

This proposed amended legislation creates an exception or carve out if you will for small, self-managed communities under Minnesota Statutes Chapter 515B also known as the Minnesota Common Interest Ownership Act. Please find the following draft language as proposed. This proposed exception is designed to address the specific needs of small, self-managed communities and aims to reduce the burden and dysfunction on smaller communities while ensuring that there is still transparency and accountability in governance.

MN 515B, Sub-Section \_\_\_ and Minnesota 317A subsection \_\_\_;

Exception To The Above Statute For Small, Self-Managed Communities As Follows:

(a) Applicability

This subsection applies to small, self-managed communities meeting the following criteria:

1. The total number of units in the common interest community does not exceed 25 units, the number generally assumed to provide adequate critical mass necessary to hire outside management and or agent assistance and other overhead associated with property maintenance.
2. The community is fully self-managed, meaning there is no external, contracted management company or third-party contractor providing property management services to the common area community at large.
3. The annual budget for the common interest community does not exceed \$100,000 or another amount which may be set by the State legislature as the case may be from time to time.

(b) Exception to Certain Board Meeting Requirements

Notwithstanding other provisions of Chapter 515B, and including those requirements found in 317 A governing Minnesota Non-Profit corporations, the following exceptions apply to communities that meet the criteria under subdivision (a) as set forth in 1-3 above.

1. Board Meeting Requirements

(i) Small, self-managed communities meeting the standard as set forth above in (a) may opt out of the official meeting requirements for notice and minutes when discussing or performing maintenance or other sundry operational tasks as follows: that any informal meeting, whether in person or telephonically, email, text, or other full duplex or limited duplex assembly of a quorum of the Board shall gather for the purposes of inspections, discussions, property maintenance, property management, negotiations with vendors and other property management duties\*\* and also to include even for social gatherings.

(ii) Notwithstanding the items enumerated in 1(i) above, under no circumstance shall any such meeting of a quorum of the Board allow for voting, change of governing documents, acceptance of budgetary items, raising or lowering assessments or implementing new assessments or for other contractual authority or obligation beyond month to month service contracts, if any.

## 2. Meeting and Record-Keeping Requirements

(i) The requirement for a formal meeting of the unit owners under section 515B.3-108 shall not apply to an informal meeting as set forth in 1(i) above and more specifically, meeting notice, meeting minutes or other requirements set forth in the reference Statute.

(ii) The board of directors, or equivalent governing body, of a self-managed community shall continue to be held to the same fiduciary standard as anticipated in Minnesota 515B and 317A statutes and that the board members shall act in good faith, make reasonable efforts to comply with the association's governing documents, and provide accurate financial and operational information to all unit owners.

(iii) If at any time the community exceeds the size or budget thresholds outlined in subdivision (a), or contracts with a professional management service thereby relieving the Board of property management duties, the exception under this subsection shall terminate, and the community shall continue to comply with all provisions of Chapter 515B and that of 317A as applicable to larger or professionally managed communities.

## 3. Regular Meetings As Intended

(i) nothing in this amendment shall be interpreted to eliminate or interfere with the obligations of the Board and common interest community to call and provide the minimum number of official Board and Member meetings annually as prescribed in 515B and or 317A Statutes or if more, in the governing declaration documents.

(ii) in those official meetings, they shall continue to be compliant with all requirements of MN 515B and MN 317A in their entirety.

\*\* lawn mowing, snow plowing, maintenance, raking, yard cleanup, deer fencing, beach maintenance, painting, cleaning, budgeting, hiring outside counsel, etc., etc.