

March 19, 2025

To WATHA members:

Since August, a legislative working group tasked by the 2024 Minnesota Legislature has been gathering data on the implications of legislative reform on HOAs. My HOA board alone (Fairway Meadows Manor Homes) has had three members testify before the committee and the HOA Leadership Network has testified several times. The working group results have produced pending bills HF1268 (House) and SF1750 (Senate). If these bills are approved, they take effect January 1, 2026.

I am writing you because these bills are not well balanced for HOA Boards and restrict the work of the boards to act in support of all our homeowners. I encourage you to look at the latest iteration of HF1268 and SF 1750. I will highlight some of the items that restrict boards from operating in our HOAs best interest.

HF1268 and SF 1750 are bipartisan, companion bills and I have only looked closely through the wording for HF 1268. I urge you to consider the following:

1. Amanda Hemmingsen-Jaeger introduced two separate bills in the 2024 legislative session (HF5032 and HF5348) that suggested creating a database for HOAs and CICs. This would identify for the Legislature the number of residents that live in HOA/CIC communities in Minnesota and would offer us a more powerful voice in creating greater protective legislation for our communities. **This does not appear in HF1268.**
2. Lines 23.24-23.26 do not allow board members to collect proxies from homeowners and act as their representative for the annual meeting. Proxies are often a necessary element of the annual meeting process to ensure a quorum, validating the legality of the meeting. Board members often need to take a proactive role in acquiring proxies to meet the legal standard regarding the number of homeowners in attendance.
3. Lines 26.13-26.18 and 30.20-30.23 limit a cap on attorney's fees and collection agency fees to a total of \$1500. If attorney and collection agency fees amount to more than \$1500, the community will need to absorb the additional costs, rather than placing those fees on the homeowner who created the non-payment.
4. Lines 27.16-27.19 requires a board to present the next proposed annual budget to homeowners at the annual meeting for approval. Fairway Meadows Manor Homes' budget works on a calendar year (January to January) and our annual meeting is

mid-summer. To accommodate this change, we would have to have an annual meeting in late November/December, which is a risky time of the year in terms of our weather, availability of meeting locations, and holiday schedules.

5. The original draft of HF1268 severely restricted property managements from sending business to themselves or having an inducement in referring business to others. Those grave restrictions have mostly vanished. There is some reference to this in the First Engrossment of HF1268 in Lines 18.32-19.5. I urge you to look at the original bill in contrast.
6. The original working group suggested creating an office of Ombudsman to investigate and assist with homeowner/board disputes. This option has vanished in these bills.
7. The working group heard from homeowners and board members about the damage of rising insurance costs and how HOA/CICs are classified differently than single-family homes through the Commerce department. How we are classified plays a major role in our insurance pricing increases. This concern has been referred to the Commerce department. Nothing remains in the bill.

These are just changes that I have noticed while perusing one bill (HF1268). Please examine HF1268 and SF1750 yourself, as you may see items critical to the effectiveness of your board. I am attaching an HOA Leadership Network template letter. I encourage you to use that letter but add your personal touches to it. Our representatives are as follows...

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Sen. Nicole Mitchell, Legislative Assistant Emily Butenhoff, 651-296-5537, email through her Senate website

Thank you for your efforts as HOA board members.

Best, Laura Nichols, Fairway Meadows Manor Homes, Treasurer