarant pursuant  
17.23 to section 515B.2-112, and (ii) in declarations recorded on or after August 1, 2010,  
17.24 identifying the units that a declarant may subdivide or convert or a statement that a  
17.25 declarant may subdivide or convert all units;

17.26 (11) any material restrictions on use, occupancy, or alienation of the units, or on  
17.27 the sale price of a unit or on the amount that may be received by an owner on sale,  
17.28 condemnation or casualty loss to the unit or to the common interest community, or on  
17.29 termination of the common interest community; provided, that these requirements shall  
17.30 not affect the power of the association to adopt, amend or revoke rules and regulations  
17.31 pursuant to section 515B.3-102;

17.32 (12) a statement as to whether time shares are permitted;

17.33 (13) a statement as to whether the common interest community includes any  
17.34 shoreland, as defined in section 103F.205, and, if the common interest community includes  
17.35 shoreland, a statement that the common interest community may be subject to county,

18.1 township, or municipal ordinances or rules affecting the development and use of the  
18.2 shoreland area; and

18.3 (14) ~~if applicable,~~ matters required by sections 515B.1-103~~(32)~~(33), Special  
18.4 Declarant Rights; 515B.2-107, ~~Leaseholds~~ Declaration of Leasehold Common Interest  
18.5 Communities; 515B.2-109, Common Elements and Limited Common Elements;  
18.6 515B.2-110, Common Interest Community Plat (CIC Plat); 515B.3-115, Assessments for  
18.7 Common Expenses; and 515B.2-121, Master Associations and, in declarations recorded  
18.8 on or after August 1, 2010, 515B.3-115, Assessments for Common Expenses.

18.9 (b) The declaration may contain any other matters the declarant considers  
18.10 appropriate.

18.11 Sec. 4. Minnesota Statutes 2008, section 515B.2-106, is amended to read:

18.12 **515B.2-106 DECLARATION OF FLEXIBLE COMMON INTEREST**  
18.13 **COMMUNITIES.**

18.14 (a) The declaration for a flexible common interest community shall include, in  
18.15 addition to the matters specified in section 515B.2-105:

18.16 (1) a reservation of any rights to add additional real estate;

18.17 (2) a statement of any time limit, not exceeding ten years after the recording of the  
18.18 declaration, upon which any right reserved under paragraph (1) will lapse, together with a  
18.19 statement of any circumstances that will terminate the option before the expiration of the  
18.20 time limit. If no time limit is set forth in the declaration, the time limit shall be ten years  
18.21 after the recording of the declaration; provided, that the time limit may be extended by an  
18.22 amendment to the declaration approved in writing by the declarant, and by the vote or  
18.23 written agreement of unit owners, other than the declarant or an affiliate of the declarant,  
18.24 to whose units are allocated at least 67 percent of the votes in the association;

18.25 (3) a statement of any limitations on any rights reserved under paragraph (1), other  
18.26 than limitations created by or imposed pursuant to law;

18.27 (4) a legally sufficient description of the additional real estate;

18.28 (5) a statement as to whether portions of any additional real estate may be added  
18.29 at different times;

18.30 (6) a statement, based upon the declarant's good faith estimate, of (i) the ~~maximum~~  
18.31 total number of units, ~~based upon the declarant's good faith estimate,~~ that may be created  
18.32 within any additional real estate, and (ii) how many of those units will be restricted to  
18.33 residential use;

18.34 (7) a statement that any buildings and units erected upon the additional real estate,  
18.35 when and if added, will be compatible with the other buildings and units in the common

19.1 interest community in terms of architectural style, quality of construction, principal  
 19.2 materials employed in construction, and size, or a statement of any differences with respect  
 19.3 to the buildings or units, or a statement that no assurances are made in those regards;

19.4 (8) a statement that all restrictions in the declaration affecting use, occupancy, and  
 19.5 alienation of units will apply to units created in the additional real estate, when and if  
 19.6 added, or a statement of any differences with respect to the additional units;

19.7 (9) a statement as to whether any assurances made in the declaration regarding  
 19.8 additional real estate pursuant to paragraphs (5) through (8) will apply if the real estate is  
 19.9 not added to the common interest community.

19.10 (b) A declarant need not have an interest in the additional real estate in order to  
 19.11 identify it as such in the declaration, and the recording officer shall index the declaration  
 19.12 as provided in section 515B.1-116(a). Identification of additional real estate in the  
 19.13 declaration does not encumber or otherwise affect the title to the additional real estate.

19.14 Sec. 5. Minnesota Statutes 2008, section 515B.2-108, is amended to read:

19.15 **515B.2-108 ALLOCATION OF INTERESTS.**

19.16 (a) The declaration shall allocate to each unit:

19.17 (1) in a condominium, a fraction or percentage of undivided interests in the common  
 19.18 elements and in the common expenses of the association and a portion of the votes  
 19.19 in the association;

19.20 (2) in a cooperative, an ownership interest in the association, a fraction or percentage  
 19.21 of the common expenses of the association and a portion of the votes in the association; and

19.22 (3) in a planned community, a fraction or percentage of the common expenses of the  
 19.23 association and a portion of the votes in the association.

19.24 (b) The declaration shall state the formulas used to establish allocations of interests.  
 19.25 If the fractions or percentages are all equal the declaration may so state in lieu of stating  
 19.26 the fractions or percentages. The declaration need not allocate votes or a share of common  
 19.27 expenses to units that are auxiliary to other units, such as garage units or storage units.

19.28 The allocations shall not discriminate in favor of units owned by the declarant or an  
 19.29 affiliate of the declarant, except as provided in sections 515B.2-121 and 515B.3-115.

19.30 (c) If units may be added to the common interest community, the formulas used  
 19.31 to reallocate the allocated interests among all units included in the common interest  
 19.32 community after the addition shall be the formulas stated in the declaration.

19.33 (d) The declaration may authorize special allocations: (i) of unit owner votes among  
 19.34 certain units or classes of units on particular matters specified in the declaration, or (ii) of  
 19.35 common expenses among certain units or classes of units on particular matters specified

20.1 in the declaration. Special allocations may only be used to address operational, physical  
 20.2 or administrative differences within the common interest community. A declarant may  
 20.3 not utilize special allocations for the purpose of evading any limitation or obligation  
 20.4 imposed on declarants by this chapter nor may units constitute a class because they are  
 20.5 owned by a declarant.

20.6 (e) The sum of each category of allocated interests allocated at any time to all the  
 20.7 units must equal one if stated as a fraction or 100 percent if stated as a percentage.  
 20.8 In the event of a discrepancy between an allocated interest and the result derived from  
 20.9 application of the pertinent formula, the allocated interest prevails.

20.10 (f) In a condominium or planned community, the common elements are not subject  
 20.11 to partition, and any purported conveyance, encumbrance, judicial sale, or other voluntary  
 20.12 or involuntary transfer of an undivided interest in the common elements made without  
 20.13 the unit to which that interest is allocated is void. The granting of easements, licenses or  
 20.14 leases pursuant to section 515B.2-109 or 515B.3-102 shall not constitute a partition.

20.15 (g) In a cooperative, any purported conveyance, encumbrance, judicial sale, or other  
 20.16 voluntary or involuntary transfer of an ownership interest in the association made without  
 20.17 the possessory interest in the unit to which that interest is related is void.

20.18 Sec. 6. Minnesota Statutes 2008, section 515B.2-109, is amended to read:

20.19 **515B.2-109 COMMON ELEMENTS AND LIMITED COMMON ELEMENTS.**

20.20 (a) Except as limited by the declaration or this chapter, common elements other than  
 20.21 limited common elements may be used in common by all unit owners. Limited common  
 20.22 elements are designated for the exclusive use of the unit owners of the unit or units to  
 20.23 which the limited common elements are allocated, subject to subsection (b) and the rights  
 20.24 of the association as set forth in the declaration, the bylaws or this chapter.

20.25 (b) Except for the limited common elements described in ~~section 515B.2-102,~~  
 20.26 subsections (c) and (d), and (f) or limited common elements allocated by the declarant  
 20.27 pursuant to subsection (e), the declaration shall specify to which unit or units each limited  
 20.28 common element is allocated.

20.29 (c) Unless otherwise provided in the declaration, if any chute, flue, duct, wire,  
 20.30 pipe, conduit, bearing wall, bearing column, or other fixture or improvement: (i) serves  
 20.31 more than one but fewer than all units and is located wholly or partially outside the unit  
 20.32 boundaries, it is a limited common element allocated solely to the unit or units served;  
 20.33 (ii) serves all units or any portion of the common elements, it is a part of the common  
 20.34 elements; or (iii) serves only the unit and is located wholly within the unit boundaries, it  
 20.35 is a part of the unit.



21.1 (d) Unless otherwise provided in the declaration, improvements such as shutters,  
21.2 awnings, window boxes, doorsteps, stoops, porches, balconies, decks, patios, perimeter  
21.3 doors and windows, and their frames, constructed as part of the original construction to  
21.4 serve a single unit or units, and authorized replacements and modifications thereof, if  
21.5 located wholly or partially outside the unit boundaries, are limited common elements  
21.6 allocated solely to the unit or units served.

21.7 (e) If the declaration so provides, and subject to any different licensing provisions in  
21.8 a declaration recorded before August 1, 2010, the declarant may grant to a unit owner an  
21.9 exclusive license for the use of a common element originally designed and constructed to  
21.10 serve as a garage stall, storage locker, or other similar common element space, in which  
21.11 case the common element license shall be deemed to be appurtenant to the unit owner's  
21.12 unit, subject to transfer if so provided by the declaration. The declarant shall, at the time  
21.13 the license is granted, provide to the association a common element license evidenced  
21.14 by a separate instrument signed by the declarant, that, at a minimum, identifies the  
21.15 licensed common element, the unit identifier of the unit to which it is appurtenant, and  
21.16 a reference to the section of the declaration governing common element licenses. If the  
21.17 declaration so provides, the declarant may require the onetime payment to the declarant of  
21.18 a consideration for the grant of a license.

21.19 (1) Except as provided in the declaration or this subsection, no interest in the  
21.20 common element license may be held or transferred separate from the unit, and the  
21.21 purported transfer of any interest in the license other than to another unit owner shall be  
21.22 void.

21.23 (2) The right of any declarant to grant a common element license shall terminate at  
21.24 the earlier of (i) the conveyance of all units to persons other than a declarant or (ii) ten  
21.25 years after the recording of the declaration.

21.26 (3) The document granting the common element license shall not be recorded. The  
21.27 association shall maintain records of all common element licences, including originals  
21.28 or copies of the common element licenses and transfers of common element licenses  
21.29 authorized by the declaration.

21.30 (4) A common element license granted pursuant to this subsection shall not be  
21.31 subject to the approval requirements set forth in section 515B.3-102(a)(9).

21.32 ~~(e)~~ (f) An allocation of limited common elements may be changed by an amendment  
21.33 to the declaration executed by the unit owners between or among whose units the  
21.34 reallocation is made and the association. The amendment shall be approved by the board  
21.35 of directors of the association as to form, and compliance with the declaration and this  
21.36 chapter. The association shall establish fair and reasonable procedures and time frames for

22.1 the submission and processing of the reallocations, and shall maintain records thereof.  
 22.2 If approved, the association shall cause the amendment to be recorded promptly. The  
 22.3 amendment shall be effective when recorded. The association may require the unit owners  
 22.4 requesting the reallocation to pay all fees and costs for reviewing, preparing and recording  
 22.5 the amendment and any amended CIC plat.

22.6 Sec. 7. Minnesota Statutes 2008, section 515B.2-110, is amended to read:

22.7 **515B.2-110 COMMON INTEREST COMMUNITY PLAT (CIC PLAT).**

22.8 (a) A CIC plat is required for condominiums and planned communities, and  
 22.9 cooperatives in which the unit owners' interests are characterized as real estate. The CIC  
 22.10 plat is a part of the declaration in condominiums, in planned communities utilizing a CIC  
 22.11 plat complying with subsection (c), and in cooperatives in which the unit owners' interests  
 22.12 are characterized as real estate, but need not be physically attached to the declaration.

22.13 (1) In a condominium, a planned community not utilizing a subdivision plat or  
 22.14 registered land survey under subsection (d)(1), or a cooperative in which the unit owners'  
 22.15 interests are characterized as real estate, the CIC plat shall comply with subsection (c).

22.16 (2) In a planned community, a CIC plat which does not comply with subsection  
 22.17 (c) shall consist of all or part of a subdivision plat or registered land survey complying  
 22.18 with subsection (d), or any combination thereof. ~~The CIC subdivision plat or registered~~  
 22.19 ~~land survey need not contain the number of the common interest community and may be~~  
 22.20 ~~recorded at any time before the recording of the declaration; provided, that if the CIC plat~~  
 22.21 ~~complies with subsection (c), the number of the common interest community shall be~~  
 22.22 ~~included and the CIC plat shall be recorded at the time of recording of the declaration.~~

22.23 (3) In a cooperative in which the unit owners' interests are characterized as personal  
 22.24 property, a CIC plat shall not be required. In lieu of a CIC plat, the declaration, or any  
 22.25 amendment ~~to it~~ or supplemental declaration creating, converting, or subdividing units ~~in~~  
 22.26 ~~a personal property cooperative,~~ shall include an exhibit containing a dimensioned, scale  
 22.27 ~~drawing of each building, identifying the building, and showing the perimeter walls of~~  
 22.28 ~~each unit created or changed by the declaration or any amendment to it, including showing~~  
 22.29 (i) the boundaries of the land constituting the cooperative property, (ii) the location and  
 22.30 dimensions of the front, rear, and side boundaries of each unit, and (iii) the unit's unit  
 22.31 identifier; and its location within the building if the building contains more than one  
 22.32 unit cooperative property.

22.33 (b) The CIC plat, or supplemental or amended CIC plat, for condominiums, for  
 22.34 planned communities using a plat complying with subsection (c), and for cooperatives in  
 22.35 which the unit owners' interests are characterized as real estate, shall contain certifications

23.1 by a licensed professional land surveyor and licensed professional architect, as to the  
 23.2 parts of the CIC plat prepared by each, that (i) the CIC plat accurately depicts all  
 23.3 information required by this section, and (ii) the work was undertaken by, or reviewed  
 23.4 and approved by, the certifying land surveyor or architect. The portions of the CIC plat  
 23.5 depicting the dimensions of the portions of the common interest community described  
 23.6 in subsections (c)(8), (9), and (10), ~~and (12)~~, may be prepared by either a land surveyor  
 23.7 or an architect. The other portions of the CIC plat shall be prepared only by a land  
 23.8 surveyor. A certification of the CIC plat or supplemental CIC plat, or an amendment  
 23.9 to it, under this subsection by an architect is not required if all parts of the CIC plat,  
 23.10 supplemental CIC plat, or amendment are prepared by a land surveyor. Certification by  
 23.11 the land surveyor or architect does not constitute a guaranty or warranty of the nature,  
 23.12 suitability, or quality of construction of any improvements located or to be located in  
 23.13 the common interest community.

23.14 (c) A CIC plat for a condominium, a planned community not utilizing a subdivision  
 23.15 plat or registered land survey under subsection (d)(1), or a cooperative in which the unit  
 23.16 owners' interests are characterized as real estate, shall show:

23.17 (1) the number of the common interest community, and the boundaries, dimensions  
 23.18 and a legally sufficient description of the land included therein;

23.19 (2) the dimensions and location of all existing; roadways and material structural  
 23.20 improvements ~~and roadways~~ that are part of the common elements;

23.21 (3) the intended location and dimensions of ~~any contemplated common element~~ all  
 23.22 roadways and material structural improvements to be constructed that may be constructed  
 23.23 by the declarant within the common ~~interest community~~ elements after the filing of the  
 23.24 CIC plat, labeled either "MUST BE BUILT" or "NEED NOT BE BUILT";

23.25 (4) the location and dimensions of any additional real estate, labeled as such, and a  
 23.26 legally sufficient description of the additional real estate;

23.27 (5) the extent of any encroachments by or upon any portion of the common interest  
 23.28 community;

23.29 (6) the location and dimensions of all recorded easements within the land included  
 23.30 in the common interest community burdening any portion of the land;

23.31 (7) the distance and direction between noncontiguous parcels of real estate;

23.32 (8) the location and dimensions of limited common elements, except that with  
 23.33 respect to limited common elements described in section ~~515B.2-102, subsections (d) and~~  
 23.34 ~~(f)~~ 515B.2-109, subsections (c) and (d), only such material limited common elements as  
 23.35 porches, balconies, decks, and patios, ~~and garages~~ shall be shown;

24.1 (9) the location and dimensions of the front, rear, and side boundaries of each unit  
 24.2 and that unit's unit identifier;

24.3 (10) the location and dimensions of the upper and lower boundaries of each unit  
 24.4 with reference to an established or assumed datum and that unit's unit identifier; and

24.5 (11) a legally sufficient description of any real estate in which the unit owners will  
 24.6 own only an estate for years, labeled as "leasehold real estate";

24.7 ~~(12) any units which may be converted by the declarant to create additional units or~~  
 24.8 ~~common elements identified separately.~~

24.9 (d) A CIC plat for a planned community either shall comply with subsection (c),  
 24.10 or it shall:

24.11 (1) comply with chapter 505, 508, or 508A, as applicable; and

24.12 (2) comply with the applicable subdivision requirements of any governmental  
 24.13 authority within whose jurisdiction the planned community is located, subject to the  
 24.14 limitations set forth in section 515B.1-106.

24.15 (e) If a declarant adds additional real estate, the declarant shall record a supplemental  
 24.16 CIC plat or plats for the real estate being added, conforming to the requirements of this  
 24.17 section which apply to the type of common interest community in question. If less than  
 24.18 all additional real estate is being added, the supplemental CIC plat for a condominium,  
 24.19 a planned community whose CIC plat complies with subsection (c), or a cooperative  
 24.20 in which the unit owners' interests are characterized as real estate, shall also show the  
 24.21 location and dimensions of the remaining portion.

24.22 ~~(f) If, pursuant to section 515B.2-112, a declarant subdivides or converts any unit~~  
 24.23 ~~into two or more units, common elements or limited common elements, or combines~~  
 24.24 ~~two or more units, the declarant shall record an amendment to the CIC plat showing~~  
 24.25 ~~the location and dimensions of any new units, common elements or limited common~~  
 24.26 ~~elements thus created.~~

24.27 ~~(g)~~ (f) A CIC plat which complies with subsection (c) is not subject to chapter 505.

24.28 **EFFECTIVE DATE.** The amendments to this section are effective August 1, 2010,  
 24.29 and apply only to common interest communities created on or after that date.

24.30 Sec. 8. Minnesota Statutes 2008, section 515B.2-111, is amended to read:

24.31 **515B.2-111 EXPANSION OF FLEXIBLE COMMON INTEREST**  
 24.32 **COMMUNITY.**

24.33 (a) To add additional real estate pursuant to a right reserved under section  
 24.34 515B.2-106(a)(1), the declarant and ~~all persons whose interests in the owners of the~~

25.1 additional real estate ~~will be conveyed to unit owners or the association to be added,~~  
 25.2 except vendors under a contract for deed, shall execute and record ~~a supplemental~~  
 25.3 ~~declaration~~ an instrument, titled a "supplemental declaration," as provided in this section.  
 25.4 The supplemental declaration ~~shall be titled a "supplemental declaration,"~~ shall be limited  
 25.5 to matters authorized by this section, and shall include:

25.6 (1) a legally sufficient description of the real estate added by the supplemental  
 25.7 declaration;

25.8 (2) a description of the boundaries of each unit created by the supplemental  
 25.9 declaration, consistent with the declaration, and the unit's unit identifier;

25.10 (3) in a planned community containing common elements, a legally sufficient  
 25.11 description of the common elements;

25.12 (4) a reallocation of the common element interests, votes in the association, and  
 25.13 common expense liabilities as applicable, in compliance with the declaration and section  
 25.14 515B.2-108;

25.15 (5) a description of any limited common elements formed out of the additional real  
 25.16 estate, designating the unit to which each is allocated to the extent required by section  
 25.17 515B.2-109;

25.18 (6) a statement, based upon the declarant's current good faith estimate, of the total  
 25.19 number of units that may be created within any remaining additional real estate;

25.20 ~~(6)~~ (7) a statement as to whether or not the period of declarant control has terminated,  
 25.21 regardless of the reason for such termination; and

25.22 ~~(7)~~ (8) an attached affidavit attesting to the giving of the notice required by  
 25.23 subsection (b), if such notice is required.

25.24 (b) If the period of declarant control has terminated, a declarant shall give notice of  
 25.25 its intention to add additional real estate to the association (Attention: president of the  
 25.26 association) by a notice given in the manner provided in section 515B.1-115 not less  
 25.27 than 15 days prior to recording the supplemental declaration which adds the additional  
 25.28 real estate. A copy of the supplemental declaration shall be attached to the notice. The  
 25.29 supplemental declaration may be in proposed form; however, following notice, the  
 25.30 supplemental declaration shall not be changed so as to materially and adversely affect the  
 25.31 rights of unit owners or the association unless a new 15-day notice is given in accordance  
 25.32 with this section.

25.33 (c) A lien upon the additional real estate that is not also upon the existing common  
 25.34 interest community is a lien only upon the units, and their respective interest in the  
 25.35 common elements (if any), that are created from the additional real estate. Units within  
 25.36 the common interest community as it existed prior to expansion are transferred free of

26.1 liens that existed only upon the additional real estate, notwithstanding the fact that the  
 26.2 interest in the common elements is a portion of the entire common interest community,  
 26.3 including the additional real estate.

26.4 (d) If a supplemental declaration in a planned community creates common  
 26.5 elements, then a conveyance of the common elements to the association shall be recorded  
 26.6 simultaneously with the supplemental declaration. If a supplemental declaration adds  
 26.7 additional real estate to a cooperative, then a conveyance of the additional real estate to  
 26.8 the association shall be recorded simultaneously with the supplemental declaration.

26.9 Sec. 9. Minnesota Statutes 2008, section 515B.2-112, is amended to read:

26.10 **515B.2-112 SUBDIVISION, COMBINATION, OR CONVERSION OF UNITS.**

26.11 (a) If the declaration so provides, (i) ~~one a unit~~ or ~~more~~ units that are not owned  
 26.12 exclusively by a declarant or the association may be subdivided into two or more units  
 26.13 or combined into a lesser number of units, or (ii) a unit or units owned exclusively by a  
 26.14 declarant or the association may be subdivided, combined, or converted into one or more  
 26.15 units, limited common elements, common elements, or a combination of units, limited  
 26.16 common elements or common elements.

26.17 (b) If the unit or units are not owned exclusively by a declarant or the association,  
 26.18 the unit owners of the units to be combined or subdivided shall cause to be prepared  
 26.19 and submitted to the association for approval an application for an amendment to the  
 26.20 declaration and amended CIC plat, for the purpose of subdividing or combining the  
 26.21 unit or units. The application shall contain, at a minimum, a general description of the  
 26.22 proposed subdivision or combination, and shall specify in detail the matters required  
 26.23 by ~~subsection~~ subsections (e) (d)(2) and (3), and (4). The basis for disapproval of the  
 26.24 application by the association shall be limited to (i) health or safety considerations, (ii)  
 26.25 liability considerations for the association and other unit owners, (iii) aesthetic changes  
 26.26 to the common elements or another unit, (iv) any material and adverse impact on the  
 26.27 common elements or another unit, or (v) a failure to comply with the declaration, this  
 26.28 chapter, or governmental laws, ordinances, or regulations. The association shall give  
 26.29 written notice of its decision and required changes to the unit owner or owners who made  
 26.30 the application. The association shall establish fair and reasonable procedures and time  
 26.31 frames for the submission and prompt processing of the applications. If an application  
 26.32 under this subsection is approved, the unit owner shall cause an amendment, and an  
 26.33 amended CIC plat if required, to be prepared based upon the approved application.

26.34 (c) If the unit or units are owned exclusively by a declarant or the association, the  
 26.35 declarant or the association, as applicable, shall have the authority to unilaterally prepare,

27.1 execute, and record, at its expense, an amendment to the declaration and an amended  
 27.2 CIC plat subdividing, combining, or converting the unit or units. The amendment shall  
 27.3 comply with subsection (d)(2), (3), (4), and (5), and shall be limited to those provisions  
 27.4 necessary to accomplish the subdivision, combination, or conversion unless the consent of  
 27.5 unit owners required to amend the declaration is obtained.

27.6 ~~(c)~~ (d) An amendment approved under this section subsection (b) shall:

27.7 (1) be executed by the association and ~~by each unit owner and any secured party~~  
 27.8 ~~with respect to~~ of each unit to be combined or subdivided, if approved under subsection  
 27.9 ~~(b) and consented to by each secured party with a security interest in a unit to be combined~~  
 27.10 or subdivided;

27.11 (2) assign a unit identifier to each unit resulting from the subdivision, conversion, or  
 27.12 combination;

27.13 (3) reallocate the common element interest, votes in the association, and common  
 27.14 expense liability, as applicable, formerly allocated to the unit or units ~~to be being~~  
 27.15 combined, converted, or subdivided (i) only among the resulting unit or units resulting  
 27.16 ~~from the subdivision or combination~~, or (ii) among all remaining units in the case of a  
 27.17 conversion of a unit or units entirely to common elements, as applicable, on the basis of  
 27.18 the formula described in the declaration; and

27.19 (4) reallocate limited common elements formerly allocated to the unit or units being  
 27.20 combined, converted, or subdivided among the resulting unit or units, or designate part or  
 27.21 all of the limited common elements as common elements in the case of a conversion of  
 27.22 a unit or units; and

27.23 ~~(4)~~ (5) conform to the requirements of the declaration and this chapter.

27.24 ~~(d)~~ (e) If the association determines that the amendment and amended CIC plat  
 27.25 conform to the ~~approved~~ application approved under subsection (b), the declaration,  
 27.26 and this chapter, the association shall execute the amendment and cause the amendment  
 27.27 and the amended CIC plat to be recorded. The association may require the unit owners  
 27.28 executing the amendment to pay all fees and costs for reviewing, preparing, and recording  
 27.29 the amendment and the amended CIC plat, and any other fees or costs incurred by the  
 27.30 association in connection therewith.

27.31 ~~(c) If the unit or units are owned exclusively by a declarant, the declarant shall~~  
 27.32 ~~have the authority to unilaterally prepare and record, at its expense, an amendment and~~  
 27.33 ~~an amended CIC plat subdividing, combining, or converting the unit or units. The~~  
 27.34 ~~amendment shall comply with subsections (c)(2), (3), and (4), and shall be limited to those~~  
 27.35 ~~provisions necessary to accomplish the subdivision, combination, or conversion unless the~~  
 27.36 ~~consent of unit owners required to amend the declaration is obtained.~~

28.1 (f) The amended CIC plat shall show the resulting common elements, limited  
28.2 common elements or units, as subdivided, combined, or converted.

28.3 (g) A secured party's interest and remedies shall be deemed to apply to the unit or  
28.4 units that result from the subdivision or combination of the unit or units in which the  
28.5 secured party held a security interest. If the secured party enforces any remedy, including  
28.6 foreclosure of its lien, against any of the resulting units, all instruments and notices  
28.7 relating to the foreclosure shall describe the subject property as described in terms of the  
28.8 amendment and the amended CIC plat which created the resulting units.

28.9 Sec. 10. Minnesota Statutes 2008, section 515B.2-113, is amended to read:

28.10 **515B.2-113 ~~ALTERATIONS~~ ALTERATION OF UNITS.**

28.11 (a) Subject to the provisions of the declaration and applicable law, a unit owner  
28.12 may, at the unit owner's expense, make any improvements or alterations to the unit,  
28.13 provided: (i) that they do not impair the structural integrity or mechanical systems, affect  
28.14 the common elements, or impair the support of any portion of the common interest  
28.15 community; (ii) that prior arrangements are made with the association to ensure that other  
28.16 unit owners are not disturbed; (iii) that the common elements are not damaged; and (iv)  
28.17 that the common elements and other units are protected against mechanics' liens.

28.18 (b) Subject to the provisions of applicable law, a unit owner of a unit in residential  
28.19 use may, at the unit owner's expense, make improvements or alterations to the unit as  
28.20 necessary for the full enjoyment of the unit by any person residing in the unit who has a  
28.21 disability, as provided in the Fair Housing Amendments Act, United States Code, title  
28.22 42, section 3601, et seq., and the Minnesota Human Rights Act, chapter 363A, and any  
28.23 amendments to those acts. This subsection applies to all common interest communities  
28.24 subject to this chapter, chapter 515, or 515A, notwithstanding any contrary provision of  
28.25 section 515B.1-102.

28.26 (c) The declaration, bylaws, rules, and regulations, or agreements with the  
28.27 association may not prohibit the improvements or alterations referred to in subsection (b),  
28.28 but may reasonably regulate the type, style, and quality of the improvements or alterations,  
28.29 as they relate to health, safety, and architectural standards. In addition, improvements  
28.30 or alterations made pursuant to subsection (b) must comply with subsection (a)(i), (ii),  
28.31 (iii), and (iv).

28.32 (d) ~~Notwithstanding any contrary provision of section 515B.1-102, subsection (b)~~  
28.33 ~~applies to all common interest communities subject to this chapter, chapter 515, or 515A.~~  
28.34 The unit owner's rights under this section may not be waived.



29.1 (e) Subsection (b) does not apply to restrictions on improvements or alterations  
 29.2 imposed by statute, rule, or ordinance.

29.3 (f) Subject to the provisions of the declaration and applicable law, a unit owner  
 29.4 may, at the unit owner's expense, after acquiring title to an adjoining unit or an adjoining  
 29.5 part of an adjoining unit, with the prior written approval of the association and first  
 29.6 mortgagees of the affected units, remove or alter any intervening partition or create  
 29.7 apertures therein, even if the partition is part of the common elements, if those acts do not  
 29.8 impair the structural integrity or mechanical systems or lessen the support of any portion  
 29.9 of the common interest community. The adjoining unit owners shall have the exclusive  
 29.10 license to use the space occupied by the removed partition, but the use shall not create  
 29.11 an easement or vested right. Removal of partitions or creation of apertures under this  
 29.12 ~~paragraph~~ subsection is not an alteration of boundaries. The association may require that  
 29.13 the owner or owners of units affected replace or restore any removed partition, that the  
 29.14 unit owner comply with subsection (a)(i), (ii) and (iii), and that the unit owner pay all fees  
 29.15 and costs incurred by the association in connection with the alteration.

29.16 Sec. 11. Minnesota Statutes 2008, section 515B.2-114, is amended to read:

29.17 **515B.2-114 RELOCATION OF BOUNDARIES BETWEEN ADJOINING**  
 29.18 **UNITS.**

29.19 (a) Subject to the provisions of the declaration and applicable law, the boundaries  
 29.20 between adjoining units may be relocated by an amendment to the declaration upon the  
 29.21 submission of an application to the association by the owners of those units and approval  
 29.22 by the association. The application shall contain, at a minimum, a general description of  
 29.23 the proposed relocation, and shall specify in detail the matters required by subsection  
 29.24 (b)(2) and (3).

29.25 (b) The association shall establish fair and reasonable procedures and time frames  
 29.26 for the submission and prompt processing of the applications. The basis for disapproval  
 29.27 shall be limited to structural or safety considerations, or a failure to comply with  
 29.28 the declaration, this chapter, or governmental laws, ordinances or regulations. If the  
 29.29 application is approved, the unit owners making the application shall cause an amendment  
 29.30 and amended CIC plat to be prepared based upon the approved application, and submit  
 29.31 them to the association for approval. The amendment shall:

29.32 (1) be executed by the association and the unit owners making the application, and  
 29.33 consented to by any secured party with respect to the units;

29.34 (2) identify the units involved;

30.1 (3) reallocate the common element interest, votes in the association and common  
 30.2 expense liability formerly allocated to the units among the newly defined units on the  
 30.3 basis described in the declaration;

30.4 (4) contain words of conveyance between them;

30.5 (5) contain such other provisions as may be reasonably required by the association;

30.6 and

30.7 (6) conform to the requirements of the declaration and this chapter.

30.8 (c) The interest and remedies of a secured party which joins in the amendment  
 30.9 pursuant to this section shall be deemed to be modified as provided in the amendment.

30.10 (d) The association may require the unit owners making the application to build a  
 30.11 boundary wall and other common elements between the units, and to pay all fees and costs  
 30.12 for reviewing, preparing and recording the amendment and the amended CIC plat, and any  
 30.13 other fees or costs incurred by the association in connection therewith.

30.14 (e) The applicant shall deliver a copy of the recorded amendment and amended  
 30.15 CIC plat to the association.

30.16 Sec. 12. Minnesota Statutes 2008, section 515B.2-118, is amended to read:

30.17 **515B.2-118 AMENDMENT OF DECLARATION.**

30.18 (a) The declaration, including any CIC plat, may be amended only by vote or written  
 30.19 ~~agreement~~ consent of unit owners of units to which at least 67 percent of the votes in the  
 30.20 association are allocated, or any greater or other requirement the declaration specifies,  
 30.21 subject to the following qualifications:

30.22 (1) A declarant may execute supplemental declarations or amendments under  
 30.23 section 515B.2-111 or 515B.2-112.

30.24 (2) The association and certain unit owners, as applicable, may execute amendments  
 30.25 under section 515B.2-107, 515B.2-109, 515B.2-112, ~~515B.2-113~~, 515B.2-114,  
 30.26 ~~515B.2-119, 515B.2-122, 515B.2-123~~, or 515B.2-124.

30.27 (3) Except for amendments or supplemental declarations under subsection (a)(1)  
 30.28 and (2), and except as provided in sections 515B.1-102(d)(3) and 515B.2-106(a)(2), the  
 30.29 unanimous written consent of the unit owners is required for any amendment which (i)  
 30.30 creates or increases special declarant rights, (ii) increases the number of units, (iii) changes  
 30.31 the boundaries of any unit, (iv) changes the allocated interests of a unit, (v) changes  
 30.32 common elements to limited common elements or units, (vi) changes the authorized  
 30.33 use of a unit from residential to nonresidential, or conversely, or (vii) changes the  
 30.34 characterization of the unit owner's interest in a cooperative from real estate to personal  
 30.35 property, or conversely; ~~unless the amendment is expressly permitted or required by other~~

31.1 ~~provisions of this chapter.~~ Where the amendment involves the conversion of common  
 31.2 elements into a unit or units, the title to the unit or units created shall, upon recording of  
 31.3 the amendment, vest in the association free and clear of the interests of the unit owners  
 31.4 and all secured parties holding security interests in units.

31.5 (4) In addition to any other requirements contained in this section, a declarant must  
 31.6 execute an amendment that eliminates or modifies any special declarant rights held by  
 31.7 that declarant.

31.8 (5) If any provision of this chapter, the declaration, the bylaws, or the articles of  
 31.9 incorporation requires the consent of a secured party holding a security interest in a unit  
 31.10 as a condition for the approval or effectiveness of an amendment to the declaration, the  
 31.11 bylaws, or the articles of incorporation, the consent is deemed to be granted if the secured  
 31.12 party's written refusal to consent is not received by the association within 60 days after  
 31.13 the secured party receives from the association notice and a copy of the amendment, by  
 31.14 certified United States mail, postage prepaid and return receipt requested. If the secured  
 31.15 party has not otherwise provided to the association an address for notice, the association  
 31.16 shall send the notice to the address, if any, set forth in the recorded instrument that  
 31.17 evidences the security interest. This subsection shall not apply to an amendment that  
 31.18 affects the priority of a secured party's security interest or the ability of a secured party  
 31.19 to foreclose its security interest. In such cases, the number or percentage of secured  
 31.20 parties whose consent is required by the instrument to be amended must consent to the  
 31.21 amendment in writing.

31.22 ~~(4)~~ (6) The declaration may specify less than 67 percent for approval of an  
 31.23 amendment, but only if all of the units are restricted to nonresidential use.

31.24 (b) No action to challenge the validity of an amendment ~~adopted by the association~~  
 31.25 ~~pursuant to this section~~ or a supplemental declaration may be brought more than two years  
 31.26 after the amendment or supplemental declaration is recorded.

31.27 (c) Every amendment to ~~the~~ a declaration or supplemental declaration shall be  
 31.28 recorded in every county in which any portion of the common interest community is  
 31.29 located and is effective only when recorded. If an amendment (i) changes the number  
 31.30 of units, (ii) changes the boundary of a unit, (iii) changes common elements to limited  
 31.31 common elements, ~~or conversely,~~ where the limited common element is required by  
 31.32 section 515B.2-110(c), to be shown on the CIC plat, (iv) changes limited common  
 31.33 elements to common elements if the limited common elements are show as limited  
 31.34 common elements on the CIC plat, or ~~(iv)~~ (v) makes any other change that affects  
 31.35 creates an inconsistency between the declaration, as amended, and the CIC plat, then an  
 31.36 amendment to the CIC plat reflecting the change shall be recorded.

32.1 Sec. 13. Minnesota Statutes 2008, section 515B.2-119, is amended to read:

32.2 **515B.2-119 TERMINATION OF COMMON INTEREST COMMUNITY.**

32.3 (a) Except as otherwise provided in this chapter, a common interest community may  
32.4 be terminated only by agreement of unit owners of units to which at least 80 percent  
32.5 of the votes in the association are allocated, and 80 percent of the first mortgagees of  
32.6 units (each mortgagee having one vote per unit financed), or any larger percentage the  
32.7 declaration specifies. The declaration may specify a smaller percentage only if all of the  
32.8 units are restricted to nonresidential use.

32.9 (b) An agreement to terminate shall be evidenced by a written agreement, executed  
32.10 in the same manner as a deed by the number of unit owners and first mortgagees of units  
32.11 required by subsection (a). The agreement shall specify a date after which the agreement  
32.12 shall be void unless recorded before that date. The agreement shall also specify a date by  
32.13 which the termination of the common interest community and the winding up of its affairs  
32.14 must be accomplished. A certificate of termination executed by the association evidencing  
32.15 the termination shall be recorded on or before the termination date, or the agreement to  
32.16 terminate shall be revoked. The agreement to terminate, or a memorandum thereof, and  
32.17 the certificate of termination shall be recorded in every county in which a portion of the  
32.18 common interest community is situated and is effective only upon recording.

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

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

32.30 (e) The association, on behalf of the unit owners, shall have authority to contract  
32.31 for the sale of real estate in a common interest community pursuant to this section,  
32.32 subject to the required approval. The agreement to terminate shall be deemed to grant  
32.33 to the association a power of attorney coupled with an interest to effect the conveyance  
32.34 of the real estate on behalf of the holders of all interests in the units, including without  
32.35 limitation the power to execute all instruments of conveyance and related instruments.  
32.36 Until the sale has been completed, all instruments in connection with the sale have been

33.1 executed and the sale proceeds distributed, the association shall continue in existence  
33.2 with all powers it had before termination.

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

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

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

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

33.19 (1) In a planned community utilizing a CIC plat complying with section  
33.20 515B.2-110(d)(1) and (2), the lot and block description contained in the CIC plat, and any  
33.21 amendments thereto, subject to any subsequent conveyance or taking of a fee interest in  
33.22 any part of the property.

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

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

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

34.10 (h) The proceeds of any sale of real estate pursuant to subsection (e), together with  
34.11 the assets of the association, shall be held by the association as trustee for unit owners,  
34.12 secured parties and other holders of liens on the units as their interests may appear. Before  
34.13 distributing any proceeds, the association shall have authority to deduct from the proceeds  
34.14 of sale due with respect to the unit (i) unpaid assessments levied by the association with  
34.15 respect to the unit, (ii) unpaid real estate taxes or special assessments due with respect  
34.16 to the unit, and (iii) the share of expenses of sale and winding up of the association's  
34.17 affairs with respect to the unit.

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

34.23 (j) In a cooperative, the declaration may provide that all creditors of the association  
34.24 have priority over any interests of unit owners and creditors of unit owners. In that event,  
34.25 following termination, creditors of the association holding liens on the cooperative which  
34.26 were perfected before termination may enforce their liens in the same manner as any  
34.27 lienholder, in order of priority based upon their times of perfection. All other creditors  
34.28 of the association shall be treated as if they had perfected a lien against the cooperative  
34.29 immediately before termination. Unless the declaration provides that all creditors of  
34.30 the association have that priority:

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

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

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

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

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

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

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

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

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

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

36.1 (n) Following the termination of a common interest community in accordance with  
 36.2 this section, the ~~board of directors of the~~ association shall ~~cause the association to be~~  
 36.3 dissolved in accordance with law.

36.4 Sec. 14. Minnesota Statutes 2008, section 515B.2-121, is amended to read:

36.5 **515B.2-121 MASTER ASSOCIATIONS.**

36.6 (a) A master association formed after June 1, 1994, shall be organized as a Minnesota  
 36.7 profit, nonprofit or cooperative corporation. A master association shall be incorporated  
 36.8 prior to the delegation to it of any powers under this chapter.

36.9 (b) The members of the master association shall be any combination of (i) unit  
 36.10 owners ~~of one or more common interest communities~~, (ii) ~~one or more~~ associations,  
 36.11 (iii) ~~one or more~~ master associations, or (iv) owners of real estate or property owners'  
 36.12 associations not subject to this chapter but only in combination with ~~any~~ at least one other  
 36.13 category of member. An association or its members may be members of an entity created  
 36.14 before June 1, 1994, which performs functions similar to those performed by a master  
 36.15 association regardless of whether the entity is subject to this chapter.

36.16 (c) A master association shall be governed by a master board ~~of directors~~. Except  
 36.17 as expressly prohibited by the master declaration, the master association's articles of  
 36.18 incorporation or bylaws, or other provisions of this chapter, the master ~~association~~ board  
 36.19 may act in all instances on behalf of the master association. The directors of a master  
 36.20 association shall be elected or, if a nonprofit corporation, elected or appointed, in a manner  
 36.21 consistent with the requirements of the statute under which the master association is  
 36.22 formed and of the master association's articles of incorporation and bylaws, and subject to  
 36.23 the following requirements:

36.24 ~~(1) Except as set forth in subsections (2) and (3), the members of the master~~  
 36.25 ~~association shall elect the board of directors. A majority of the directors shall be members~~  
 36.26 ~~of the master association or members of a member of the master association, and shall be~~  
 36.27 ~~persons other than a declarant or affiliate of a declarant. If the member is not a natural~~  
 36.28 ~~person, it may designate a natural person to act on its behalf.~~

36.29 ~~(2) The articles of incorporation or bylaws of the master association may authorize~~  
 36.30 ~~any person, whether or not the person is a member of, or otherwise subject to, the master~~  
 36.31 ~~association, including a declarant, to appoint or elect one director.~~

36.32 ~~(3) A master association's articles of incorporation may suspend the members' right~~  
 36.33 ~~to elect or, in the case of a nonprofit corporation, elect or appoint, the master association's~~  
 36.34 ~~board of directors for a specified time period. During this period, the person or persons~~  
 36.35 ~~who execute the master declaration under subsection (f)(1), or their successors or assigns,~~



37.1 ~~may appoint the directors. The period during which the person or persons may appoint~~  
 37.2 ~~the directors begins when the master declaration is recorded and terminates upon the~~  
 37.3 ~~earliest of:~~

- 37.4 ~~(i) the voluntary surrender of the right to appoint directors;~~
- 37.5 ~~(ii) the date ten years after the date the master declaration is recorded;~~
- 37.6 ~~(iii) the date, if any, in the articles of incorporation; or~~
- 37.7 ~~(iv) the date when at least 75 percent of the units and other parcels of real estate~~  
 37.8 ~~which are referred to in subsection (f)(1)(vii) have been conveyed to such persons for~~  
 37.9 ~~occupancy by the persons or their tenants.~~

37.10 ~~(4) The term of any director appointed under subsection (3) expires 60 days after~~  
 37.11 ~~the right to appoint directors terminates. The master association's board of directors shall~~  
 37.12 ~~call an annual or special meeting of the master association's members to elect or appoint~~  
 37.13 ~~successor directors within the 60-day period.~~

37.14 ~~(5) The system for the election of directors shall be fair and equitable and shall~~  
 37.15 ~~take into account the number of members of each association any of whose powers are~~  
 37.16 ~~delegated to the master association, the needs of the members of the master association,~~  
 37.17 ~~the allocation of liability for master association common expenses, and the types of~~  
 37.18 ~~common interest communities and other real estate subject to the master association.~~

37.19 ~~(d) The articles of incorporation or bylaws of the master association may authorize~~  
 37.20 ~~special classes of directors and allocations of director voting rights, as follows: (i) classes~~  
 37.21 ~~of directors that are elected by different classes of members, to address operational,~~  
 37.22 ~~physical, or administrative differences within the master association, or (ii) class voting~~  
 37.23 ~~by the classes of directors on specific issues affecting only a certain class or classes of~~  
 37.24 ~~members, units or other parcels of real estate, or to otherwise protect the legitimate~~  
 37.25 ~~interests of such class or classes. No person may utilize such special classes or allocations~~  
 37.26 ~~for the purpose of evading any limitation imposed on declarants by this chapter.~~

37.27 (1) The master declaration may provide for a period of master developer control  
 37.28 of the master association during which a master developer or a person designated by  
 37.29 the master developer may appoint and remove the officers and directors of the master  
 37.30 association. The period of master developer control begins on the date of the recording of  
 37.31 the master declaration and terminates upon the earliest of the following events:

- 37.32 (i) the voluntary surrender of the right to appoint directors;
- 37.33 (ii) the date ten years after the date the master declaration is recorded, unless  
 37.34 extended by an amendment to the master declaration approved in writing by the master  
 37.35 developer, and by 67 percent of the votes of members other than the master developer;
- 37.36 (iii) the termination date, if any, in the master declaration; or

38.1 (iv) the date when at least 75 percent of the total units and other parcels of real estate  
38.2 referred to in subsection (e)(1)(vii) have been conveyed to persons other than a master  
38.3 developer, master association, declarant, or association.

38.4 (2) Upon the termination of the period of master developer control, the master board  
38.5 shall cause a meeting of the members of the master association to be called and held  
38.6 within 60 days after said termination, at which time the directors shall be elected by all  
38.7 members, including the master developer if a member. If the master board fails or refuses  
38.8 to call a meeting of the unit owners required to be called by this subsection, then the  
38.9 members other than the master developer and its affiliates if they are members, may cause  
38.10 the meeting to be called pursuant to the applicable provisions of the statute under which  
38.11 the master association was created. If the master developer or its affiliates are members,  
38.12 they shall be deemed to be present at the meeting for purposes of establishing a quorum  
38.13 regardless of their failure to attend the meeting. The master board shall thereafter be  
38.14 subject to the following:

38.15 (i) unless otherwise approved by a vote of members other than the master developer  
38.16 or an affiliate of the master developer, a majority of the directors shall be members, or a  
38.17 natural person designated by a member that is not a natural person, other than the master  
38.18 developer or an affiliate of the master developer;

38.19 (ii) subject to the requirements of subsection (c)(2)(i), the articles of incorporation or  
38.20 bylaws may authorize the master developer or a person designated by the master developer  
38.21 to appoint one director, who need not be a member. The articles of incorporation or  
38.22 bylaws shall not be amended to change or terminate the authorization to appoint one  
38.23 director without the written consent of the master developer or other person possessing  
38.24 the power to appoint; and

38.25 (iii) subject to the requirements of subsection (c)(2)(i), the articles of incorporation  
38.26 or bylaws may authorize special classes of directors and director voting rights, as follows:  
38.27 (A) classes of directors, (B) the appointment or election of directors in certain classes by  
38.28 certain classes of members, or (C) class voting by classes of directors on issues affecting  
38.29 only a certain class or classes of members, units, or other parcels of real estate, or to  
38.30 otherwise protect the legitimate interests of such class or classes. No person may utilize  
38.31 such special classes or class voting for the purpose of evading any limitation imposed by  
38.32 this chapter on master developers or declarants.

38.33 ~~(e)~~ (d) Subject to subsection (c)(1), the officers of a master association shall be  
38.34 elected, appointed, or designated in a manner consistent with the statute under which  
38.35 the master association is formed and consistent with the master association articles of  
38.36 incorporation and bylaws.

39.1 ~~(f)~~ (e) The creation and authority of a master association shall be governed by the  
 39.2 following requirements:

39.3 (1) A master declaration shall be recorded in connection with the creation of a  
 39.4 master association. The master declaration shall be executed by the owners of the real  
 39.5 estate subjected to the master declaration and by the master developer if not an owner.

39.6 The master declaration shall contain, at a minimum:

39.7 (i) the name of the master association;

39.8 (ii) a legally sufficient description of the real estate which is subject to the master  
 39.9 declaration, identifying any interest in the real estate which will be owned by the master  
 39.10 association, and a legally sufficient description of any other real estate which may be  
 39.11 subjected to the master declaration pursuant to subsection ~~(g)~~ (f);

39.12 (iii) a statement as to whether the real estate subject to, and which may be subjected  
 39.13 to, the master declaration collectively is or collectively will be a separate common interest  
 39.14 community;

39.15 (iv) a description of the members of the master association;

39.16 (v) a description of the master association's powers. To the extent described in  
 39.17 the master declaration, a master association has the powers with respect to the master  
 39.18 association's members and the property subject to the master declaration that section  
 39.19 515B.3-102 grants to an association with respect to the association's members and the  
 39.20 property subject to the declaration. A master association also has the powers delegated to  
 39.21 it by an association pursuant to subsection ~~(f)~~ (e)(2) or by a property owners' association  
 39.22 not subject to the chapter; provided ~~(i)~~ (A) that the master declaration identifies the  
 39.23 powers and authorizes the delegation either expressly or by a grant of authority to the  
 39.24 master board of the association or property owners' association and ~~(ii)~~ (B) that the master  
 39.25 association board has not refused the delegation pursuant to subsection ~~(f)~~ (e)(4). The  
 39.26 provisions of the declarations of the common interest communities, or the provisions of  
 39.27 recorded instruments governing other property subject to the master declaration, that  
 39.28 delegate powers to the master association shall be consistent with the provisions of the  
 39.29 master declaration that govern the delegation of the powers;

39.30 (vi) a description of the formulas governing the allocation of assessments and  
 39.31 member voting rights, including any special classes or ~~allocations~~ class voting referred  
 39.32 to in subsection ~~(d)~~ (c);

39.33 (vii) a statement, based upon the master developer's good faith estimate, of the total  
 39.34 number of units and other parcels of real estate intended for ~~private~~ ownership ~~and use~~  
 39.35 by persons other than a master developer, master association, declarant, or association  
 39.36 that are ~~(i)~~ (A) subject to the master declaration as initially recorded and ~~(ii)~~ (B) intended

40.1 to be created by the addition of real estate or by the subdivision of units or other parcels  
40.2 of real estate; and

40.3 (viii) the requirements for amendment of the master declaration, other than an  
40.4 amendment under subsection ~~(g)~~ (f).

40.5 (2) The declaration of a common interest community located on property subject to  
40.6 a master declaration may:

40.7 (i) delegate any of the powers described in section 515B.3-102 to the  
40.8 master association; provided, that a delegation of the powers described in section  
40.9 515B.3-102(a)(2) is effective only if expressly stated in the declaration; and

40.10 (ii) authorize the master board to delegate any of the powers described in section  
40.11 515B.3-102, except for the powers described in section 515B.3-102(a)(2), to the master  
40.12 association.

40.13 (3) With respect to any other property subject to a master association, there need  
40.14 not be an instrument other than the master declaration recorded against the property to  
40.15 empower the master association to exercise powers with respect to the property.

40.16 (4) If a declaration or other recorded instrument authorizes the master board or the  
40.17 board of a property owners' association to delegate powers to a master association, the  
40.18 ~~master association~~ board may refuse any delegation of powers that does not comply with  
40.19 (i) this chapter, (ii) the declaration or other recorded instrument, or (iii) the organizational  
40.20 documents of the master association.

40.21 (5) The failure of a declaration, a master board or an owner of property subject  
40.22 to a master association to properly delegate some or all of the powers to the master  
40.23 association does not affect the authority of the master association to exercise those and  
40.24 other powers with respect to other common interest communities or owners of properties  
40.25 that are subject to the master association.

40.26 (6) Any interest in the real estate subject to a master declaration that subsection  
40.27 (e)(1)(ii), or (f) indicates will be owned by the master association shall be conveyed  
40.28 to the master association immediately after the recording of the master declaration or  
40.29 amendment to the master declaration, as applicable.

40.30 ~~(g) (f) If the master declaration may authorize so provides, other real estate to may~~  
40.31 ~~be subjected to the master declaration. The other real estate shall be subjected to the~~  
40.32 ~~master declaration by an amendment executed (i) by the master developer and (ii) by the~~  
40.33 ~~owner of the other real estate and any other person or persons required by the master~~  
40.34 ~~declaration, and recorded. The amendment shall identify any ownership interest in the~~  
40.35 other real estate that will be owned by the master association.

41.1 ~~(h)~~ (g) Sections 515B.3-103(a), (b), and (g), 515B.3-108, 515B.3-109, 515B.3-110,  
 41.2 and 515B.3-112 shall apply in the conduct of the affairs of a master association. But the  
 41.3 rights of voting, notice, and other rights enumerated in those sections apply to persons  
 41.4 who elect or appoint the directors of a master board of a master association, whether or not  
 41.5 those persons are otherwise unit owners within the meaning of this chapter.

41.6 ~~(h)~~ (h) If so provided in the master declaration, a master association may levy  
 41.7 assessments for common expenses of the master association against its members and the  
 41.8 property subject to the master declaration, and have and foreclose liens securing the  
 41.9 assessments. The assessment liens shall have the same priority against secured parties,  
 41.10 shall include the same fees and charges, and may be foreclosed in the same manner,  
 41.11 as assessment liens under section 515B.3-116. The master association's lien shall have  
 41.12 priority as against the lien of an association or property owners' association subject to the  
 41.13 master association, regardless of when the lien arose or was perfected.

41.14 (1) Master association common expenses shall be allocated among the members of  
 41.15 the master association in a fair and equitable manner. If the members include associations  
 41.16 or property owners' associations, then the master assessments may be allocated among  
 41.17 and levied against the associations or property owners' associations, or allocated among  
 41.18 and levied against the units or other parcels of real estate owned by the members of the  
 41.19 association or property owners' association. If so provided in the master declaration,  
 41.20 master assessments levied against a member association or property owners' association  
 41.21 are allocated among and levied against the units or other parcels of real estate owned  
 41.22 by the members of the association or property owners' association. If applicable and  
 41.23 appropriate, the formulas and principles described in section 515B.2-108, subsections (b),  
 41.24 (c), (d), and (e), shall be used in making the allocations. The assessment formulas and  
 41.25 procedures described in the declarations of any common interest communities or any  
 41.26 instruments governing other real estate subject to the master association shall not conflict  
 41.27 with the formulas and procedures described in the master declaration.

41.28 (2) Subject to subsection (i), the master declaration may exempt from liability for  
 41.29 all or a portion of master association assessments any person authorized by subsection  
 41.30 ~~(c)(3)(1)~~ (1) to appoint the members of the master association board, or any other person, and  
 41.31 exempt any unit or other parcel of real estate owned by the person from a lien for such  
 41.32 assessments, until a the building constituting containing the unit, or located within the  
 41.33 boundaries of the unit or other parcel of real estate, is substantially completed. Substantial  
 41.34 completion shall be evidenced by a certificate of occupancy in a jurisdiction that issues  
 41.35 that certificate.

42.1           ⊕ (i) A master association shall not be used, directly or indirectly, to avoid or  
 42.2 nullify any warranties or other obligations for which a declarant of a common interest  
 42.3 community subject to the master association is responsible, or to otherwise avoid the  
 42.4 requirements of this chapter.

42.5           Sec. 15. Minnesota Statutes 2008, section 515B.2-124, is amended to read:

42.6           **515B.2-124 SEVERANCE OF COMMON INTEREST COMMUNITY.**

42.7           (a) Unless the declaration provides otherwise, a part of a common interest  
 42.8 community containing one or more units, with or without common elements, may be  
 42.9 severed from the common interest community, subject to the requirements of this section.  
 42.10 Subject to any additional requirements contained in the declaration, the severance shall be  
 42.11 approved in a written severance agreement complying with this section, executed by:

42.12           (1) unit owners entitled to cast at least 67 percent of the votes in the association,  
 42.13 which approval shall include the approval of unit owners entitled to cast a majority of the  
 42.14 votes allocated to units in the remaining common interest community and the approval  
 42.15 of unit owners entitled to cast a majority of the votes allocated to units in the part of the  
 42.16 common interest community being severed;

42.17           (2) declarant until the earlier of five years after the recording of the declaration or  
 42.18 the time at which declarant no longer owns an unsold unit; and

42.19           (3) in the case of a cooperative, all holders of mortgages or contracts for deed on the  
 42.20 entire real estate constituting the cooperative.

42.21           (b) The declaration may specify a smaller percentage for unit owner approval only if  
 42.22 all of the units are restricted to nonresidential use.

42.23           (c) The severance agreement shall specify a severance date by which the severance  
 42.24 of the common interest community shall be accomplished, after which the severance  
 42.25 agreement is void. The severance agreement shall be deemed to grant to the association a  
 42.26 power of attorney coupled with an interest to effect the severance of the common interest  
 42.27 community on behalf of the unit owners and the holders of all other interests in the units,  
 42.28 including without ~~limit~~ limitations the power to execute the amendment to the declaration,  
 42.29 any instruments of conveyance, and all related instruments.

42.30           (d) The severance agreement shall:

42.31           (1) Approve an amendment to the declaration complying with this chapter, in  
 42.32 substantially the same form to be recorded, ~~which~~ and an amendment to the CIC plat if  
 42.33 required. The declaration amendment shall, at a minimum, (i) legally describes describe  
 42.34 the real estate constituting the remaining common interest community and the real estate  
 42.35 being severed, (ii) restates restate the number of units in the remaining common interest

43.1 community, (iii) ~~reallocates~~ reallocate the interests of the unit owners in the remaining  
43.2 common interest community among the remaining units in accordance with the allocation  
43.3 formula set forth in the declaration, and (iv) ~~recites~~ recite any easements to which the  
43.4 severed portion of the common interest community remains subject.

43.5 (2) Approve an amendment to the articles of incorporation and bylaws of the  
43.6 remaining common interest community, if necessary.

43.7 (3) Authorize the association to execute and record the amended declaration, articles  
43.8 of incorporation or bylaws on behalf of the unit owners and all other persons holding an  
43.9 interest in the remaining common interest community, and to take other actions necessary  
43.10 to accomplish the severance of the common interest community.

43.11 (4) Allocate the assets and liabilities of the association between the association and  
43.12 (i) a new association formed pursuant to subsection (g), or (ii) the owners of the units being  
43.13 severed, subject to a lien against their interest in the severed real estate or their share in the  
43.14 assets of the association in favor of any person that held a security interest in their unit.

43.15 (5) If the units that are being severed from the common interest community will not  
43.16 be included in a new common interest community that is (i) formed simultaneously with  
43.17 the severance of the common interest community, and (ii) includes all of the units and  
43.18 substantially all of the common elements being severed, then the agreement shall contain  
43.19 the written consent of holders of first mortgages on all units that are being severed, and  
43.20 shall describe in detail the proposed disposition of all real estate to be severed and all  
43.21 assets of the association allocated to the severed units, and the distribution of the proceeds  
43.22 of the disposition, if any, consistent with subsection (i).

43.23 (e) The severance agreement or a memorandum of it shall be recorded in every  
43.24 county in which a part of the common interest community is located. The recording of the  
43.25 severance agreement or memorandum of it shall, from the date of recording, constitute  
43.26 notice to all persons subsequently acquiring an interest in the common interest community  
43.27 that the common interest community is being severed, and that those persons acquire their  
43.28 interests subject to the terms and conditions contained in the severance agreement and  
43.29 the amendment to the declaration.

43.30 (f) The amendment to the declaration of the remaining common interest community  
43.31 shall be recorded on or before the severance date or the severance agreement and the  
43.32 amendment to the declaration ~~is~~ are void as of the day after the severance date. The  
43.33 recording of the amendment to the declaration shall complete the severance of the common  
43.34 interest community and release the severed part of the common interest community from  
43.35 the declaration without further action by any person.

44.1 (g) If the unit owners whose units are being severed from the common interest  
 44.2 community intend to form a new common interest community, then said unit owners  
 44.3 shall, by at least 80 percent of the votes allocated by the existing declaration to said  
 44.4 units, approve a new declaration, articles of incorporation and bylaws to govern the  
 44.5 new common interest community no later than 60 days before the effective date of the  
 44.6 severance. The new declaration shall be recorded simultaneously with the amendment to  
 44.7 the existing declaration. No later than 30 days after the date of the severance agreement,  
 44.8 the articles of incorporation creating the association intended to govern the new common  
 44.9 interest community shall be filed with the secretary of state and promptly thereafter the  
 44.10 unit owners whose units are being severed shall elect a board of directors to act on behalf  
 44.11 of the new association. The board of directors of the new association shall cooperate with  
 44.12 the board of directors of the existing association to complete the severance. The existing  
 44.13 association shall retain all authority to act on behalf of the common interest community  
 44.14 until the amendment to the existing declaration and the new declaration are recorded.

44.15 (h) The legal descriptions of the real estate constituting (i) the remaining common  
 44.16 interest community, and (ii) the severed portion of the common interest community shall,  
 44.17 at the time of recording of the amendment to the declaration referred to in subsection  
 44.18 (e), be as follows:

44.19 (1) In a planned community using a CIC plat that complies with section 515B.2-110,  
 44.20 subsection (d), the lot and block descriptions contained in the CIC plat, and any  
 44.21 amendments to it, with respect to (i) the remaining common interest community, and (ii)  
 44.22 the severed portion of the common interest community.

44.23 (2) In a condominium, or cooperative or planned community using a CIC plat that  
 44.24 complies with section 515B.2-110, subsection (c), (i) the CIC plat description relating  
 44.25 to the remaining common interest community, and (ii) the part of the underlying legal  
 44.26 description of the real estate in the declaration creating the common interest community,  
 44.27 and any amendments to it, relating to the severed part of the common interest community.

44.28 (3) The recording officer for each county in which the common interest community  
 44.29 is located shall index the property located in that county in its records under the legal  
 44.30 descriptions required by this subsection as of the date of recording of the amendment to the  
 44.31 declaration. In the case of registered property, the registrar of titles shall cancel the existing  
 44.32 certificates of title for the severed part of the common interest community and issue  
 44.33 certificates of title for the property using the legal descriptions required by this subsection.

44.34 (i) In a condominium or planned community, if the severed part of the common  
 44.35 interest community is not to be reconstituted as a new common interest community  
 44.36 following severance, ~~title to the common elements and, in a common interest community~~



45.1 ~~in which all units have upper and lower boundaries described in the declaration title to~~  
 45.2 ~~all the real estate in the severed part of the common interest community; vests in the unit~~  
 45.3 ~~owners of the units being severed, upon severance, as tenants in common in proportion~~  
 45.4 ~~to their respective allocated interests in the declaration, and liens on the units shift~~  
 45.5 ~~accordingly. While the tenancy in common exists, each unit owner and the unit owner's~~  
 45.6 ~~successors in interest have an exclusive right to occupancy of the portion of the real estate~~  
 45.7 ~~that formerly constituted the unit, and a nonexclusive easement across, over and under any~~  
 45.8 ~~common elements contained in the severed portion of the common interest community~~  
 45.9 ~~for enjoyment, access, utilities, communication services, and other essential services, as~~  
 45.10 ~~applicable as provided in the severance agreement.~~

45.11 (j) No common interest community shall be severed in such a manner as to  
 45.12 materially impair access, utility services, communication services, or other essential  
 45.13 services with respect to either the remaining common interest community or the severed  
 45.14 part of the common interest community.

45.15 **ARTICLE 3**

45.16 **ORGANIZATION AND OPERATION**

45.17 Section 1. Minnesota Statutes 2008, section 515B.3-101, is amended to read:

45.18 **515B.3-101 ORGANIZATION OF UNIT OWNERS' ASSOCIATION.**

45.19 A common interest community shall be administered by an association. The  
 45.20 association shall be incorporated no later than the date the common interest community  
 45.21 is created. The membership of the association at all times consists exclusively of all  
 45.22 unit owners or, following termination of the common interest community, of all former  
 45.23 unit owners entitled to distributions of proceeds under section 515B.2-119 or their heirs,  
 45.24 successors, or assigns. The association shall be organized as a Minnesota profit or  
 45.25 nonprofit corporation, or may, in the case of a cooperative, be organized under chapter  
 45.26 308A or 308B. In the event of a conflict between this chapter and any other chapter under  
 45.27 which the association is incorporated, this chapter shall control.

45.28 Sec. 2. Minnesota Statutes 2008, section 515B.3-102, is amended to read:

45.29 **515B.3-102 POWERS OF UNIT OWNERS' ASSOCIATION.**

45.30 (a) Except as provided in subsections (b) and (c), and subject to the provisions of the  
 45.31 declaration or bylaws, the association shall have the power to:

45.32 (1) adopt, amend and revoke rules and regulations not inconsistent with the articles  
 45.33 of incorporation, bylaws and declaration, as follows: (i) regulating the use of the common

46.1 elements; (ii) regulating the use of the units, and conduct of unit occupants, which may  
46.2 jeopardize the health, safety or welfare of other occupants, which involves noise or  
46.3 other disturbing activity, or which may damage the common elements or other units;  
46.4 (iii) regulating or prohibiting animals; (iv) regulating changes in the appearance of the  
46.5 common elements and conduct which may damage the common interest community;  
46.6 (v) regulating the exterior appearance of the common interest community, including,  
46.7 for example, balconies and patios, window treatments, and signs and other displays,  
46.8 regardless of whether inside a unit; (vi) implementing the articles of incorporation,  
46.9 declaration and bylaws, and exercising the powers granted by this section; and (vii)  
46.10 otherwise facilitating the operation of the common interest community;

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

46.13 (3) hire and discharge managing agents and other employees, agents, and  
46.14 independent contractors;

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

46.19 (5) make contracts and incur liabilities;

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

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

46.24 (8) acquire, hold, encumber, and convey in its own name any right, title, or interest  
46.25 to real estate or personal property, but (i) common elements in a condominium or planned  
46.26 community may be conveyed or subjected to a security interest only pursuant to section  
46.27 515B.3-112, or (ii) part of a cooperative may be conveyed, or all or part of a cooperative  
46.28 may be subjected to a security interest, only pursuant to section 515B.3-112;

46.29 (9) grant easements for public utilities, public rights-of-way or other public purposes,  
46.30 and cable television or other communications, through, over or under the common  
46.31 elements; grant easements, leases, or licenses to unit owners for purposes authorized  
46.32 by the declaration; and, subject to approval by ~~resolution~~ a vote of unit owners other  
46.33 than declarant or its affiliates, grant other easements, leases, and licenses through, over  
46.34 or under the common elements;

47.1 (10) impose and receive any payments, fees, or charges for the use, rental, or  
 47.2 operation of the common elements, other than limited common elements, and for services  
 47.3 provided to unit owners;

47.4 (11) impose interest and late charges for late payment of assessments and, after  
 47.5 notice and an opportunity to be heard before the board or a committee appointed by it,  
 47.6 levy reasonable fines for violations of the declaration, bylaws, and rules and regulations  
 47.7 of the association;

47.8 (12) impose reasonable charges for the review, preparation and recordation of  
 47.9 amendments to the declaration, resale certificates required by section 515B.4-107,  
 47.10 statements of unpaid assessments, or furnishing copies of association records;

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

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

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

47.17 (16) exercise any other powers necessary and proper for the governance and  
 47.18 operation of the association.

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

47.23 (c) Notwithstanding subsection (a), powers exercised under this section must comply  
 47.24 with section 500.215.

47.25 Sec. 3. Minnesota Statutes 2008, section 515B.3-103, is amended to read:

47.26 **515B.3-103 BOARD OF DIRECTORS, OFFICERS AND DECLARANT**  
 47.27 **CONTROL.**

47.28 (a) An association shall be governed by a board of directors whose appointment or  
 47.29 election shall occur no later than the date of creation of the common interest community  
 47.30 and shall be reflected in the association's records. Except as expressly prohibited by the  
 47.31 declaration, the articles of incorporation, bylaws, subsection (b), or other provisions  
 47.32 of this chapter, the board may act in all instances on behalf of the association. In the  
 47.33 performance of their duties, the officers and directors are required to exercise (i) if  
 47.34 appointed by the declarant, the care required of fiduciaries of the unit owners and (ii) if  
 47.35 elected by the unit owners, the care required of a director by section 302A.251, 308B.455,

48.1 or 317A.251, as applicable. The officers and directors appointed by the declarant shall  
48.2 have a duty to fulfill, and to cause the association to fulfill, their respective obligations  
48.3 under the declaration, bylaws, articles of incorporation, and this chapter and to enforce the  
48.4 provisions of the declaration, bylaws, articles of incorporation, and this chapter against  
48.5 all unit owners, including the declarant and its affiliates, in a uniform and fair manner.  
48.6 The standards of conduct for officers and directors set forth in this subsection shall also  
48.7 apply to the officers and directors of master associations in the exercise of their duties on  
48.8 behalf of the master association.

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

48.14 (c) The declaration may provide for a period of declarant control of the association,  
48.15 during which a declarant, or persons designated by the declarant, may appoint and remove  
48.16 the officers and directors of the association. The period of declarant control begins on  
48.17 the date of creation of the common interest community and terminates upon the earliest  
48.18 of the following events: (i) five years after the date of the first conveyance of a unit to a  
48.19 unit owner other than a declarant in the case of a flexible common interest community  
48.20 or three years in the case of any other common interest community, (ii) the declarant's  
48.21 voluntary surrender of control by giving written notice to the unit owners pursuant to  
48.22 section 515B.1-115, or (iii) the conveyance of 75 percent of the units to unit owners  
48.23 other than a declarant.

48.24 (d) The board shall cause a meeting of the unit owners to be called, as follows:

48.25 (1) If the period of declarant control has terminated pursuant to subsection (c), a  
48.26 meeting of the unit owners shall be called and held within 60 days after said termination,  
48.27 at which the board shall be appointed or elected by all unit owners, including declarant,  
48.28 subject to the requirements of subsection (e).

48.29 (2) If 50 percent of the units that a declarant is authorized by the declaration to create  
48.30 have been conveyed prior to the termination of the declarant control period, a meeting  
48.31 of the unit owners shall be called and held within 60 days thereafter, at which not less  
48.32 than 33-1/3 percent of the members of the board shall be elected by unit owners other than  
48.33 a declarant or an affiliate of a declarant.

48.34 (3) If the board fails or refuses to cause a meeting of the unit owners required to  
48.35 be called pursuant to subsection (d), then the unit owners other than a declarant and its  
48.36 affiliates may cause the meeting to be called pursuant to the applicable provisions of the

49.1 law under which the association was created. The declarant and its affiliates shall be  
 49.2 deemed to be present at the meeting for purposes of establishing a quorum regardless of  
 49.3 their failure to attend the meeting.

49.4 (e) Following the termination of any period of declarant control, the unit owners  
 49.5 shall appoint or elect the board. All unit owners, including the declarant and its affiliates,  
 49.6 may cast the votes allocated to any units owned by them. The board shall thereafter  
 49.7 be subject to the following **requirements**:

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

49.14 (2) ~~Subject to the requirements of subsection (1), the articles of incorporation or~~  
 49.15 ~~bylaws may authorize (i) the appointment or election of one director, who need not be a~~  
 49.16 ~~unit owner, by a declarant or by a person or persons other than a unit owner, (ii) classes~~  
 49.17 ~~of directors, and (iii) the election of certain directors by unit owners of a certain class or~~  
 49.18 ~~classes of units. The articles of incorporation or bylaws shall not be amended to change or~~  
 49.19 ~~terminate the authorization described in (i) without the written consent of the declarant~~  
 49.20 ~~or other person possessing the power to appoint or elect. Subject to the requirements of~~  
 49.21 subsection (e)(1), the articles of incorporation or bylaws may authorize the declarant or a  
 49.22 person designated by the declarant to appoint one director, who need not be a member.  
 49.23 The articles of incorporation or bylaws shall not be amended to change or terminate the  
 49.24 authorization to appoint one director without the written consent of the declarant or other  
 49.25 person possessing the power to appoint.

49.26 (3) ~~Subject to the requirements of subsection (1), if separate classes of directors are~~  
 49.27 ~~authorized under subsection (2), the articles of incorporation or bylaws may authorize class~~  
 49.28 ~~voting by classes of directors on specified issues affecting only a certain class of units, or~~  
 49.29 ~~to protect the legitimate interests of the class. A person shall not use special class voting~~  
 49.30 ~~to evade any limit imposed on declarants by this chapter. Subject to the requirements of~~  
 49.31 subsection (e)(1), the articles of incorporation or bylaws may authorize special classes of  
 49.32 directors and director voting rights, as follows: (i) classes of directors, (ii) the appointment  
 49.33 or election of directors in certain classes by certain classes of members, or (iii) class voting  
 49.34 by classes of directors on issues affecting only a certain class or classes of members, units,  
 49.35 or other parcels of real estate, or to otherwise protect the legitimate interest of such class

50.1 or classes. No person may utilize such special classes or class voting for the purpose of  
50.2 evading any limitation imposed on declarants by this chapter.

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

50.5 (f) In determining whether the period of declarant control has terminated under  
50.6 subsection (c), or whether unit owners other than a declarant are entitled to elect members  
50.7 of the board of directors under subsection (d), the percentage of the units conveyed shall  
50.8 be calculated using as a numerator the number of units conveyed and as a denominator the  
50.9 number of units subject to the declaration plus the number of units which the declarant  
50.10 is authorized by the declaration to create on any additional real estate. The percentages  
50.11 referred to in subsections (c) and (d) shall be calculated without reference to units that  
50.12 are auxiliary to other units, such as garage units or storage units. A person shall not use a  
50.13 master association or other device to evade the requirements of this section.

50.14 (g) Except as otherwise provided in this subsection, meetings of the board of  
50.15 directors must be open to the unit owners. To the extent practicable, the board shall give  
50.16 reasonable notice to the unit owners of the date, time, and place of a board meeting. If the  
50.17 date, time, and place of meetings are provided for in the declaration, articles, or bylaws,  
50.18 announced at a previous meeting of the board, posted in a location accessible to the unit  
50.19 owners and designated by the board from time to time, or if an emergency requires  
50.20 immediate consideration of a matter by the board, notice is not required. "Notice" has the  
50.21 meaning given in section 317A.011, subdivision 14. Meetings may be closed to discuss  
50.22 the following:

50.23 (1) personnel matters;

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

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

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

51.1 Sec. 4. Minnesota Statutes 2008, section 515B.3-104, is amended to read:

51.2 **515B.3-104 SPECIAL DECLARANT RIGHTS; TRANSFER OF SPECIAL**  
 51.3 **DECLARANT RIGHTS, LIABILITY OF TRANSFEROR AND TRANSFEREE,**  
 51.4 **AND TERMINATION.**

51.5 (a) ~~A special declarant right created or reserved under this chapter may be~~  
 51.6 ~~voluntarily transferred only by a separate instrument evidencing the transfer recorded~~  
 51.7 ~~in every county in which any part of the common interest community is located. The~~  
 51.8 ~~separate instrument shall be recorded against all units in the common interest community,~~  
 51.9 ~~or in the case of a cooperative, against the real estate owned by the cooperative, or in~~  
 51.10 ~~the case of a condominium on registered land, the instrument must be filed pursuant to~~  
 51.11 ~~section 508.351, subdivision 3, or 508A.351, subdivision 3. The instrument may provide~~  
 51.12 ~~for the conveyance of less than all of the special declarant rights, and is not effective~~  
 51.13 ~~unless executed by the transferor and transferee. A deed in lieu of foreclosure, or other~~  
 51.14 ~~conveyance arising out of a foreclosure or cancellation, shall not be deemed a voluntary~~  
 51.15 ~~transfer within the meaning of this section.~~

51.16 (b) ~~Upon the voluntary transfer of any special declarant right, the liability of a~~  
 51.17 ~~transferor declarant is as follows:~~

51.18 (1) ~~A transferor is not relieved of any obligation or liability arising before the~~  
 51.19 ~~transfer and remains liable for warranty obligations imposed on the transferor by this~~  
 51.20 ~~chapter. Lack of privity does not deprive any unit owner of standing to maintain an action~~  
 51.21 ~~to enforce any obligation of the transferor.~~

51.22 (2) ~~If a successor to any special declarant right is an affiliate of a declarant, the~~  
 51.23 ~~transferor is jointly and severally liable with the successor for any obligations or liabilities~~  
 51.24 ~~of the successor relating to the common interest community.~~

51.25 (3) ~~If a transferor retains any special declarant rights, but transfers other special~~  
 51.26 ~~declarant rights to a successor who is not an affiliate of the declarant, the transferor is~~  
 51.27 ~~liable for any obligations or liabilities imposed on a declarant by this chapter or by the~~  
 51.28 ~~declaration relating to the retained special declarant rights and arising before or after~~  
 51.29 ~~the transfer.~~

51.30 (4) ~~A transferor has no liability for any act or omission or any breach of a contractual~~  
 51.31 ~~or warranty obligation arising from the exercise of a special declarant right by a successor~~  
 51.32 ~~declarant who is not an affiliate of the transferor.~~

51.33 (c) ~~Upon the voluntary transfer of any special declarant right, the liability of a~~  
 51.34 ~~successor declarant is as follows:~~

52.1 ~~(1) A successor to any special declarant right who is an affiliate of a declarant is~~  
52.2 ~~subject to all obligations and liabilities imposed on the transferor by this chapter or by~~  
52.3 ~~the declaration:~~

52.4 ~~(2) A successor to any special declarant right who is not an affiliate of a declarant~~  
52.5 ~~is subject to all obligations and liabilities imposed by this chapter or the declaration;~~  
52.6 ~~except: (i) misrepresentations by any previous declarant; (ii) warranty obligations on~~  
52.7 ~~improvements made by any previous declarant, or made before the common interest~~  
52.8 ~~community was created; (iii) breach of any fiduciary obligation by any previous declarant~~  
52.9 ~~or the declarant's appointees to the board; (iv) any liability or obligation imposed on the~~  
52.10 ~~transferor as a result of the transferor's acts or omissions after the transfer; and (v) any~~  
52.11 ~~liability arising out of a special declarant right which was not transferred as provided in~~  
52.12 ~~subsection (a):~~

52.13 ~~(d) In case of foreclosure of a mortgage or cancellation of a contract for deed or~~  
52.14 ~~other security interest (or conveyance in lieu thereof), sale by a trustee under an agreement~~  
52.15 ~~creating a security interest, tax sale, judicial sale, or sale under bankruptcy code or~~  
52.16 ~~receivership proceedings, of any units or additional real estate, or interest therein, owned~~  
52.17 ~~by a declarant, a person acquiring title to the property or interests succeeds to all special~~  
52.18 ~~declarant rights related to the property or interests held by that declarant and acquired by it~~  
52.19 ~~unless (i) the mortgage instrument or other instrument creating the security interest, (ii) the~~  
52.20 ~~instrument conveying title or (iii) a separate instrument signed by the person and recorded~~  
52.21 ~~within 60 days after the person acquires title to the property or interests, provides for~~  
52.22 ~~transfer of less than all special declarant rights. The separate instrument need be recorded~~  
52.23 ~~only against the title to the units or interests other than those being acquired under this~~  
52.24 ~~subsection, or in the case of a cooperative, against the real estate owned by the cooperative.~~  
52.25 ~~The declarant shall cease to have or exercise any special declarant rights which are~~  
52.26 ~~transferred. If the person has limited the transfer of certain special declarant rights as~~  
52.27 ~~provided in this subsection, then it and its successor's liability shall be limited, as follows:~~

52.28 ~~(1) If the person or its successor limits its rights and liabilities only to maintain~~  
52.29 ~~models, sales office and signs, and if that party is not an affiliate of a declarant, it is not~~  
52.30 ~~subject to any liability or obligations as a declarant, except the obligation to provide a~~  
52.31 ~~disclosure statement and any liability arising from that obligation, and it may not exercise~~  
52.32 ~~any other special declarant rights:~~

52.33 ~~(2) If the person or its successor is not an affiliate of a declarant, it may declare its~~  
52.34 ~~intention in a recorded instrument as provided in subsection (a) to acquire all special~~  
52.35 ~~declarant rights and hold those rights solely for transfer to another person. Thereafter, until~~  
52.36 ~~the special declarant rights are transferred to a person acquiring title to any unit owned by~~



53.1 ~~the successor, or until a separate instrument is recorded permitting exercise of all of those~~  
53.2 ~~rights, that successor may not exercise any of those rights other than the right to control~~  
53.3 ~~the board of directors in accordance with the provisions of section 515B.3-103 for the~~  
53.4 ~~duration of any period of declarant control. So long as any successor may not exercise its~~  
53.5 ~~special declarant rights under this subsection, it is not subject to any liability or obligation~~  
53.6 ~~as a declarant other than liability for its acts and omissions under section 515B.3-103.~~

53.7 ~~(c) Any attempted exercise by a purported successor to a special declarant right~~  
53.8 ~~which is not transferred as provided in this section is void, and any purported successor~~  
53.9 ~~attempting to exercise that right shall be liable for any damages arising out of its actions.~~

53.10 (a) Except as set forth in subsection (b) or (c), a special declarant right, as defined in  
53.11 section 515B.1-103(33), does not run with title and may only be transferred pursuant to  
53.12 a separate transfer instrument, titled a "Transfer of Special Declarant Rights," that both  
53.13 the transferor and the transferee execute.

53.14 (1) A transfer shall be recorded in compliance with applicable law, and is not  
53.15 effective (i) unless recorded and (ii) unless the transferee is the owner of record of a unit  
53.16 or additional real estate at the time the transfer is recorded.

53.17 (2) A transferor may transfer fewer than all of the special declarant rights the  
53.18 transferor holds provided that any special declarant rights not transferred are subject  
53.19 to item (i).

53.20 (3) If as a result of a transfer there will be multiple declarants holding special  
53.21 declarant rights, the transfer shall describe the allocation of each special declarant  
53.22 right between or among the transferor and each transferee, including, at a minimum, a  
53.23 description of the units or additional real estate to which the respective special declarant  
53.24 rights apply and the name and address of the owner or owners of record of the respective  
53.25 units or additional real estate at the time the transfer is recorded.

53.26 (b) If a declarant's ownership interest in a unit, or in additional real estate that may  
53.27 become subject to the declaration pursuant to the exercise of a special declarant right, is  
53.28 transferred to another person as a result of the foreclosure, termination, or cancellation of  
53.29 a security interest, foreclosure of a judgment lien, tax judgment sale, tax forfeited land  
53.30 sale, sale or transfer under bankruptcy code or receivership proceedings, or other sale or  
53.31 transfer approved by a court, or is transferred by a deed in lieu of foreclosure, then all  
53.32 special declarant rights that are reserved to the declarant in the declaration and that relate  
53.33 to the units or additional real estate transferred are automatically transferred to the person  
53.34 acquiring title from the declarant, and the transfer is effective as to all special declarant  
53.35 rights, unless or until: (i) the security instrument in the case of the foreclosure, termination,  
53.36 or cancellation of a security interest, (ii) the instrument effecting the involuntary transfer,

54.1 or (iii) a separate instrument executed by the transferee and recorded in compliance with  
54.2 applicable law within 60 days after the date the transferee acquires title to the declarant's  
54.3 ownership interest, provides for the transfer of fewer than all of the declarant's special  
54.4 declarant rights. For purposes of this subsection, the transferee shall be deemed to acquire  
54.5 title upon the expiration of the owner's period of redemption, or reinstatement in the case  
54.6 of contract for deed. The transferor shall cease to have and shall not exercise any special  
54.7 declarant right that relates to the transferor's ownership interest in the units or additional  
54.8 real estate transferred, whether or not the transferee subsequently disclaims the right,  
54.9 but the transferor retains all reserved special declarant rights that relate to its ownership  
54.10 interest that is not transferred to the transferee.

54.11 (c) If a declarant is an individual rather than a legal entity, and the individual dies,  
54.12 then all special declarant rights that are reserved to the declarant in the declaration and  
54.13 that relate to the units or additional real estate owned by the declarant are automatically  
54.14 transferred with the title to said units or additional real estate.

54.15 (d) A transferor's liability for the performance of obligations that this chapter  
54.16 imposes upon a declarant is as follows:

54.17 (1) A transferor remains liable under this chapter for all obligations that this chapter  
54.18 imposes upon a declarant and arising on or before the effective date of the transfer, except  
54.19 that a transferor is not liable under section 515B.4-112 for any express warranties that  
54.20 a transferee makes to a purchaser. Except as set forth in subsection (d)(2) and (3), a  
54.21 transferor is not liable under this chapter for the performance of any obligations that this  
54.22 chapter imposes upon a declarant and arising after the effective date of the transfer.

54.23 (2) If a transferor and a transferee are affiliates, the transferor and the transferee are  
54.24 jointly and severally liable under this chapter for the performance of all the obligations that  
54.25 this chapter imposes upon a declarant, whether such obligations arise before, on, or after  
54.26 the effective date of the transfer. Upon a subsequent transfer, a prior transferor remains  
54.27 liable to the extent its transferee remains liable under subsection (d) and is relieved of  
54.28 liability to the same extent that its transferee is relieved of liability under subsection (e).

54.29 (3) If, following a transfer of special declarant rights, the transferor retains special  
54.30 declarant rights, the transferor and transferee are jointly and severally liable for the  
54.31 performance of all the obligations that this chapter imposes upon a declarant and that arise  
54.32 after the effective date of the transfer, except that the transferor is not liable under section  
54.33 515B.4-101(b) or 515B.4-102(b), and section 515B.4-109, 515B.4-110, 515B.4-111,  
54.34 515B.4-112, 515B.4-113, 515B.4-117, or 515B.4-118, to any purchaser from or through  
54.35 the transferee.

55.1 (e) Except as provided in subsections (g) and (h), a transferee's liability for the  
55.2 performance of obligations that this chapter imposes upon a declarant is as follows:

55.3 (1) Except as set forth in subsection (e)(3), a transferee is liable under this chapter for  
55.4 all obligations that this chapter imposes upon a declarant and that arise after the effective  
55.5 date of the transfer. A transferee is not liable under this chapter for the performance of  
55.6 any obligations that this chapter imposes upon a declarant and that arise before or on the  
55.7 effective date of the transfer, except that a transferee is liable under section 515B.4-112  
55.8 for any express warranties the transferee makes to a purchaser before or on the effective  
55.9 date of the transfer.

55.10 (2) If a transferor and a transferee are affiliates, the transferor and the transferee are  
55.11 jointly and severally liable under this chapter for the performance of all the obligations that  
55.12 this chapter imposes upon a declarant, whether such obligations arise before, on, or after  
55.13 the effective date of the transfer. Upon a subsequent transfer, a prior transferor remains  
55.14 liable to the extent its transferee remains liable under subsection (d) and is relieved of  
55.15 liability to the same extent that its transferee is relieved of liability under this subsection.

55.16 (3) If, following a transfer of special declarant rights under subsection (a) or (b),  
55.17 the transferor retains special declarant rights, the transferor and transferee are jointly and  
55.18 severally liable for the performance of all the obligations that this chapter imposes upon a  
55.19 declarant and that arise after the effective date of the transfer, except that the transferee  
55.20 is not liable under section 515B.4-101(b) or 515B.4-102(b), and section 515B.4-109,  
55.21 515B.4-110, 515B.4-111, 515B.4-112, 515B.4-113, 515B.4-117, or 515B.4-118, to any  
55.22 purchaser from or through the transferor.

55.23 (f) For purposes of this section, a declarant's obligations under section 515B.3-111(a)  
55.24 arise when the tort or contract violation occurs; a declarant's obligations to a purchaser  
55.25 under section 515B.4-112 arise when the declarant makes an express warranty to the  
55.26 purchaser; and a declarant's obligations to a purchaser under sections 515B.4-113 and  
55.27 515B.4-118(a), arise when the declarant conveys a unit to the purchaser.

55.28 (g) A transferee who acquires special declarant rights pursuant to subsection (b) and  
55.29 who is not an affiliate of the transferor may record an instrument in compliance with  
55.30 subsection (b) stating that the transferee elects to acquire only the special declarant rights  
55.31 described in section 515B.1-103(33)(i), (ii), and (iv). In that case, the transferee is liable  
55.32 as a declarant only to purchasers from said transferee and only for the obligations of a  
55.33 declarant under sections 515B.4-101(b) and 515B.4-102(b), and sections 515B.4-109,  
55.34 515B.4-110, 515B.4-111, 515B.4-113, 515B.4-117, and 515B.4-118, and for any express  
55.35 warranties under section 515B.4-112 that the transferee makes to purchasers.

56.1 (h) A transferee who acquires special declarant rights pursuant to subsection (b) and  
56.2 who is not an affiliate of the transferor may record an instrument in compliance with  
56.3 subsection (b) stating that the transferee elects to acquire the special declarant rights  
56.4 solely for subsequent re-transfer to another person who acquires title to units or additional  
56.5 real estate from said transferee. In that case, (i) the transferee may not utilize special  
56.6 declarant rights in the sale of units or otherwise sell units, except to a person who also  
56.7 acquires one or more special declarant rights the transferee holds with respect to the units  
56.8 or additional real estate sold; (ii) the transferee may not exercise any special declarant  
56.9 rights other than the rights described in section 515B.1-103(33)(v); (iii) the transferee is  
56.10 not liable to make up any operating deficit under section 515B.3-115(a)(2); and (iv) the  
56.11 transferee is liable as a declarant only for the obligations of a declarant under sections  
56.12 515B.3-103, 515B.3-111, and 515B.3-120, as applicable. A transferee who makes the  
56.13 election described in this subsection may subsequently rescind the election in whole  
56.14 or in part by recording an instrument in compliance with applicable law, and upon the  
56.15 recording of such an instrument the transferee's rights and obligations as a declarant shall  
56.16 be as otherwise set forth in this section.

56.17 (i) A special declarant right held by a declarant terminates upon the earlier of: (i) that  
56.18 declarant's voluntary surrender of the special declarant right by giving written notice to the  
56.19 unit owners pursuant to section 515B.1-115; or (ii) the conveyance, whether voluntary  
56.20 or involuntary, by that declarant, of all of the units and additional real estate owned by  
56.21 that declarant, unless immediately after the conveyance the special declarant right is  
56.22 transferred to the grantee. All special declarant rights terminate ten years after the date of  
56.23 the first conveyance of a unit to a person other than a declarant unless extended by the  
56.24 vote or written agreement of unit owners entitled to cast at least 67 percent of the votes  
56.25 allocated to units not owned by a declarant.

56.26 (~~f~~) (j) No person shall exercise special declarant rights unless, at the time of exercise,  
56.27 the person holds title of record to one or more units or additional real estate. Any exercise  
56.28 of a special declarant right in violation of this section shall be void, and the person  
56.29 attempting to exercise the right shall be liable for all damages and costs arising from its  
56.30 actions. Nothing in this section shall subject any ~~successor to~~ transferee of a special  
56.31 declarant right to any claims against or other obligations of a transferor ~~declarant~~, other  
56.32 than claims and obligations arising under this chapter, or the declaration or bylaws.

56.33 **EFFECTIVE DATE.** The amendments to this section are effective August 1, 2010,  
56.34 and apply only to transfers of special declarant rights that are effective on or after that date.

57.1 Sec. 5. Minnesota Statutes 2008, section 515B.3-105, is amended to read:

57.2 **515B.3-105 TERMINATION OF CONTRACTS, LEASES, LICENSES.**

57.3 (a) If entered into prior to termination of the period of declarant control, (i) any  
 57.4 management ~~contract~~, employment ~~contract~~, maintenance, or operations contract or any  
 57.5 lease or license of recreational ~~facilities, or garages or other~~, parking, or storage facilities,  
 57.6 that is binding on the association;; (ii) any other contract, lease, or license binding entered  
 57.7 into by the association, and to which a declarant or an affiliate of a declarant ~~is a party, that~~  
 57.8 is binding on the association; or (iii) any contract, lease, or license that is binding on the  
 57.9 association or ~~any all~~ unit ~~owner~~ owners other than ~~the~~ a declarant or an affiliate of ~~the~~ a  
 57.10 declarant which is not bona fide or which was unconscionable to the association or the unit  
 57.11 owners at the time entered into under the circumstances then prevailing, may be terminated  
 57.12 without penalty by the association under the procedures described in this section.

57.13 (b) ~~If prior to expiration of the suspension period described~~ If entered into prior to  
 57.14 the termination of the period of master developer control described in section 515B.2-121,  
 57.15 subsection (c), paragraph ~~(3)~~ (1), a contract, lease, or license of a type described in  
 57.16 subsection (a) is entered into by ~~a person having authority to appoint the directors of~~  
 57.17 ~~the master association~~ the master developer and is binding upon the master association,  
 57.18 then the master association, ~~and not any association,~~ may terminate the contract, lease,  
 57.19 or license under the procedures described in this section.

57.20 (c) Termination shall be upon no less than 90 days' notice. Notice of termination  
 57.21 shall be given by the association or master association, as applicable, in accordance with  
 57.22 section 515B.1-115; provided, that notice shall be effective only if given within two  
 57.23 years following the termination of the period of declarant control or the ~~suspension~~  
 57.24 ~~period described in section 515B.2-121, subsection (c), paragraph (3)~~ period of master  
 57.25 developer control, as applicable.

57.26 (d) This section does not apply to the following, provided that the rights and  
 57.27 obligations created by the referenced instruments are (i) bona fide and not unconscionable  
 57.28 as contemplated by subsection (a)(iii); and (ii) disclosed to the purchaser of the unit in  
 57.29 the disclosure statement required by section 515B.4-102:

57.30 ~~(1) any~~ (i) a lease the termination of which would terminate the common interest  
 57.31 community;

57.32 ~~(2)~~ (ii) in the case of a cooperative, a mortgage or contract for deed encumbering  
 57.33 real estate owned by the association, except that if the mortgage or contract for deed  
 57.34 contains a contractual obligation involving a type of contract, lease, or license which may  
 57.35 be terminated pursuant to subsection (a) or (b), then that contractual obligation may be  
 57.36 terminated pursuant to subsection (c); ~~or~~

58.1 ~~(3) (iii)~~ an agreement between a declarant ~~or~~ an affiliate of a declarant, or a ~~person~~  
 58.2 ~~having authority pursuant to section 515B.2-121(c)(3) to appoint the directors of the~~  
 58.3 ~~master association~~ master developer, and any governmental entity, if such agreement  
 58.4 is necessary to obtain governmental approvals, provide financing under any type of  
 58.5 government program, or provide for governmentally required access, conservation,  
 58.6 drainage, ~~or~~ utilities or other public purpose; or

58.7 (iv) subject to the requirements of section 515B.4-110(a), a lease, easement,  
 58.8 covenant, condition, or restriction that (i) is recorded before the recording of the  
 58.9 declaration, and (ii) runs in favor of a person other than a declarant or an affiliate of a  
 58.10 declarant.

58.11 **EFFECTIVE DATE.** The amendments to this section are effective August 1, 2010,  
 58.12 and apply only to common interest communities created on or after that date.

58.13 Sec. 6. Minnesota Statutes 2008, section 515B.3-106, is amended to read:

58.14 **515B.3-106 BYLAWS; ANNUAL REPORT.**

58.15 (a) A common interest community shall have bylaws which comply with this  
 58.16 chapter and the statute under which the association is incorporated. The bylaws and  
 58.17 any amendments may be recorded, but need not be recorded to be effective unless so  
 58.18 provided in the bylaws.

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

58.20 (1) A meeting of the members shall be held at least once each year, and a specified  
 58.21 officer of the association shall give notice of the meeting as provided in section  
 58.22 515B.3-108.

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

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

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

58.29 (2) a statement of the ~~balance in any reserve or~~ association's total replacement fund  
 58.30 reserves, the components of the common interest community for which the reserves are  
 58.31 set aside, and the amounts of the reserves, if any, that the board has allocated for the  
 58.32 replacement of each of those components;

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

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

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

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

59.8 Sec. 7. Minnesota Statutes 2008, section 515B.3-109, is amended to read:

59.9 **515B.3-109 QUORUMS.**

59.10 (a) Unless the bylaws provide otherwise, a quorum is present throughout any  
59.11 meeting of the association if unit owners entitled to cast in excess of 20 percent of the  
59.12 votes in the association are present in person or by proxy at the beginning of the meeting.

59.13 If a master developer or declarant or their affiliates are members of a master association  
59.14 or an association, as applicable, they shall be deemed to be present for purposes of  
59.15 establishing a quorum at a meeting called pursuant to section 515B.2-121(c)(2) or  
59.16 515B.3-103(d), as applicable, regardless of their failure to attend the meeting.

59.17 (b) Unless the bylaws provide otherwise, a quorum is present throughout any  
59.18 meeting of the board if persons entitled to cast in excess of 50 percent of the votes on that  
59.19 board are present in person at the beginning of the meeting.

59.20 Sec. 8. Minnesota Statutes 2008, section 515B.3-110, is amended to read:

59.21 **515B.3-110 VOTING; PROXIES.**

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

59.30 (b) If permitted by the articles or bylaws, votes allocated to a unit may be cast  
59.31 pursuant to a proxy executed by the unit owner entitled to cast the vote for that unit. The  
59.32 board may specify the form of proxy and proxy rules, consistent with law.

59.33 (c) If authorized by the statute under which the association is created, and to the  
59.34 extent not limited or prohibited by the articles of incorporation, bylaws, or declaration, the

60.1 ~~entire~~ vote on any ~~single~~ issue ~~(except the election of directors)~~; or issues may be taken  
60.2 by electronic means or by mailed ballots, subject to (i) any prohibition or requirement  
60.3 contained in the articles of incorporation, bylaws, or declaration and (ii) any requirements  
60.4 of the statute under which the association is created in compliance with the applicable  
60.5 statute, in lieu of holding a meeting of the unit owners. Such a vote shall have the force  
60.6 and effect of a vote taken at a meeting; provided, that the total votes cast are at least equal  
60.7 to the votes required for a quorum. The board shall set a voting period within which the  
60.8 ballots or other voting response must be ~~returned~~ received by the association, which period  
60.9 shall be not less than ~~ten~~ 15 nor more than ~~30~~ 45 days after the date of ~~mailing or hand~~  
60.10 ~~delivery of the ballots~~ notice of the vote and voting procedures to the unit owners. The  
60.11 board of directors shall provide ~~written~~ notice of the results of the vote to the ~~members~~  
60.12 unit owners within 30 days after the expiration of the voting period. All requirements in  
60.13 this chapter, the declaration or the bylaws for a meeting of the ~~members~~ unit owners, or  
60.14 being present in person, shall be deemed satisfied by a vote taken ~~by mail~~ in compliance  
60.15 with the requirements of this section. The voting procedures authorized by this section  
60.16 shall not be used in combination with a vote taken at a meeting of the unit owners.  
60.17 However, voting by electronic means and mailed ballot may be combined if each is done  
60.18 in compliance with the applicable statute.

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

60.24 (e) The declaration or bylaws may provide that votes on specified matters affecting  
60.25 the common interest community be cast by lessees or secured parties rather than unit  
60.26 owners; provided that (i) the provisions of subsections (a), (b), and (c) apply to those  
60.27 persons as if they were unit owners; (ii) unit owners who have so delegated their votes  
60.28 to other persons may not cast votes on those specified matters; (iii) lessees or secured  
60.29 parties are entitled to notice of meetings, access to records, and other rights respecting  
60.30 those matters as if they were unit owners, and (iv) the lessee or secured party has filed  
60.31 satisfactory evidence of its interest with the secretary of the association prior to the  
60.32 meeting. Unit owners must also be given notice, in the manner provided in section  
60.33 515B.3-108(b), of meetings at which lessees or secured parties are entitled to vote.

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



61.1 Sec. 9. Minnesota Statutes 2008, section 515B.3-112, is amended to read:

61.2 **515B.3-112 CONVEYANCE OF, OR CREATION OF SECURITY INTERESTS**  
61.3 **IN, COMMON ELEMENTS.**

61.4 (a) In a condominium or planned community, unless the declaration provides  
61.5 otherwise, portions of the common elements may be conveyed or subjected to a security  
61.6 interest by the association if persons entitled to cast at least 67 percent of the votes in the  
61.7 association, including 67 percent of the votes allocated to units not owned by a declarant,  
61.8 or any larger percentage the declaration specifies, approve that action in writing or at a  
61.9 meeting; but all unit owners of units to which any limited common element is allocated  
61.10 must agree in order to convey that limited common element or subject it to a security  
61.11 interest. The declaration may specify a smaller percentage only if all of the units are  
61.12 restricted to nonresidential use.

61.13 (b) In a cooperative, unless the declaration provides otherwise, part of a cooperative  
61.14 may be conveyed, or all or a part subjected to a security interest, by the association if  
61.15 persons entitled to cast at least 67 percent of the votes in the association, including 67  
61.16 percent of the votes allocated to units in which the declarant has no interest, or any larger  
61.17 percentage the declaration specifies, approves that action in writing or at a meeting. If  
61.18 fewer than all of the units or limited common elements are to be conveyed or subjected  
61.19 to a security interest, then all unit owners of those units, or the units to which those  
61.20 limited common elements are allocated, must agree in order to convey those units or  
61.21 limited common elements or subject them to a security interest. The declaration may  
61.22 specify a smaller percentage only if all of the units are restricted to nonresidential use.  
61.23 Any purported conveyance or other voluntary transfer of an entire cooperative is void,  
61.24 unless made pursuant to section 515B.2-119.

61.25 (c) The association, on behalf of the unit owners, may contract to convey or  
61.26 encumber an interest in the common elements of a common interest community pursuant  
61.27 to this subsection, subject to the required approval. After the approval has been obtained,  
61.28 the association shall have a power of attorney coupled with an interest to effect the  
61.29 conveyance or encumbrance on behalf of all unit owners in the common interest  
61.30 community, including the power to execute deeds, mortgages, or other instruments of  
61.31 conveyance or security. The instrument conveying or creating the interest in the common  
61.32 interest community shall be recorded and shall include as exhibits (i) an affidavit of  
61.33 the president or secretary of the association certifying that the approval required by this  
61.34 section has been obtained and (ii) a schedule of the names of all unit owners and units in  
61.35 the common interest community as of the date of the approval.

62.1 (d) Unless made pursuant to this section, any purported conveyance, creation of a  
 62.2 security interest in or other voluntary transfer of any interest in the common elements, or  
 62.3 of any part of a cooperative, is void. The grant of an easement, lease, or license pursuant  
 62.4 to section 515B.3-102(a)(9) is not subject to this section.

62.5 (e) In the case of a conveyance involving a condominium, a planned community  
 62.6 utilizing a CIC plat complying with section 515B.2-110(c), or a cooperative in which  
 62.7 the unit owners' interests are characterized as real estate, the association shall record,  
 62.8 simultaneously with the recording of the instrument of conveyance, an amended CIC plat  
 62.9 showing the real estate constituting the common interest community exclusive of the real  
 62.10 estate conveyed. ~~In all common interest communities, upon recording of the instrument  
 62.11 of conveyance, the declaration, and all rights and obligations arising therefrom, shall be  
 62.12 deemed released and terminated as to the real estate conveyed.~~

62.13 (f) A conveyance or encumbrance of common elements, or of a cooperative,  
 62.14 pursuant to this section shall not deprive any unit of its rights of support, reasonable  
 62.15 access or utility services.

62.16 (g) In all common interest communities, upon recording of the instrument of  
 62.17 conveyance, the real estate conveyed shall be released from the declaration and all rights  
 62.18 and obligations arising therefrom. Except as provided in subsection (a), or unless the  
 62.19 declaration otherwise provides, a conveyance or encumbrance of common elements  
 62.20 pursuant to this section does not affect the priority or validity of preexisting encumbrances.

62.21 (h) Any proceeds of the conveyance or creation of a security interest under this  
 62.22 section are an asset of the association.

62.23 (i) This section shall not apply to any conveyance or encumbrance of any interest in  
 62.24 a proprietary lease.

62.25 Sec. 10. Minnesota Statutes 2008, section 515B.3-113, is amended to read:

62.26 **515B.3-113 INSURANCE.**

62.27 (a) Commencing not later than the time of the first conveyance of a unit to a unit  
 62.28 owner other than a declarant, the association shall maintain, to the extent reasonably  
 62.29 available:

62.30 (1) subject to subsection (b), property insurance (i) on the common elements and,  
 62.31 in a planned community, also on property that must become common elements, (ii)  
 62.32 for broad form covered causes of loss, and (iii) in a total amount of not less than the  
 62.33 full insurable replacement cost of the insured property, less deductibles, at the time the  
 62.34 insurance is purchased and at each renewal date, exclusive of items normally excluded  
 62.35 from property policies; and

63.1 (2) commercial general liability insurance against claims and liabilities arising  
63.2 in connection with the ownership, existence, use or management of the property in an  
63.3 amount, if any, specified by the common interest community instruments or otherwise  
63.4 deemed sufficient in the judgment of the board, insuring the board, the association, the  
63.5 management agent, and their respective employees, agents and all persons acting as  
63.6 agents. The declarant shall be included as an additional insured in its capacity as a unit  
63.7 owner or board member. The unit owners shall be included as additional insureds but  
63.8 only for claims and liabilities arising in connection with the ownership, existence, use or  
63.9 management of the common elements. The insurance shall cover claims of one or more  
63.10 insured parties against other insured parties.

63.11 (b) In the case of a common interest community that contains units, or structures  
63.12 within units, sharing or having contiguous walls, siding or roofs, the insurance maintained  
63.13 under subsection (a)(1) shall include those units, or structures within those units, and the  
63.14 common elements. The insurance need not cover the following items within the units: (i)  
63.15 ceiling or wall finishing materials, (ii) ~~floor coverings~~ finished flooring, (iii) cabinetry, (iv)  
63.16 finished millwork, (v) electrical ~~or~~ heating, ventilating, and air conditioning equipment,  
63.17 and plumbing fixtures serving a single unit, (vi) built-in appliances, or (vii) other  
63.18 improvements and betterments, regardless of when installed. If any improvements and  
63.19 betterments are covered, any increased cost may be assessed by the association against the  
63.20 units affected. The association may, in the case of a claim for damage to a unit or units, (i)  
63.21 pay the deductible amount as a common expense, (ii) assess the deductible amount against  
63.22 one or more of the units affected in any reasonable manner, or (iii) require the unit owners  
63.23 of one or more of the units affected to pay the deductible amount directly.

63.24 (c) If the insurance described in subsections (a) and (b) is not reasonably available,  
63.25 the association shall promptly cause notice of that fact to be hand delivered or sent prepaid  
63.26 by United States mail to all unit owners. The declaration may require the association to  
63.27 carry any other insurance, and the association in any event may carry any other insurance  
63.28 it considers appropriate to protect the association, the unit owners or officers, directors or  
63.29 agents of the association.

63.30 (d) Insurance policies carried pursuant to subsections (a) and (b) shall provide that:

63.31 (1) each unit owner and secured party is an insured person under the policy with  
63.32 respect to liability arising out of the unit owner's interest in the common elements or  
63.33 membership in the association;

63.34 (2) the insurer waives its right to subrogation under the policy against any unit  
63.35 owner of the condominium or members of the unit owner's household and against the  
63.36 association and members of the board of directors;

64.1 (3) no act or omission by any unit owner or secured party, unless acting within the  
64.2 scope of authority on behalf of the association, shall void the policy or be a condition to  
64.3 recovery under the policy; and

64.4 (4) if at the time of a loss under the policy there is other insurance in the name of a  
64.5 unit owner covering the same property covered by the policy, the association's policy is  
64.6 primary insurance.

64.7 (e) Any loss covered by the property policy under subsection (a)(1) shall be adjusted  
64.8 by and with the association. The insurance proceeds for that loss shall be payable to the  
64.9 association, or to an insurance trustee designated by the association for that purpose. The  
64.10 insurance trustee or the association shall hold any insurance proceeds in trust for unit  
64.11 owners and secured parties as their interests may appear. The proceeds shall be disbursed  
64.12 first for the repair or restoration of the damaged common elements and units. If there is a  
64.13 surplus of proceeds after the common elements and units have been completely repaired  
64.14 or restored or the common interest community is terminated, the board of directors may  
64.15 retain the surplus for use by the association or distribute the surplus among the owners on  
64.16 an equitable basis as determined by the board.

64.17 (f) Unit owners may obtain insurance for personal benefit in addition to insurance  
64.18 carried by the association.

64.19 (g) An insurer that has issued an insurance policy under this section shall issue  
64.20 certificates or memoranda of insurance, upon request, to any unit owner or secured  
64.21 party. The insurance may not be canceled until 60 days after notice of the proposed  
64.22 cancellation has been mailed to the association, each unit owner and each secured party  
64.23 for an obligation to whom certificates of insurance have been issued.

64.24 (h) Any portion of the common interest community which is damaged or destroyed  
64.25 as the result of a loss covered by the association's insurance shall be promptly repaired or  
64.26 replaced by the association unless (i) the common interest community is terminated and the  
64.27 association votes not to repair or replace all or part thereof, (ii) repair or replacement would  
64.28 be illegal under any state or local health or safety statute or ordinance, or (iii) 80 percent  
64.29 of the unit owners, including every unit owner and holder of a first mortgage on a unit or  
64.30 assigned limited common element which will not be rebuilt, vote not to rebuild. Subject  
64.31 to subsection (b), the cost of repair or replacement of the common elements in excess of  
64.32 insurance proceeds and reserves shall be paid as a common expense, and the cost of repair  
64.33 of a unit in excess of insurance proceeds shall be paid by the respective unit owner.

64.34 (i) If less than the entire common interest community is repaired or replaced, (i) the  
64.35 insurance proceeds attributable to the damaged common elements shall be used to restore  
64.36 the damaged area to a condition compatible with the remainder of the common interest

65.1 community, (ii) the insurance proceeds attributable to units and limited common elements  
 65.2 which are not rebuilt shall be distributed to the owners of those units, including units to  
 65.3 which the limited common elements were assigned, and the secured parties of those units,  
 65.4 as their interests may appear, and (iii) the remainder of the proceeds shall be distributed to  
 65.5 all the unit owners and secured parties as their interests may appear in proportion to their  
 65.6 common element interest in the case of a condominium or in proportion to their common  
 65.7 expense liability in the case of a planned community or cooperative.

65.8 (j) If the unit owners and holders of first mortgages vote not to rebuild a unit, that  
 65.9 unit's entire common element interest, votes in the association, and common expense  
 65.10 liability are automatically reallocated upon the vote as if the unit had been condemned  
 65.11 under section 515B.1-107, ~~and~~. The association shall have the power to, and shall,  
 65.12 promptly prepare, execute and record an amendment to the declaration reflecting the  
 65.13 reallocations. Notwithstanding the provisions of this subsection, if the common interest  
 65.14 community is terminated, insurance proceeds not used for repair or replacement shall be  
 65.15 distributed in the same manner as sales proceeds pursuant to section 515B.2-119(e).

65.16 (k) The provisions of this section may be varied or waived in the case of a common  
 65.17 interest community in which all units are restricted to nonresidential use.

65.18 Sec. 11. Minnesota Statutes 2008, section 515B.3-114, is amended to read:

65.19 **515B.3-114 REPLACEMENT RESERVES; SURPLUS FUNDS.**

65.20 (a) ~~The annual budgets of the association shall provide from year to year, on a~~  
 65.21 ~~cumulative basis, for adequate reserve funds~~ include in its annual budgets replacement  
 65.22 reserves projected by the board to be adequate, together with past and future contributions  
 65.23 to replacement reserves to cover fund the replacement of those parts components of the  
 65.24 common interest community which the association is obligated to replace. ~~These reserve~~  
 65.25 requirements by reason of ordinary wear and tear or obsolescence, subject to the following:

65.26 (1) The amount annually budgeted for replacement reserves shall be adequate,  
 65.27 together with past and future contributions to replacement reserves, to replace the  
 65.28 components as determined based upon the estimated remaining useful life of each  
 65.29 component; provided that portions of replacement reserves need not be segregated for  
 65.30 the replacement of specific components.

65.31 (2) Unless otherwise required by the declaration, annual budgets need not include  
 65.32 reserves for the replacement of (i) components that have a remaining useful life of more  
 65.33 than 30 years, or (ii) components whose replacement will be funded by assessments  
 65.34 authorized under section 515B.3-115(e)(1), or approved in compliance with clause (5).

66.1 (3) The association shall keep the replacement reserves in an account or accounts  
 66.2 separate from the association's operating funds, and shall not use or borrow from the  
 66.3 replacement reserves to fund the association's operating expenses, provided that this  
 66.4 restriction shall not affect the association's authority to pledge the replacement reserves  
 66.5 as security for a loan to the association.

66.6 (4) The association shall reevaluate the adequacy of its budgeted replacement  
 66.7 reserves at least every third year after the recording of the declaration creating the  
 66.8 common interest community.

66.9 (5) Unless otherwise required by the declaration, after the termination of the period  
 66.10 of declarant control, and subject to approval (i) by the board and (ii) by unit owners,  
 66.11 other than declarant or its affiliates, of units to which 51 percent of the votes in the  
 66.12 association are allocated, the association need not annually assess for replacement reserves  
 66.13 to replace those components whose replacement is planned to be paid for by special  
 66.14 assessments levied under section 515B.3-115(c), or by assessments levied under section  
 66.15 515B.3-115(e)(2). The approval provided for in the preceding sentence shall be effective  
 66.16 for no more than the association's current and three following fiscal years, subject to  
 66.17 modification or renewal by the same approval standards.

66.18 (6) Unless otherwise required by the declaration, subsection (a) shall not apply to a  
 66.19 common interest community which is restricted to nonresidential use.

66.20 (b) Unless the declaration provides otherwise, any surplus funds that the association  
 66.21 has remaining after payment of or provision for common expenses and reserves shall be  
 66.22 (i) credited to the unit owners to reduce their future common expense assessments or (ii)  
 66.23 credited to reserves, or any combination thereof, as determined by the board of directors.

66.24 **EFFECTIVE DATE.** The amendments to this section are effective and apply to  
 66.25 common interest communities for their fiscal years commencing on or after January 1,  
 66.26 2012.

66.27 Sec. 12. Minnesota Statutes 2008, section 515B.3-115, is amended to read:

66.28 **515B.3-115 ASSESSMENTS FOR COMMON EXPENSES.**

66.29 (a) The association shall approve an annual budget of common expenses at or prior  
 66.30 to the conveyance of the first unit in the common interest community to a purchaser and  
 66.31 annually thereafter. The annual budget shall include all customary and necessary operating  
 66.32 expenses and replacement reserves for the common interest community, consistent  
 66.33 with this section and section 515B.3-114. For purposes of replacement reserves under  
 66.34 subsection (b), until an annual budget has been approved, the reserves shall be paid based

67.1 upon the budget contained in the disclosure statement required by section 515B.4-102.

67.2 The obligation of a unit owner to pay common ~~expense assessments~~ expenses shall be  
67.3 as follows:

67.4 (1) If a common expense assessment has not been levied by the association, the  
67.5 declarant shall pay all operating common expenses of the common interest community,  
67.6 ~~and shall fund including the payment of~~ the replacement reserve component of the  
67.7 common expenses ~~as required by~~ for all units in compliance with subsection (b).

67.8 (2) If a common expense assessment has been levied by the association, all unit  
67.9 owners, including the declarant, shall pay the assessments ~~allocated to~~ levied against their  
67.10 units, ~~subject to the following~~ except as follows:

67.11 (i) ~~If The declaration so provides, a declarant's liability, and the assessment lien, for~~  
67.12 ~~the common expense assessments, exclusive of replacement reserves, on any unit owned~~  
67.13 ~~by the declarant may be limited to 25 percent or more of any assessment, exclusive of~~  
67.14 ~~replacement reserves, until the unit or any building located in the unit is substantially~~  
67.15 ~~completed. Substantial completion shall be evidenced by a certificate of occupancy in~~  
67.16 ~~any jurisdiction that issues the certificate. may provide for an alternate common expense~~  
67.17 plan whereby the declarant's common expense liability, and the corresponding assessment  
67.18 lien against the units owned by the declarant, is limited to: (A) paying when due, in  
67.19 compliance with subsection (b), an amount equal to the full share of replacement reserves  
67.20 allocated to units owned by the declarant, as set forth in the association's annual budget  
67.21 approved as provided in this subsection, and (B) paying when due all accrued expenses  
67.22 of the common interest community in excess of the aggregate assessments payable with  
67.23 respect to units owned by persons other than a declarant; provided, that the alternate  
67.24 common expense plan shall not affect a declarant's obligation to make up any operating  
67.25 deficit pursuant to item (iv), and shall terminate upon the termination of any period of  
67.26 declarant control unless terminated earlier pursuant to item (iii).

67.27 (ii) ~~If The declaration provides for a reduced assessment pursuant to paragraph (2)(i);~~  
67.28 ~~the declarant shall be obligated, within 60 days following the termination of the period of~~  
67.29 ~~declarant control, to make up any operating deficit incurred by the association during the~~  
67.30 ~~period of declarant control. The existence and amount, if any, of the operating deficit shall~~  
67.31 ~~be determined using the accrual basis of accounting applied as of the date of termination~~  
67.32 ~~of the period of declarant control, regardless of the accounting methodology previously~~  
67.33 ~~used by the association to maintain its accounts. alternate common expense plan may be~~  
67.34 authorized only by including in the declaration and the disclosure statement required  
67.35 by section 515B.4-102 provisions authorizing and disclosing the alternate common  
67.36 expense plan as described in item (i), and including in the disclosure statement either (A)

68.1 a statement that the alternate common expense plan will have no effect on the level of  
68.2 services or amenities anticipated by the association's budget contained in the disclosure  
68.3 statement, or (B) a statement describing how the services or amenities may be affected.

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

68.10 (iv) If a declarant utilizes an alternate common expense plan, that declarant shall  
68.11 cause to be prepared and delivered to the association, at the declarant's expense, within  
68.12 90 days after the termination of the period of declarant control, an audited balance sheet  
68.13 and profit and loss statement certified to the association and prepared by an accountant  
68.14 having the qualifications set forth in section 515B.3-121(b). The audit shall be binding on  
68.15 the declarant and the association.

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

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

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

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



69.1 (b) The replacement ~~reserve component of the common expenses~~ reserves required  
69.2 by section 515B.3-114 shall be funded paid to the association by each unit owner for  
69.3 each unit owned by that unit owner in accordance with the projected association's annual  
69.4 budget required by section 515B.4-102(23); provided, that the funding of replacement  
69.5 reserves with respect to a unit shall commence no later than the date that approved  
69.6 pursuant to subsection (a), regardless of whether an annual assessment has been levied or  
69.7 whether the declarant has utilized an alternate common expense plan under subsection  
69.8 (a)(2). Replacement reserves shall be paid with respect to a unit commencing as of the  
69.9 later of (1) the date of creation of the common interest community or (2) the date that the  
69.10 unit or structure and exterior of the building containing the unit, or the structure and  
69.11 exterior of any building located within the unit boundaries is, but excluding the interior  
69.12 finishing of the structure itself, are substantially completed. Substantial completion shall  
69.13 be evidenced by a certificate of occupancy in any jurisdiction that issues the certificate. If  
69.14 the association has not approved an annual budget as of the commencement date for the  
69.15 payment of replacement reserves, then the reserves shall be paid based upon the budget  
69.16 contained in the disclosure statement required by section 515B.4-102.

69.17 (c) After an assessment has been levied by the association, assessments shall be  
69.18 levied ~~at least~~ annually, based upon ~~a~~ an annual budget approved ~~at least annually~~ by the  
69.19 association. In addition to and not in lieu of annual assessments, an association may, if  
69.20 so provided in the declaration, levy special assessments against all units in the common  
69.21 interest community based upon the same formula required by the declaration for levying  
69.22 annual assessments. Special assessments may be levied only (1) to cover expenditures  
69.23 of an emergency nature, (2) to replenish underfunded replacement reserves, (3) to  
69.24 cover unbudgeted capital expenditures or operating expenses, or (4) to replace certain  
69.25 components of the common interest community described in section 515B.3-114(a),  
69.26 if such alternative method of funding is approved under section 515B.3-114(a)(5).  
69.27 The association may also levy assessments against fewer than all units as provided in  
69.28 subsections (e), (f), and (g), subject to the requirements of section 515B.3-114(a)(5), with  
69.29 respect to assessments under section 515B.3-115(e)(2).

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

69.33 (e) Unless otherwise required by the declaration:

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

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

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

70.6 (4) reasonable attorneys fees and costs incurred by the association in connection  
70.7 with (i) the collection of assessments and, (ii) the enforcement of this chapter, the articles,  
70.8 bylaws, declaration, or rules and regulations, against a unit owner, may be assessed  
70.9 against the unit owner's unit; and

70.10 (5) fees, charges, late charges, fines and interest may be assessed as provided  
70.11 in section 515B.3-116(a).

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

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

70.19 (h) Subject to any shorter period specified by the declaration or bylaws, if any  
70.20 installment of an assessment becomes more than 60 days past due, then the association  
70.21 may, upon ten days' written notice to the unit owner, declare the entire amount of the  
70.22 assessment immediately due and payable in full.

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

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

70.28 **EFFECTIVE DATE.** The amendments to this section are effective August 1, 2010,  
70.29 and apply only to common interest communities created on or after that date.

70.30 Sec. 13. Minnesota Statutes 2008, section 515B.3-116, is amended to read:

70.31 **515B.3-116 LIEN FOR ASSESSMENTS.**

70.32 (a) The association has a lien on a unit for any assessment levied against that unit  
70.33 from the time the assessment becomes due. If an assessment is payable in installments, the  
70.34 full amount of the assessment is a lien from the time the first installment thereof becomes

71.1 due. Unless the declaration otherwise provides, fees, charges, late charges, fines and  
 71.2 interest charges pursuant to section 515B.3-102(a)(10), (11) and (12) are liens, and are  
 71.3 enforceable as assessments, under this section. Recording of the declaration constitutes  
 71.4 record notice and perfection of any assessment lien under this section, and no further  
 71.5 recording of any notice of or claim for the lien is required.

71.6 (b) Subject to subsection (c), a lien under this section is prior to all other liens and  
 71.7 encumbrances on a unit except (i) liens and encumbrances recorded before the declaration  
 71.8 and, in a cooperative, liens and encumbrances which the association creates, assumes, or  
 71.9 takes subject to, (ii) any first mortgage encumbering the fee simple interest in the unit, or,  
 71.10 in a cooperative, any first security interest encumbering only the unit owner's interest in  
 71.11 the unit, (iii) liens for real estate taxes and other governmental assessments or charges  
 71.12 against the unit, and (iv) a master association lien under section 515B.2-121(i)(h). This  
 71.13 subsection shall not affect the priority of mechanic's liens.

71.14 (c) If a first mortgage on a unit is foreclosed, the first mortgage was recorded after  
 71.15 June 1, 1994, and no owner or person who acquires the owner's interest in the unit redeems  
 71.16 during the owner's period of redemption provided by pursuant to chapter 580, 581, or 582,  
 71.17 the holder of the sheriff's certificate of sale from the foreclosure of the first mortgage or  
 71.18 any person who acquires title to the unit by redemption as a junior creditor shall take title  
 71.19 to the unit subject to a lien in favor of the association for unpaid assessments for common  
 71.20 expenses levied pursuant to section 515B.3-115(a), (e)(1) to (3), (f), and (i) which became  
 71.21 due, without acceleration, during the six months immediately preceding the first day  
 71.22 following the end of the owner's period of redemption. The common expenses shall be  
 71.23 based upon the association's then current annual budget, notwithstanding the use of an  
 71.24 alternate common expense plan under section 515B.3-115(a)(2). If a first security interest  
 71.25 encumbering a unit owner's interest in a cooperative unit which is personal property is  
 71.26 foreclosed, the secured party or the purchaser at the sale shall take title to the unit subject  
 71.27 to unpaid assessments for common expenses levied pursuant to section 515B.3-115(a),  
 71.28 (e)(1) to (3), (f), and (i) which became due, without acceleration, during the six months  
 71.29 immediately preceding the first day following either the disposition date pursuant to section  
 71.30 336.9-610 or the date on which the obligation of the unit owner is discharged pursuant to  
 71.31 section 336.9-622. This subsection shall not affect the priority of mechanics' liens.

71.32 ~~(c) Recording of the declaration constitutes record notice and perfection of any lien~~  
 71.33 ~~under this section, and no further recordation of any notice of or claim for the lien is~~  
 71.34 ~~required.~~

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

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

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

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

72.12 (h) The association's lien may be foreclosed as provided in this subsection.

72.13 (1) In a condominium or planned community, the association's lien may be  
72.14 foreclosed in a like manner as a mortgage containing a power of sale pursuant to chapter  
72.15 580, or by action pursuant to chapter 581. The association shall have a power of sale to  
72.16 foreclose the lien pursuant to chapter 580.

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

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

72.32 "THIS IS TO INFORM YOU THAT BY THIS NOTICE (fill in name of association  
72.33 or secured party) HAS BEGUN PROCEEDINGS UNDER MINNESOTA STATUTES,  
72.34 CHAPTER 515B, TO FORECLOSE ON YOUR INTEREST IN YOUR UNIT FOR THE  
72.35 REASON SPECIFIED IN THIS NOTICE. YOUR INTEREST IN YOUR UNIT WILL

73.1 TERMINATE 90 DAYS AFTER SERVICE OF THIS NOTICE ON YOU UNLESS  
73.2 BEFORE THEN:

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

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

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

73.8 (3) \$500 TO APPLY TO ATTORNEYS FEES ACTUALLY EXPENDED OR  
73.9 INCURRED; PLUS

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

73.12 (b) YOU SECURE FROM A DISTRICT COURT AN ORDER THAT THE  
73.13 FORECLOSURE OF YOUR RIGHTS TO YOUR UNIT BE SUSPENDED UNTIL  
73.14 YOUR CLAIMS OR DEFENSES ARE FINALLY DISPOSED OF BY TRIAL,  
73.15 HEARING, OR SETTLEMENT. YOUR ACTION MUST SPECIFICALLY STATE  
73.16 THOSE FACTS AND GROUNDS THAT DEMONSTRATE YOUR CLAIMS OR  
73.17 DEFENSES.

73.18 IF YOU DO NOT DO ONE OR THE OTHER OF THE ABOVE THINGS WITHIN  
73.19 THE TIME PERIOD SPECIFIED IN THIS NOTICE, YOUR OWNERSHIP RIGHTS  
73.20 IN YOUR UNIT WILL TERMINATE AT THE END OF THE PERIOD, YOU WILL  
73.21 LOSE ALL THE MONEY YOU HAVE PAID FOR YOUR UNIT, YOU WILL LOSE  
73.22 YOUR RIGHT TO POSSESSION OF YOUR UNIT, YOU MAY LOSE YOUR RIGHT  
73.23 TO ASSERT ANY CLAIMS OR DEFENSES THAT YOU MIGHT HAVE, AND YOU  
73.24 WILL BE EVICTED. IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE,  
73.25 CONTACT AN ATTORNEY IMMEDIATELY."

73.26 (4) In any foreclosure pursuant to chapter 580, 581, or 582, the rights of the parties  
73.27 shall be the same as those provided by law, except (i) the period of redemption for unit  
73.28 owners shall be six months from the date of sale or a lesser period authorized by law, (ii) in  
73.29 a foreclosure by advertisement under chapter 580, the foreclosing party shall be entitled to  
73.30 costs and disbursements of foreclosure and attorneys fees authorized by the declaration or  
73.31 bylaws, notwithstanding the provisions of section 582.01, subdivisions 1 and 1a, (iii) in a  
73.32 foreclosure by action under chapter 581, the foreclosing party shall be entitled to costs and  
73.33 disbursements of foreclosure and attorneys fees as the court shall determine, ~~and~~ (iv) the  
73.34 amount of the association's lien shall be deemed to be adequate consideration for the unit  
73.35 subject to foreclosure, notwithstanding the value of the unit, and (v) the association shall  
73.36 not be required to provide notice of opportunity for counseling pursuant to section 580.021.

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

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

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

74.11 Sec. 14. Minnesota Statutes 2008, section 515B.3-117, is amended to read:

74.12 **515B.3-117 OTHER LIENS.**

74.13 (a) Except in a cooperative and except as otherwise provided in this chapter or in a  
74.14 security instrument, an individual unit owner may have the unit owner's unit released from  
74.15 a lien if the unit owner (1) pays the lienholder the portion of the amount which the lien  
74.16 secures that is attributable to the unit, or (2) provides in the manner set forth in section  
74.17 514.10 the deposit or other security required by that section. Upon the receipt of payment  
74.18 or written evidence of the deposit or other security, the lienholder shall promptly deliver to  
74.19 the unit owner a recordable partial satisfaction and release of lien releasing the unit from  
74.20 the lien. The release shall be deemed to include a release of any rights in the common  
74.21 elements appurtenant to the unit. The portion of the amount which a lien secures that is  
74.22 attributable to the unit shall be equal to the total amount which the lien secures multiplied  
74.23 by a percentage calculated by dividing the common expense liability attributable to the  
74.24 unit by the common expense liability attributable to all units against which the lien has  
74.25 been recorded, or in the case of a lien under subsection (b), the units against which the lien  
74.26 is permitted or required to be recorded. At the request of a lien claimant or unit owners,  
74.27 the association shall provide a written statement of the percentage of common expense  
74.28 liability attributable to all units. After a unit owner's payment pursuant to this section,  
74.29 the association may not assess the unit for any common expense incurred thereafter in  
74.30 connection with the satisfaction or defense against the lien.

74.31 (b) Labor performed or materials furnished for the improvement of a unit shall  
74.32 be the basis for the recording of a lien against that unit pursuant to the provisions of  
74.33 chapter 514 but shall not be the basis for the recording of a lien against the common  
74.34 elements. Labor performed or materials furnished for the improvement of common  
74.35 elements, for which a lien may be recorded under chapter 514, if duly authorized by

75.1 the association, shall be deemed to be performed or furnished with the express consent  
 75.2 of each unit owner, and shall be perfected by recording a lien against all the units in the  
 75.3 common interest community, ~~but shall not be the basis for the recording of a lien against~~  
 75.4 ~~the common elements except~~ or in the case of a condominium or planned community on  
 75.5 registered land, in which case a lien must be filed shall be perfected by recording a lien  
 75.6 pursuant to section 508.351, subdivision 5, or 508A.351, subdivision 5. Where a lien is  
 75.7 recorded against the units for labor performed or material furnished for the improvement  
 75.8 of common elements, the association shall be deemed to be the authorized agent of the  
 75.9 unit owners for purposes of receiving the notices required under sections 514.011 and  
 75.10 514.08, subdivision 1, clause (2).

75.11 (c) A security interest in a cooperative whose unit owners' interests in the units  
 75.12 are personal property shall be perfected by recording a financing statement in the UCC  
 75.13 filing section of the central filing system operated by the Office of the Secretary of  
 75.14 State. In any disposition by a secured party pursuant to section 336.9-610 or retention  
 75.15 pursuant to sections 336.9-620 to 336.9-622, the rights of the parties shall be the same  
 75.16 as those provided by law, subject to the exceptions and requirements set forth in section  
 75.17 515B.3-116(h)(3), and except that the unit owner has the right to reinstate the debt owing  
 75.18 to the secured party by paying to the secured party, prior to the effective date of the  
 75.19 disposition or retention, the amount which would be required to reinstate the debt under  
 75.20 section 580.30 if the unit were wholly real estate.

75.21 Sec. 15. Minnesota Statutes 2008, section 515B.3-120, is amended to read:

75.22 **515B.3-120 DECLARANT DUTIES; TURNOVER OF RECORDS.**

75.23 (a) During any period of declarant control pursuant to section 515B.3-103(c),  
 75.24 declarant and any of its representatives who are acting as officers or directors of the  
 75.25 association shall:

75.26 (1) cause the association to be operated and administered in accordance with its  
 75.27 articles of incorporation and bylaws, the declaration and applicable law;

75.28 (2) be subject to all fiduciary obligations and obligations of good faith applicable to  
 75.29 any persons serving a corporation in that capacity;

75.30 (3) cause the association's funds to be maintained in a separate bank account or  
 75.31 accounts solely in the association's name, from and after the date of creation of the  
 75.32 association; and

75.33 (4) cause the association to maintain complete and accurate records in compliance  
 75.34 with section 515B.3-118.

76.1 (b) At such time as any period of declarant control terminates, declarant shall cause  
 76.2 to be delivered to the board elected by the unit owners exclusive control of all funds  
 76.3 of the association, all contracts and agreements which are binding on the association,  
 76.4 all corporate records of the association including financial records, copies of all CIC  
 76.5 plats and supplementary CIC plats, personal property owned or represented to be owned  
 76.6 by the association, assignments of ~~all declarant's rights and interests under the third~~  
 76.7 party warranties relating to common element improvements or other improvements the  
 76.8 association is obliged to maintain, repair or replace, if not in the name of the association,  
 76.9 and, to the extent they are in the control or possession of the declarant, copies of all  
 76.10 plans and specifications ~~in its control or possession~~ relating to buildings and related  
 76.11 improvements which are part of the common elements, and operating manuals and  
 76.12 warranty materials relating to any equipment or personal property utilized in the operation  
 76.13 of the common interest community. The declarant's obligation to turn over the foregoing  
 76.14 items shall continue to include additional new or changed items in its possession or  
 76.15 control. Declarant shall not be obligated to assign any third-party warranty to the extent  
 76.16 assignment is prohibited by the warranty or applicable law or otherwise prevents the  
 76.17 declarant from enforcing the warranty.

76.18 (c) A person entitled to appoint the directors of a master association pursuant to  
 76.19 section 515B.2-121(c)~~(3)~~ (1), and the master association's officers and directors, shall be  
 76.20 subject to the same duties and obligations with respect to the master association as are  
 76.21 described in subsections (a) and (b), to the extent applicable. A master association may  
 76.22 not be used to circumvent or avoid any obligation or restriction imposed on a declarant or  
 76.23 its affiliates by this chapter.

76.24 Sec. 16. Minnesota Statutes 2008, section 515B.3-121, is amended to read:

76.25 **515B.3-121 ACCOUNTING CONTROLS.**

76.26 (a) Subject to any additional or greater requirements set forth in the declaration or  
 76.27 bylaws, a review of the association's financial statements shall be made at the end of  
 76.28 the association's fiscal year, unless prior to 60 days after the end of that fiscal year, at a  
 76.29 meeting or by mailed ballot, unit owners, other than declarant or its affiliates, of units to  
 76.30 which at least 30 percent of the votes in the association are allocated vote to waive the  
 76.31 review requirement for that fiscal year. A waiver vote shall not apply to more than one  
 76.32 fiscal year, and shall not affect the board's authority to cause a review or audit to be made.  
 76.33 The reviewed financial statements shall be delivered to all members of the association  
 76.34 within 180 days after the end of the association's fiscal year.



77.1 (b) The review shall be made by a licensed, independent certified public accountant.  
 77.2 A licensed, independent certified public accountant means an accountant who (i) is not  
 77.3 an employee of the declarant or its affiliates, (ii) is professionally independent of the  
 77.4 control of the declarant or its affiliates, (iii) is licensed by the Minnesota State Board of  
 77.5 Accountancy and (iv) satisfies the tests for independence as promulgated by the American  
 77.6 Institute of Certified Public Accountants.

77.7 (c) Where the financial statements are prepared by an independent certified public  
 77.8 accountant, they shall be prepared in accordance with generally accepted accounting  
 77.9 principles as established from time to time by the American Institute of Certified Public  
 77.10 Accountants, and shall be reviewed in accordance with standards for accounting and  
 77.11 review services. In such case, the financial statements shall be presented on the full accrual  
 77.12 basis using an accounting format that separates operating activity from replacement  
 77.13 reserve activity.

77.14 **ARTICLE 4**  
 77.15 **PROTECTION OF PURCHASERS**

77.16 Section 1. Minnesota Statutes 2008, section 515B.4-101, is amended to read:

77.17 **515B.4-101 APPLICABILITY; DELIVERY OF DISCLOSURE STATEMENT.**

77.18 (a) Sections 515B.4-101 through 515B.4-118 apply to all units subject to this chapter,  
 77.19 except as provided in subsection (c) or as modified or waived by written agreement of  
 77.20 purchasers of a unit which is restricted to nonresidential use.

77.21 (b) Subject to subsections (a) and (c), a declarant who offers a unit to a purchaser  
 77.22 shall deliver to the purchaser a current disclosure statement which complies with the  
 77.23 requirements of section 515B.4-102. The disclosure statement shall include any material  
 77.24 amendments to the disclosure statement made prior to the conveyance of the unit to  
 77.25 the purchaser. The declarant shall be liable to the purchaser to whom it delivered the  
 77.26 disclosure statement for any false or misleading statement set forth therein or for any  
 77.27 omission of a material fact therefrom.

77.28 (c) Neither a disclosure statement nor a resale disclosure certificate need be prepared  
 77.29 or delivered in the case of:

- 77.30 (1) a gratuitous transfer;
- 77.31 (2) a transfer pursuant to a court order;
- 77.32 (3) a transfer to a government or governmental agency;
- 77.33 (4) a transfer to a secured party by foreclosure or deed in lieu of foreclosure;
- 77.34 (5) an option to purchase a unit, until exercised;

78.1 (6) a transfer to a person who "controls" or is "controlled by," the grantor as those  
78.2 terms are defined with respect to a declarant under section 515B.1-103(2);

78.3 (7) a transfer by inheritance;

78.4 (8) a transfer of special declarant rights under section 515B.3-104; or

78.5 (9) a transfer in connection with a change of form of common interest community  
78.6 under section 515B.2-123.

78.7 (d) A purchase agreement for a unit shall contain the following notice: "The  
78.8 following notice is required by Minnesota Statutes. The purchaser is entitled to receive  
78.9 a disclosure statement or resale disclosure certificate, as applicable. The disclosure  
78.10 statement or resale disclosure certificate contains important information regarding the  
78.11 common interest community and the purchaser's cancellation rights."

78.12 (e) ~~A purchase agreement for~~ The sale, to the initial occupant, of a platted lot or  
78.13 other parcel of real estate (i) which is or may be subject to a master declaration, (ii) which  
78.14 is intended for residential occupancy, and (iii) which does not and is not intended to  
78.15 constitute a unit, shall be subject to the following requirements:

78.16 (1) The purchase agreement for the lot or other parcel shall contain the following  
78.17 notice: "The following notice is required by Minnesota Statutes: The real estate to be  
78.18 conveyed under this agreement is or ~~will~~ may be subject to a master association as defined  
78.19 in Minnesota Statutes, chapter 515B. The master ~~association shall~~ developer is required  
78.20 to provide to the buyer, pursuant to Minnesota Statutes, section 515B.4-102(c), upon the  
78.21 buyer's request, within ten days after receipt of a request from the buyer of the buyer's  
78.22 authorized representative, a statement containing the information required by Minnesota  
78.23 Statutes, section 515B.4-102(a)(20); with respect to the master association, ~~prior to the~~  
78.24 ~~time that the buyer signs a purchase agreement for the real estate.~~ The statement contains  
78.25 important information regarding the master association ~~and the buyer's obligations~~  
78.26 ~~thereunder.~~ The name, address, and telephone number of the master developer are [insert  
78.27 information]."

78.28 (2) A master developer shall, within ten days after receipt of a request described in  
78.29 clause (1), furnish to the requesting person the information required to be provided by  
78.30 section 515B.4-102(a)(20).

78.31 (f) A claim by a buyer based upon a failure to ~~include the foregoing notice in a~~  
78.32 ~~purchase agreement~~ comply with subsection (e):

78.33 (1) shall be limited to legal, and not equitable, remedies; or

78.34 (2) shall be barred unless it is commenced within the time period specified in section  
78.35 515B.4-115(a); ~~or~~

78.36 ~~(3) may be waived by a separate written document signed by the seller and buyer.~~

79.1 Sec. 2. Minnesota Statutes 2008, section 515B.4-102, is amended to read:

79.2 **515B.4-102 DISCLOSURE STATEMENT; GENERAL PROVISIONS.**

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

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

79.5 (2) the name and principal address of ~~the~~ each declarant holding any special declarant  
79.6 rights; a description of the special declarant rights held by each declarant; a description  
79.7 of the units or additional real estate to which the respective special declarant rights  
79.8 apply; and a copy of any recorded transfer of special declarant rights pursuant to section  
79.9 515B.3-104(a), or any instrument recorded pursuant to section 515B.3-104(b), (g), or (h);

79.10 (3) the total number of units which ~~the declarant has~~ all declarants have the right  
79.11 to include in the common interest community and a statement that the common interest  
79.12 community is either a condominium, cooperative, or planned community;

79.13 (4) a general description of the common interest community, including, at a  
79.14 minimum, (i) the number of buildings, (ii) the number of dwellings per building, (iii)  
79.15 the type of construction, (iv) whether the common interest community involves new  
79.16 construction or rehabilitation, (v) whether any building was wholly or partially occupied,  
79.17 for any purpose, before it was added to the common interest community and the nature  
79.18 of the occupancy, ~~and~~ (vi) a general description of any roads, trails, or utilities that are  
79.19 located on the common elements and that the association or a master association will be  
79.20 required to maintain, and (vii) a description of any declarant licensing rights under section  
79.21 515B.2-109(e);

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

79.25 (6) any expenses or services, not reflected in the budget, that ~~the~~ a declarant pays  
79.26 or provides, which may become a common expense; the projected common expense  
79.27 attributable to each of those expenses or services; ~~and an explanation~~ a description of  
79.28 ~~declarant's limited assessment liability~~ any alternate common expense plan under section  
79.29 ~~515B.3-115(b)~~ 515B.3-115(a)(2)(i); and, if the declaration provides for an alternate  
79.30 common expense plan, either (i) a statement that the alternate common expense plan will  
79.31 have no effect on the level of services or amenities anticipated by the association's budget  
79.32 or disclosed in the disclosure statement, or (ii) a statement describing how the services or  
79.33 amenities may be affected;

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

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

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

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

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

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

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

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

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

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

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

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

81.14 (19) a statement: (i) that real estate taxes for the unit or any real property owned by  
 81.15 the association are not delinquent or, if there are delinquent real estate taxes, describing  
 81.16 the property for which the taxes are delinquent, stating the amount of the delinquent  
 81.17 taxes, interest and penalties, and stating the years for which taxes are delinquent, and  
 81.18 (ii) setting forth the amount of real estate taxes, including the amount of any special  
 81.19 assessment certified for payment with the real estate taxes, due and payable with respect to  
 81.20 the unit in the year in which the disclosure statement is given, if real estate taxes have  
 81.21 been separately assessed against the unit;

81.22 (20) if the ~~association or the purchaser of the unit will~~ unit or other parcel of  
 81.23 real estate being purchased is or may be a member of ~~subject to a master association~~  
 81.24 declaration at the time of the conveyance from the declarant to the purchaser, a statement  
 81.25 to that effect, and all of the following information with respect to the master association:  
 81.26 (i) ~~a copy of~~ copies of the following documents (which may be in proposed form if  
 81.27 the master declaration has not been recorded): the master declaration, the articles of  
 81.28 incorporation, bylaws, and rules and regulations for the master association, together with  
 81.29 any amendments thereto; (ii) the name and address of the master developer, and the  
 81.30 name, address and general description of the master association, including a general  
 81.31 description of any other association, unit owners, or other persons which are or may  
 81.32 become members; (iii) a description of any nonresidential use permitted on any property  
 81.33 subject to the master ~~association~~ declaration; (iv) a statement as to the estimated maximum  
 81.34 number of associations, unit owners or other persons which may become members of  
 81.35 the master association, and ~~the degree and~~ a description of any period of control of  
 81.36 the master association and rights to appoint master association directors by a declarant

82.1 master developer or other person pursuant to section 515B.2-121(c); (v) a description  
82.2 of any facilities intended for the benefit of the members of the master association and  
82.3 not located on property owned or controlled by a member or the master association;  
82.4 (vi) the financial arrangements, including any contingencies, which have been made to  
82.5 provide for completion of the facilities referred to in subsection (v), or a statement that no  
82.6 arrangements have been made; (vii) any current balance sheet of the master association  
82.7 and a projected or current annual budget, as applicable, which budget shall include with  
82.8 respect to the master association those items in paragraph (23), clauses (i) through (iii),  
82.9 and the projected monthly or other periodic common expense assessment payment for  
82.10 each type of unit, lot, or other parcel of real estate which is or is planned to be subject to  
82.11 assessment; (viii) a description of any expenses or services not reflected in the budget, paid  
82.12 for or provided by a ~~declarant~~ master developer or a other person executing the master  
82.13 declaration, which may become an expense of the master association in the future; (ix) a  
82.14 description of any powers delegated to and accepted by the master association pursuant  
82.15 to section 515B.2-121~~(f)~~(e)(2); (x) identification of any liens, defects or encumbrances  
82.16 that will continue to affect title to property owned or operated by the master association  
82.17 for the benefit of its members; (xi) the terms of any warranties provided by any person  
82.18 for construction of facilities in which the members of the master association have or may  
82.19 have an interest, and any known defects in the facilities which would violate the standards  
82.20 described in section ~~515B.4-112(b)~~ 515B.4-113(b)(2); (xii) a statement disclosing, after  
82.21 inquiry of the master association, any unsatisfied judgments or lawsuits to which the  
82.22 master association is a party, and the status of those lawsuits which are material to the  
82.23 master association; (xiii) a description of any insurance coverage provided for the benefit  
82.24 of its members by the master association; and (xiv) any current or expected fees or  
82.25 charges, other than assessments by the master association, to be paid by members of the  
82.26 master association for the use of any facilities intended for the benefit of the members;  
82.27 (21) a statement as to whether the unit will be substantially completed at the time  
82.28 of conveyance to a purchaser, and if not substantially completed, who is responsible to  
82.29 complete and pay for the construction of the unit;  
82.30 (22) ~~a copy~~ copies of the following documents (which may be in proposed form if  
82.31 the declaration has not been recorded): the declaration and any supplemental declaration,  
82.32 and any amendments thereto; (exclusive of the CIC plat);2 any other recorded covenants,  
82.33 conditions,2 restrictions, andor reservations affecting the common interest community; the  
82.34 articles of incorporation, bylaws and any rules or regulations of the association; the names  
82.35 of the current members of the association's board of directors; any agreement excluding or  
82.36 modifying any implied warranties; any agreement reducing the statute of limitations for

83.1 the enforcement of warranties; any contracts or leases to be signed by purchaser at closing;  
 83.2 and a ~~brief narrative~~ description of any ~~(i) contracts or leases that are or may be subject to~~  
 83.3 ~~cancellation by the association under section 515B.3-105 and (ii) any material~~ contracts,  
 83.4 leases, or other agreements entered into between the declarant and a governmental entity  
 83.5 ~~that affect~~ affecting the common interest community; and

83.6 (23) a balance sheet for the association, following the creation of the association,  
 83.7 current within 90 days of the date of delivery of the disclosure statement; a projected  
 83.8 annual budget for the association; and a statement identifying the party responsible for the  
 83.9 preparation of the budget. The budget shall assume that all units intended to be included  
 83.10 in the common interest community, based upon the declarant's good faith estimate, have  
 83.11 been subjected to the declaration; provided, that additional budget portrayals based upon  
 83.12 a lesser number of units are permitted. The budget shall include, without limitation:  
 83.13 (i) a statement of the amount included in the budget as a reserve for replacement, the  
 83.14 components of the common interest community for which the reserves are budgeted, and  
 83.15 the amounts of the reserves, if any, that are allocated for the replacement of each of those  
 83.16 components; (ii) a statement of any other reserves; (iii) the projected common expense  
 83.17 for each category of expenditures for the association; (iv) the projected monthly common  
 83.18 expense assessment for each type of unit; and (v) ~~a footnote or other reference to those~~  
 83.19 ~~components of the common interest community the maintenance, repair, or replacement of~~  
 83.20 ~~which the budget assumes will be funded by assessments under section 515B.3-115(e)~~  
 83.21 ~~rather than by assessments included in the association's annual budget, and a statement~~  
 83.22 ~~referencing section 515B.3-115(c)(1) or (2) as the source of funding~~ a statement as to the  
 83.23 components of the common interest community whose replacement will be funded by  
 83.24 assessments under section 515B.3-115(c) or (e), rather than by replacement reserves as  
 83.25 approved pursuant to section 515B.3-114(a). If, based upon the association's then current  
 83.26 budget, the monthly common expense assessment for the unit at the time of conveyance  
 83.27 to the purchaser is anticipated to exceed the monthly assessment stated in the budget, a  
 83.28 statement to such effect shall be included.

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

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

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

84.3 **EFFECTIVE DATE.** The amendments to this section are effective August 1, 2010,  
84.4 and apply only to common interest communities created on or after that date.

84.5 Sec. 3. Minnesota Statutes 2008, section 515B.4-104, is amended to read:

84.6 **515B.4-104 TIME SHARES.**

84.7 If the declaration permits time shares, the disclosure statement shall contain or  
84.8 disclose, in addition to the information required by sections 515B.4-102 and 515B.4-103:

84.9 (1) the unit identifiers of the units in which time shares may be created;

84.10 (2) the total number of time shares that may be created;

84.11 (3) the minimum duration of any time shares that may be created;

84.12 (4) the extent to which the creation of time shares will or may affect the  
84.13 enforceability of the association's lien for assessments provided in section 515B.3-116;

84.14 (5) a statement as to whether the time share interest is a fixed time period in a  
84.15 designated unit or if either the time period or unit may vary;

84.16 (6) copies of all organizational documents, contracts, leases and other documents  
84.17 affecting the time share association or the time shares, or the purchaser's rights therein;

84.18 (7) any state or federal ruling or nonaction letter regarding the ~~time shares~~  
84.19 classification of the time shares as a security or a statement that there is no ruling or  
84.20 nonaction letter;

84.21 (8) a statement as to whether the time share is registered with the state under the  
84.22 Subdivided Land Sales Act or with the federal government under the Interstate Land Sales  
84.23 Act and, if the time share is so registered, a copy of the public offering statement or other  
84.24 disclosure document required by those acts; and

84.25 (9) if the time share owners are to be permitted or required to become members of or  
84.26 to participate in a program for the exchange of occupancy rights among themselves or with  
84.27 the owners of time shares in other projects or both, a general description of the program.

84.28 Sec. 4. Minnesota Statutes 2008, section 515B.4-105, is amended to read:

84.29 **515B.4-105 COMMON INTEREST COMMUNITY WITH BUILDING ONCE**  
84.30 **OCCUPIED.**

84.31 The disclosure statement ~~of~~ for a common interest community containing any  
84.32 building that was at any time before the creation of the common interest community  
84.33 wholly or partially occupied, for any purpose, by persons other than purchasers or persons



85.1 who occupied with the consent of purchasers, shall contain, in addition to the information  
85.2 required by sections 515B.4-102, 515B.4-103 and 515B.4-104:

85.3 (1) a professional opinion prepared by a registered professional architect or engineer,  
85.4 licensed in this state, describing the current condition of all structural components and  
85.5 mechanical ~~and~~, electrical, and plumbing installations material to the use and enjoyment of  
85.6 the building, to the extent reasonably ascertainable without disturbing the improvements  
85.7 or dismantling the equipment, which will be in place or be operational at the time of  
85.8 conveyance of the first unit to a person other than a declarant. Subject to such reasonable  
85.9 accessibility, the opinion shall include, at a minimum, the following information  
85.10 concerning the following components and installations: (i) the composition and condition  
85.11 of all roofs, (ii) the type of building frame and its condition, (iii) the composition and  
85.12 condition of exterior walls, (iv) whether any building foundation, or any exterior walls  
85.13 or exposed load-bearing components, show significant spalling, buckling, shearing, or  
85.14 other obvious settling, damage, or load distress, (v) the type, composition, and condition  
85.15 of predominant window and door systems, (vi) the condition of any furnaces or boilers,  
85.16 (vii) the stated capacity of common electrical service, (viii) the type and condition of any  
85.17 common elevator system serving any building, and (ix) evidence of water damage within  
85.18 any building and any apparent source of the damage;

85.19 (2) a statement ~~by the declarant~~ of the ~~expected~~ remaining useful life of each item  
85.20 reported on in paragraph (1) or a statement that no representations are made in that regard  
85.21 to some or all of the items; and

85.22 (3) a list of any outstanding notices of uncured violations of building code or other  
85.23 municipal regulations, together with the estimated cost of curing those violations.

85.24 (4) the approximate age of each building and the approximate date of any major  
85.25 alterations or additions thereto; and

85.26 (5) a statement as to which, if any, the components or installations reported on in  
85.27 clause (1) has been replaced or will be replaced prior to the recording of the declaration  
85.28 and the approximate date when the replacement occurred or will occur.

85.29 Sec. 5. Minnesota Statutes 2008, section 515B.4-106, is amended to read:

85.30 **515B.4-106 PURCHASER'S RIGHT TO CANCEL.**

85.31 (a) A person required to deliver a disclosure statement pursuant to section  
85.32 515B.4-101(b) shall provide at least one of the purchasers of the unit with a copy of the  
85.33 disclosure statement and all amendments thereto before conveyance of the unit. If a  
85.34 purchaser is not given a disclosure statement more than ten days before execution of  
85.35 the purchase agreement, the purchaser may, before conveyance, cancel the purchase

86.1 agreement within ten days after first receiving the disclosure statement. If a purchaser  
86.2 is given the disclosure statement more than ten days before execution of the purchase  
86.3 agreement, the purchaser may not cancel the purchase agreement pursuant to this section.  
86.4 The ten-day rescission period may be modified or waived, in writing, by agreement of the  
86.5 purchaser of a unit only after the purchaser has received and had an opportunity to review  
86.6 the disclosure statement. The person required to deliver a disclosure statement may not  
86.7 condition the sale of the unit on the purchaser agreeing to modify or waive the purchaser's  
86.8 ten-day right of rescission, may not contractually obligate the purchaser to modify or  
86.9 waive the purchaser's ten-day right of rescission, and may not include a modification or  
86.10 waiver of the ten-day right of rescission in any purchase agreement for the unit. To be  
86.11 effective, a modification or waiver of a purchaser's ten-day right of rescission must be  
86.12 evidenced by an instrument separate from the purchase agreement signed by the purchaser  
86.13 more than three days after the purchaser receives the disclosure statement.

86.14 (b) If an amendment to the disclosure statement materially and adversely affects  
86.15 a purchaser, then the purchaser shall have ten days after delivery of the amendment to  
86.16 cancel the purchase agreement in accordance with this section. The ten-day rescission  
86.17 period may be modified or waived, in writing, by agreement of the purchaser of a unit only  
86.18 after the purchaser has received and had an opportunity to review the amendment. To be  
86.19 effective, a modification or waiver of a purchaser's ten-day right of rescission under this  
86.20 section must be evidenced by a written instrument separate from the purchase agreement  
86.21 signed by the purchaser more than three days after the purchaser receives the amendment.

86.22 (c) If a purchaser elects to cancel a purchase agreement pursuant to this section,  
86.23 the purchaser may do so by giving notice thereof pursuant to section 515B.1-115.  
86.24 Cancellation is without penalty, and all payments made by the purchaser before  
86.25 cancellation shall be refunded promptly. Notwithstanding anything in this section to  
86.26 the contrary, the purchaser's cancellation rights under this section terminate upon the  
86.27 purchaser's acceptance of a conveyance of the unit.

86.28 (d) If a declarant obligated to deliver a disclosure statement fails to deliver to the  
86.29 purchaser a disclosure statement which substantially complies with this chapter, the  
86.30 declarant shall be liable to the purchaser in the amount of ~~\$1,000~~ \$5,000, in addition to  
86.31 any damages or other amounts recoverable under this chapter or otherwise. Any action  
86.32 brought under this subsection shall be commenced within the time period specified in  
86.33 section 515B.4-115, subsection (a).

86.34 Sec. 6. Minnesota Statutes 2008, section 515B.4-107, is amended to read:

86.35 **515B.4-107 RESALE OF UNITS.**

87.1 (a) In the event of a resale of a unit by a unit owner other than a declarant, unless  
 87.2 exempt under section 515B.4-101(c), the unit owner shall furnish to a purchaser, before  
 87.3 execution of any purchase agreement for a unit or otherwise before conveyance, the  
 87.4 following documents relating to the association or to the master association, if applicable:

87.5 (1) copies of the declaration (other than any CIC plat), the articles of incorporation  
 87.6 and bylaws, any rules and regulations, and any amendments or supplemental declarations;

87.7 ~~(2) the organizational and operating documents relating to the master association;~~  
 87.8 if any copies of the master declaration, articles of incorporation, bylaws, and rules and  
 87.9 regulations, if the common interest community is subject to a master declaration; and

87.10 (3) a resale disclosure certificate from the association dated not more than 90 days  
 87.11 prior to the date of the purchase agreement or the date of conveyance, whichever is earlier,  
 87.12 containing the information set forth in subsection (b).

87.13 (b) The resale disclosure certificate must be in substantially the following form:

87.14 COMMON INTEREST COMMUNITY  
 87.15 RESALE DISCLOSURE CERTIFICATE

87.16 Name of Common Interest Community: .....

87.17 Name of Association: .....

87.18 Address of Association: .....

87.19 Unit Number(s) (include principal unit and any garage, storage, or other auxiliary ~~unit(s)~~  
 87.20 units):

87.21 Common elements licensed under Minnesota Statutes, section 515B.2-109(e):

87.22 .....

87.23 .....

87.24 The following information is furnished by the association named above according to  
 87.25 Minnesota Statutes, section 515B.4-107.

87.26 1. There is no right of first refusal or other restraint on the free alienability of  
 87.27 the above unit(s) contained in the declaration, bylaws, rules and regulations, or any  
 87.28 amendment to them, except as follows: .....

87.29 .....

87.30 .....

87.31 .....

87.32 2. The following periodic installments of common expense assessments and special  
 87.33 assessments are payable with respect to the above unit(s):

87.34 a. Annual assessment installments: \$..... Due:.....

88.1 b. Special assessment installments: \$..... Due:.....

88.2 c. Unpaid assessments, fines, or other charges:

88.3 (1) Annual \$.....

88.4 (2) Special \$.....

88.5 (3) Fines \$.....

88.6 (4) Other Charges \$.....

88.7 d. The association has/has not (strike one) approved a plan for levying certain
88.8 common expense assessments against fewer than all the units according to
88.9 Minnesota Statutes, section 515B.3-115, subsection (e). If a plan is approved, a
88.10 description of the plan is attached to this certificate.

88.11 3. In addition to the amounts due under paragraph 2, the following additional fees
88.12 or charges other than assessments are payable by unit owners (include late payment
88.13 charges, user fees,

88.14 etc.): .....

88.15 .....

88.16 .....

88.17 4. There are no extraordinary expenditures approved by the association, and not yet
88.18 assessed, for the current and two succeeding fiscal years, except as follows: .....

88.19 .....

88.20 .....

88.21 5. The association is obligated to replace the following components of the common
88.22 interest community:

88.23 .....

88.24 .....

88.25 The association has ~~reserved~~ the following amounts in its reserves for ~~maintenance,~~
88.26 ~~repair, or replacement of those components:~~ .....

88.27 .....

88.28 .....

88.29 ~~The following portions of these reserves are designated for the following specified projects~~
88.30 ~~or uses: .....~~ The replacement of the following components

88.31 is funded by assessments levied only against the unit or units served by the component,

88.32 pursuant to Minnesota Statutes, section 515B.3-115(e)(1) or (2).

88.33 6. The following documents are furnished with this certificate according to statute:

89.1 a. The most recent regularly prepared balance sheet and income and expense  
89.2 statement of the association.

89.3 b. The current budget of the association.

89.4 7. There are no unsatisfied judgments against the association, except as follows

89.5 (identify creditor and amount): .....

89.6 .....

89.7 .....

89.8 8. There are no pending lawsuits to which the association is a party, except as

89.9 follows (identify and summarize status):.....

89.10 .....

89.11 .....

89.12 9. Description of insurance coverages:

89.13 a. The association provides the following insurance coverage for the benefit of unit  
89.14 owners: (Reference may be made to applicable sections of the declaration or bylaws;  
89.15 however, any additional coverages should be described in this space)

89.16 .....

89.17 .....

89.18 .....

89.19 b. The following described fixtures, decorating items, or construction items within  
89.20 the unit referred to in Minnesota Statutes, section 515B.3-113, subsection (b), are insured  
89.21 by the association (check as applicable):

89.22 .... Ceiling or wall finishing materials

89.23 .... ~~Floor coverings~~ Finished flooring

89.24 .... Cabinetry

89.25 .... Finished millwork

89.26 .... Electrical, heating, ventilating, and air conditioning equipment, or plumbing fixtures  
89.27 serving a single unit

89.28 .... Built-in appliances

89.29 .... Improvements and betterments as originally constructed

89.30 .... Additional improvements and betterments installed by unit owners

89.31 10. The board of directors of the association has not notified the unit owner (i) that  
89.32 any alterations or improvements to the unit or to the limited common elements assigned

90.1 to it violate any provision of the declaration; or (ii) that the unit is in violation of any  
90.2 governmental statute, ordinance, code, or regulation, except as follows: .....

90.3 .....

90.4 11. The remaining term of any leasehold estate affecting the common interest  
90.5 community and the premises governing any extension or renewal of it are as follows: .....

90.6 .....

90.7 .....

90.8 This Resale Disclosure Certificate is given in connection with the resale of a unit  
90.9 by a unit owner who is not a declarant and who, therefore, is not liable for express  
90.10 warranties under Minnesota Statutes, section 515B.4-112, or implied warranties under  
90.11 Minnesota Statutes, section 515B.4-113. The conveyance of this unit may, however, result  
90.12 in a transfer of preexisting warranties made by a declarant under the referenced statutes,  
90.13 subject to the terms of Minnesota Statutes, sections 515B.4-114 and 515B.4-115.

90.14 ~~12~~ 13. In addition to the above, the following matters affecting the occupancy or use  
90.15 of the unit, or the unit owner's obligations with respect to the unit, are deemed material: .

90.16 .....

90.17 I hereby certify that the foregoing information and statements are true and correct as  
90.18 of .....

90.19 .....

90.20 (Date)

90.21 By: .....

90.22 Title: .....

90.23 (Association representative)

90.24 Address: .....

90.25 Phone Number: .....

90.26 RECEIPT

90.27 In addition to the foregoing information furnished by the association, the unit owner is  
90.28 obligated to furnish to the purchaser before execution of any purchase agreement for a  
90.29 unit or otherwise before conveyance, copies of the following documents relating to the  
90.30 association or to the master association (as applicable): the declaration (other than any  
90.31 common interest community plat), articles of incorporation, bylaws, rules and regulations  
90.32 (if any), and any amendments to these documents. Receipt of the foregoing documents,  
90.33 and the resale disclosure certificate, is acknowledged by the undersigned buyer(s).

90.34 Dated: ..... .....

90.35 (Buyer)

91.1 .....  
91.2 (Buyer)

91.3 (c) If the ~~association~~ common interest community is subject to a master declaration  
91.4 and governed by a master association to which has been delegated any of the association's  
91.5 powers under section 515B.3-102(a)(2), then the financial information required to be  
91.6 disclosed under subsection (b) may be disclosed on a consolidated basis.

91.7 (d) The association, within ten days after a request by a unit owner, or the unit  
91.8 owner's authorized representative, shall furnish the certificate required in subsection  
91.9 (a). The association may charge a reasonable fee for furnishing the certificate and any  
91.10 association documents related thereto. A unit owner providing a certificate pursuant to  
91.11 subsection (a) is not liable to the purchaser for any erroneous information provided by  
91.12 the association and included in the certificate. A unit owner who has acquired title to a  
91.13 unit pursuant to section 515B.3-104 including, but not limited to, a unit owner who has  
91.14 acquired title through foreclosure or a deed in lieu of foreclosure, must indicate to the  
91.15 association in connection with a request for a resale disclosure certificate whether the  
91.16 requesting unit owner is or is not a declarant. The unit owner, not the association, is liable  
91.17 for any damage, loss, or other consequence arising out of the incorrect representation of  
91.18 its declarant status.

91.19 (e) A purchaser is not liable for any unpaid common expense assessments, including  
91.20 special assessments, if any, not set forth in the certificate required in subsection (a). A  
91.21 purchaser is not liable for the amount by which the annual or special assessments exceed  
91.22 the amount of annual or special assessments stated in the certificate for assessments  
91.23 payable in the year in which the certificate was given, except to the extent of any increases  
91.24 subsequently approved in accordance with the declaration or bylaws. A unit owner is not  
91.25 liable to a purchaser for the failure of the association to provide the certificate, or a delay  
91.26 by the association in providing the certificate in a timely manner.

91.27 Sec. 7. Minnesota Statutes 2008, section 515B.4-108, is amended to read:

91.28 **515B.4-108 PURCHASER'S RIGHT TO CANCEL RESALE.**

91.29 ~~(a)~~ Unless a purchaser is given the information required to be delivered by section  
91.30 515B.4-107, ~~by a delivery method described in that section,~~ more than ten days prior  
91.31 to the execution of the purchase agreement for the unit the purchaser may, prior to the  
91.32 conveyance, cancel the purchase agreement within ten days after receiving the information.  
91.33 The ten-day rescission period may be modified or waived, in writing, by agreement of the  
91.34 purchaser of a unit only after the purchaser has received and had an opportunity to review  
91.35 the information required to be delivered by section 515B.4-107. The person required to

92.1 deliver the information required to be delivered by section 515B.4-107 may not condition  
 92.2 the sale of the unit on the purchaser agreeing to modify or waive the purchaser's ten-day  
 92.3 right of rescission, may not contractually obligate the purchaser to modify or waive the  
 92.4 purchaser's ten-day right of rescission, and may not include a modification or waiver of  
 92.5 the ten-day right of rescission in any purchase agreement for the unit. To be effective, a  
 92.6 modification or waiver of a purchaser's ten-day right of rescission must be evidenced by  
 92.7 an instrument separate from the purchase agreement signed by the purchaser more than  
 92.8 three days after the purchaser receives the resale disclosure certificate.

92.9 ~~(b) A purchaser who elects to cancel a purchase agreement pursuant to subsection~~  
 92.10 ~~(a), may do so by hand delivering notice thereof or mailing notice by postage prepaid~~  
 92.11 ~~United States mail to the seller or the agent. Cancellation is without penalty and all~~  
 92.12 ~~payments made by the purchaser shall be refunded promptly.~~

92.13 Sec. 8. Minnesota Statutes 2008, section 515B.4-110, is amended to read:

92.14 **515B.4-110 OBLIGATION TO RELEASE LIENS.**

92.15 (a) In the case of a transfer of a unit where a disclosure statement is required, the  
 92.16 declarant, before conveying the unit, shall:

92.17 (1) record or furnish to the purchaser recordable releases of all liens, the foreclosure  
 92.18 of which could deprive the unit owner of title to or occupancy of the unit, that the  
 92.19 purchaser does not agree in writing to take subject to or assume, that encumber:

92.20 (i) in a condominium, that unit and its common element interest, and

92.21 (ii) in a cooperative or planned community, that unit and any common elements; or

92.22 (2) if the purchaser agrees in writing, provide the purchaser with a surety  
 92.23 bond, substitute collateral or title insurance assuring against loss or damage from the  
 92.24 enforcement of the lien.

92.25 (b) Before conveying real estate to the association, the declarant shall have the real  
 92.26 estate released from: (1) all liens the foreclosure of which would deprive unit owners of  
 92.27 any material right of access to a unit or any material easements appurtenant to a unit, and  
 92.28 (2) all other liens on that real estate, unless the disclosure statement specifically states that  
 92.29 the declarant may convey the real estate to the association subject to liens and discloses  
 92.30 the maximum amount and all other relevant terms of the lien.

92.31 Sec. 9. Minnesota Statutes 2008, section 515B.4-111, is amended to read:

92.32 **515B.4-111 CONVERSION PROPERTY.**

92.33 (a) A unit owner of a unit occupied for residential use in a common interest  
 92.34 community containing conversion property shall not, for a period of one year following



93.1 the recording of the declaration creating the common interest community, require any  
93.2 occupant of the unit to vacate the unit unless the unit owner gives notice to the occupant  
93.3 in the manner described in this section. The notice shall be given no later than 120 days  
93.4 before the occupant is required to vacate the unit. The notice shall be sufficient as to all  
93.5 occupants of a unit if it is hand delivered or mailed to the unit to be vacated, addressed  
93.6 to the occupants thereof. If the holder of the lessee's interest in the unit has given the  
93.7 unit owner an address different than that of the unit, then the notice shall also be given  
93.8 to the holder of the lessee's interest at the designated address. The notice shall comply  
93.9 with the following requirements:

93.10 (1) The notice shall set forth generally the rights conferred by this section.

93.11 (2) The notice shall have attached ~~to the notice intended for the holder of the lessee's~~  
93.12 ~~interest~~ a form of purchase agreement setting forth the proposed terms of sale of the unit  
93.13 to the holder of the lessee's interest as contemplated by subsection (d) and a statement  
93.14 of any significant restrictions imposed by the declaration on the use and occupancy of  
93.15 the unit ~~to be imposed by the declarant~~.

93.16 (3) The notice shall state that the occupants of the residential unit may demand to be  
93.17 given 60 additional days before being required to vacate, if any of them, or any person  
93.18 residing with them, is (i) 62 years of age or older, (ii) a person with a disability as defined  
93.19 in section 268A.01, or (iii) a minor child on the date the notice is given. This demand  
93.20 must be in writing, contain reasonable proof of qualification, and be given to the declarant  
93.21 within 30 days after the notice of conversion is delivered or mailed.

93.22 (4) The notice shall be contained in an envelope upon which the following shall be  
93.23 boldly printed: "Notice of Conversion."

93.24 (b) Notwithstanding subsection (a), an occupant may be required to vacate a unit  
93.25 upon less than 120 days' notice by reason of nonpayment of rent, utilities or other  
93.26 monetary obligations, violations of law, waste, or conduct that disturbs other occupants'  
93.27 peaceful enjoyment of the premises. The terms of the tenancy may not be altered during  
93.28 the notice period, except that the holder of the lessee's interest or other party in possession  
93.29 may vacate and terminate the tenancy upon one month's written notice to the declarant.  
93.30 Nothing in this section prevents the unit owner and any occupant from agreeing to a right  
93.31 of occupancy on a month-to-month basis beyond the 120-day notice period, or to an  
93.32 earlier termination of the right of occupancy.

93.33 (c) No repair work or remodeling may be commenced or undertaken in the occupied  
93.34 units or common areas of the building during the notice period, unless reasonable  
93.35 precautions are taken to ensure the safety and security of the occupants.

94.1 (d) For 60 days after delivery or mailing of the notice described in subsection (a),  
 94.2 the holder of the lessee's interest in the unit on the date the notice is mailed or delivered  
 94.3 shall have an option to purchase that unit on the terms set forth in the purchase agreement  
 94.4 attached to the notice. The purchase agreement shall contain no terms or provisions which  
 94.5 violate any state or federal law relating to discrimination in housing. If the holder of  
 94.6 the lessee's interest fails to sign a binding purchase agreement for the unit during that  
 94.7 60-day period, the unit owner may not offer to dispose of an interest in that unit during  
 94.8 the following 180 days at a price or on terms more favorable to the offeree than the price  
 94.9 or terms offered to the holder. This subsection ~~does~~ and subsection (a)(2) do not apply  
 94.10 to any unit in a conversion building property if that unit will be restricted exclusively to  
 94.11 nonresidential use or if the boundaries of the converted unit do not substantially conform  
 94.12 to the boundaries of the residential unit before conversion.

94.13 (e) If a unit owner, in violation of subsection (b), conveys a unit to a purchaser for  
 94.14 value who has no knowledge of the violation, the recording of the deed conveying the unit  
 94.15 or, in a cooperative, the conveyance of the right to possession of the unit, extinguishes any  
 94.16 right a holder of a lessee's interest who is not in possession of the unit may have under  
 94.17 subsection (d) to purchase that unit, but the conveyance does not affect the right of the  
 94.18 holder to recover damages from the unit owner for a violation of subsection (d).

94.19 (f) If a notice ~~of conversion~~ described in subsection (a) specifies a date by which a  
 94.20 unit or proposed unit must be vacated or otherwise complies with the provisions of chapter  
 94.21 504B, the notice also constitutes a notice to vacate specified by that statute.

94.22 (g) An occupant of space for residential use in a conversion property shall not have  
 94.23 any of the rights set out in this section or under any municipal ordinance if the holder of  
 94.24 the lessee's interest in the space received written notice of intent to convert to a common  
 94.25 interest community (i) before signing a lease or a lease renewal or before occupying the  
 94.26 space and (ii) less than two years before the common interest community is created.

94.27 (h) A notice of intent to convert to a common interest community shall identify  
 94.28 the conversion property by both legal description and street address and state that (i)  
 94.29 the declarant intends to convert the property to a planned community, condominium, or  
 94.30 cooperative form of common interest community, specifying the intended form, and (ii)  
 94.31 persons entering into leases subsequent to the receipt of the notice of intent to convert  
 94.32 will not have the rights available to an occupant or a person holding the lessee's interest  
 94.33 under this section.

94.34 ~~(g)~~ (i) Nothing in this section permits a unit owner to terminate a lease in violation  
 94.35 of its terms.

95.1 ~~(h)~~ (j) Failure to give notice as required by ~~this section~~ subsection (a) is a defense  
 95.2 to an action for possession ~~until a notice complying with this section is given and the~~  
 95.3 ~~applicable notice period terminates.~~

95.4 Sec. 10. Minnesota Statutes 2008, section 515B.4-115, is amended to read:

95.5 **515B.4-115 STATUTE OF LIMITATIONS FOR WARRANTIES.**

95.6 (a) A judicial proceeding for breach of an obligation arising under section  
 95.7 515B.4-101(e) or 515B.4-106(d), shall be commenced within ~~six~~ 12 months after the  
 95.8 conveyance of the unit or other parcel of real estate.

95.9 (b) A judicial proceeding for breach of an obligation arising under section  
 95.10 515B.4-112 or 515B.4-113 shall be commenced within six years after the cause of action  
 95.11 accrues, but the parties may agree to reduce the period of limitation to not less than two  
 95.12 years. An agreement reducing the period of limitation signed by one purchaser of a unit  
 95.13 shall be binding on any copurchasers of the unit, and the purchaser's successor purchasers'  
 95.14 successors and assigns. With respect to a unit that may be occupied for residential use, an  
 95.15 agreement to reduce the period of limitation must be evidenced by an instrument separate  
 95.16 from the purchase agreement signed by ~~the~~ a purchaser of the unit.

95.17 (c) Subject to subsection (d), a cause of action under section 515B.4-112 or  
 95.18 515B.4-113, regardless of the ~~purchasers~~ purchaser's lack of knowledge of the breach,  
 95.19 accrues:

95.20 (1) as to a unit, at the earlier of the time of conveyance of any interest in the unit by  
 95.21 ~~the~~ a declarant to a bona fide purchaser ~~of the unit,~~ other than an affiliate of a declarant, or  
 95.22 the time ~~the~~ a purchaser enters into possession of the unit. As to a unit subject to time  
 95.23 shares, a cause of action accrues upon the earlier of the conveyance of the unit or the  
 95.24 conveyance of the first time share interest in the unit to a purchaser; and

95.25 (2) as to each common element, the latest of (i) the time the common element is  
 95.26 completed; (ii) the time the first interest in a unit in the common interest community is  
 95.27 conveyed to a bona fide purchaser, or, if the common element is located on property that  
 95.28 is was additional real estate, at the time the first interest in a unit therein created thereon  
 95.29 is conveyed to a bona fide purchaser; or (iii) the termination of the period of declarant  
 95.30 control.

95.31 (d) If a warranty explicitly extends to future performance or duration of any  
 95.32 improvement or component of the common interest community, the cause of action  
 95.33 accrues at the time the breach is discovered or at the end of the period for which the  
 95.34 warranty explicitly extends, whichever is earlier.

96.1           **EFFECTIVE DATE.** The amendments to this section are effective August 1, 2010,  
96.2 and apply only to common interest communities created on or after that date.

96.3           Sec. 11. Minnesota Statutes 2008, section 515B.4-116, is amended to read:

96.4           **515B.4-116 RIGHTS OF ACTION; ATTORNEY'S FEES.**

96.5           (a) In addition to any other rights to recover damages, attorney's fees, costs or  
96.6 expenses, whether authorized by this chapter or otherwise, if a declarant, an association, or  
96.7 any other person violates any provision of this chapter, or any provision of the declaration,  
96.8 bylaws, or rules and regulations any person or class of persons adversely affected by the  
96.9 failure to comply has a claim for appropriate relief. The association shall have standing to  
96.10 pursue claims on behalf of the unit owners of two or more units.

96.11           (b) The court may award reasonable attorney's fees and costs of litigation to the  
96.12 prevailing party. Punitive damages may be awarded for a willful failure to comply.

96.13           (c) The remedies provided for under this chapter are not exclusive and do not  
96.14 abrogate any remedies under other statutes or the common law, notwithstanding whether  
96.15 those remedies are referred to in this chapter.