ISSUE #1

Section (C) - Sample Provision Excerpt (Public Preview)

of these Bylaws. The Annual Report shall contain as a minimum, the following:
(1) a statement of any capital expenditures in excess of twenty percent of the current budget or $5,000, whichever is greater, anticipated by the Association during the current fiscal year;
(2)
a statement of the balance of any reserve or replacement fund and any portion of the fund designated for any specified project by the Board of Directors;
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(3)
a copy of the statement of revenues and expenses for the Association for the last fiscal year and a balance sheet as of the end of said fiscal year;
(4)
a statement of the status of any pending litigation or judgments to which the Association is a party;
(5)
(6)
a statement of the insurance coverage provided by the Association; and
a statement of the total past due assessments on all Lots, current as of not more than sixty (60) days prior to the date of the meeting.

MARKUP #1 ->

MARKUP #1 · STATUTORY MEETING & OWNER RIGHTS DEFECT — BOARD & COUNSEL REVIEW

Sec. (C) (p. 7): Insufficient Capital Expenditure Disclosure Threshold

Statutory / Legal Reference: Minn. Stat. § 515B.3-106

Statutory Comparison: Minn. Stat. § 515B.3-106(c)(1) requires the annual report to disclose capital expenditures exceeding 2% of the budget. The target clause improperly raises this threshold to 20%, significantly reducing the level of financial transparency required by law. (Authority excerpt: "a statement of any capital expenditures in excess of two percent of the current budget or $5,000, whichever is greater, approved by the association for the current fiscal year or succeeding two fiscal years;")

CURRENT WORDING IN DOCUMENT:

of these Bylaws. The Annual Report shall contain as a minimum, the following:
(1) a statement of any capital expenditures in excess of twenty percent of the current budget or $5,000, whichever is greater, anticipated by the Association during the current fiscal year;
(2) a statement of the balance of any reserve or replacement fund and any portion of the fund designated for any specified project by the Board of Directors; L L
(3) a copy of the statement of revenues and expenses for the Association for the last fiscal year and a balance sheet as of the end of said fiscal year;
(4) a statement of the status of any pending litigation or judgments to which the Association is a party;
(5) (6) a statement of the insurance coverage provided by the Association; and a statement of the total past due assessments on all Lots, current as of not more than sixty (60) days prior to the date of the meeting.

SAMPLE DISCUSSION WORDING (FOR HOA ATTORNEY REVIEW):

Notwithstanding any contrary provision in this section, this covenant shall be administered and enforced strictly in accordance with Minn. Stat. § 515B.3-106. Association counsel should review this provision and adopt a conforming amendment or board policy resolution to align with Minn. Stat. § 515B.3-106.