

Working Group on CLCs and HOAs

Overview of Laws Related to Governing Documents

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Topic for Today: “Governing Documents”

- Application of Chapters 515, 515A, and 515B
- What are governing documents? Which statutes apply?
- Who administers the governing documents? How?

Application of Statutes

Three Chapters show the history of CIC law in Minnesota:

- [515](#) - Minnesota Condominium Act governed condominiums prior to August 1, 1980
- [515A](#) - Uniform Condominium Act applies to creations on or after August 1, 1980, but prior to June 1, 1994
- [515B](#) - The Minnesota Common Interest Ownership Act (MCIOA) applies to CICs and HOAs created on or after June 1, 1994, and with a complicated [application section](#) also applies to many of the actions and events that occur on previously created CICs after that date

Governing Documents

Declaration

- Establishes the CIC
- Controls the CIC association along with other documents and law
- Often starts with a developer who controls the CIC and association for a period of time
- [Article 2 of Chapter 515B](#); creating a CIC, declaration contents, amending a declaration; covers merger, termination, and additions to CICs

Articles of Incorporation

- Most CIC's associations are incorporated as nonprofit corporations under Minn. Chapter 317A; law provides what must be is in the Articles of Incorporation ([Minn. Stat. § 317A.111](#)); CICs can also be organized as a for-profit or cooperative
- These provisions control how the association operates along with other governing documents

Governing Documents Cont.

By-Laws

- Many CIC Associations also have by-laws in addition to their articles of incorporation
- By-laws are often used to provide direction for the actions of the association
- See [Minn. Stat. § 317A.181](#)

Rules and Regulations and Budget

- These are not true “governing documents” but documents that can control and bind the association and members
- Passed by the association using the articles and by-laws and are binding on spending and activities of the CIC/HOA

Who administers the Governing Documents?

Powers of the Association: [\(515B.3-102\)](#) – must be made up of unit owners

- Create, amend, and revoke rules regulating the CIC including rules related to conduct, damages, animals, and appearance of the exterior of the CIC
- Adopt a budget, levy and collect assessments
- Hire managing agents and independent contractors
- Litigate and sign contracts for the CIC
- Maintain, repair, improve, and regulate the use of the common elements of the CIC
- Provide for the indemnification of its officers and directors, and maintain directors' and officers' liability insurance
- Follow reasonable procedures for meetings and election of directors

How do they administer the governing documents?

Chapter 515B – Article 3

- Contains many of the provisions regulating CIC associations and providing their powers, activities, and duties
- Board of Dir., Officers, and open meeting requirements [515B.3-103](#)
- Statutory requirements of bylaws and Annual Meeting requirements for the association [515B.3-106](#)
- Upkeep of CIC and preventative maintenance plans [515B.3-107](#)
- Meetings and Notice for Meetings [515B.3-108](#)
- Quorums and Voting [515B.3-109](#) and [515B.3-110](#)
- Liability, Lawsuits, Insurance, Reserve Funds, Assessments, Liens, Records and Accountability [515B.3-111 to 515B.3-121](#)

Questions?



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