

**Advantages and Disadvantages of Opting in to  
Minnesota Common Interest Ownership Act<sup>1</sup>**

<b>Advantages</b>	<b>Disadvantages</b>
Statutory authority for all Association actions.	Time and cost involved in preparing, revising, circulating and voting on amendments necessary to opt in under MCIOA.
Default statutory sections to deal with problems and issues not dealt with in existing governing documents.	MCIOA amendment requires the approval and signature of sixty seven percent (67%) of the owners. The amendment must be recorded.
Ability to assess unit owners with special needs rather than a general, uniform annual assessment affecting every owner.	Under MCIOA, the Association is <i>required by law</i> to provide for adequate reserve funds and insurance to cover the replacement of any common areas that the Association is obligated to maintain, repair or replace.
"Super-lien" on first mortgage foreclosed units under which Association is entitled to collect assessment amounts from the lender during the redemption period.	Under MCIOA, the Association would be required to have an annual review of its financial statements by an independent certified public accountant, unless thirty percent (30%) of the members were to vote against such a review at each annual meeting.
Greater right to implement Rules and Regulations which are enforceable with statutory authority.	
Ability to "clean-up" problems with existing documents which contain many vague and ambiguous terms.	
Ability to foreclose liens "by advertisement" rather than more costly "by action" method. MCIOA also allows recovery of all attorneys' fees in such actions.	
Flexible provisions relating to insurance issues, common areas and other matters.	
Clearer definitions and provisions relating to assessments, maintenance and repair obligations.	
Specific statutory authority for fines, late fees, interest and attorneys' fees against delinquent or problem owners.	

<sup>1</sup> MCIOA became effective on June 1, 1994, but with regard to townhouse developments it applies only to those which were originally constructed on or after that date. Thus, in order to become governed by the statute, the Association would have to "opt-in" to the statute by completely amending its Declaration of Covenants, Conditions and Restrictions ("Declaration") and its Bylaws to conform with the requirements of MCIOA.