

To: Working Group on Common Interest Communities and Homeowners Associations  
Minnesota Legislature

December 6, 2024

Thank you, Madame Chair and Working Group members, for the opportunity to present information regarding Common Interest Communities.

My name is Larry Struck. I am President of the Windwood Condominium Association at 7508 Cahill Rd. in Edina, Minnesota. Our association has 206 units along with amenities such as meeting areas, workshop, pools and tennis courts on twelve acres of grounds.

Today I want to focus on just two issues that I believe are important for understanding the current situation of homeowner associations: one is the cost of insurance coverage as it relates to affordability for owners, the other is the volunteer basis of homeowner association government.

As you probably know, there have been recent increases, some very dramatic, in the cost of homeowner property insurance. This is attributed to adverse weather events due to climate change. Many homeowner associations have been particularly hard hit by rising costs. Since our complex is large and 50+ years old, which is considered older for this area, we were dropped by our previous carrier who left the HOA market altogether. After a search for alternatives we were placed in the secondary, unregulated, (excess and surplus) market which resulted in a 400% increase for our premiums. That cost had to be borne by owners through an increase in dues of about \$250 per month. We have a diverse population in our association ranging from working families to retired seniors. The added cost has become a burden for many, some of whom will be forced to move.

The point to emphasize here is that homeowner associations can be economical and enjoyable ways to own your own home. They can represent affordable home ownership at a time when single family homes are out of reach for many. So I urge your Working Group consider the impact of the insurance market on HOAs and be open to remedies.

The second point I want to stress is that HOAs are overseen largely by volunteer Boards of Directors, with help from professional management companies. In my experience with associations these volunteers are usually, though not always, competent and well meaning. They provide valuable service to owners when following their own governing documents and state statutes. There will naturally be disagreements and problems to resolve, as in any governing organization. But I believe that, overall, HOAs are beneficial and a great asset to the public. I commend and respect the work of this legislative group to find ways to ensure the continued health of common interest communities.

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