

HOA files: Otsego community hit with breathtaking roof repair bills

Homeowners, suspecting self-dealing, want Legislature to require more transparency

By: [Madison McVan](#) - October 22, 2024 8:00 am



Roxanne Williams, a resident of Villas at Pheasant Ridge, has spoken out against a roof replacement project at her community that cost homeowners more than \$18,600 each — resulting in at least one foreclosure. Photo by Madison McVan/Minnesota Reformer.

An Otsego homeowners association charged residents more than \$18,000 each to replace their roofs, resulting in multiple liens against residents' homes* and leading homeowners to question whether the decision was made in the best interest of the community.

They're especially alarmed that the HOA board steered the roofing work to a contractor that's a subsidiary of their property manager.

Tony Tran bought his home in Villas at Pheasant Ridge, an Otsego neighborhood with a mix of townhomes and single-family homes, in 2019. When he received the approximately \$18,600 assessment for the roof replacement, he called his insurance company — but his policy only covered \$10,000. He hasn't been able to pay the remaining balance.

His questions to the property manager and HOA board members were eventually directed to lawyers, and the charges piled up: Tran’s September HOA bill included more than \$2,000 in legal fees for lawyers’ responses to Tran’s questions.

“We get charged for asking questions,” Tran said.

The HOA’s lawyers filed a lien against Tran’s home.* Tran and at least two other residents don’t remember any hail falling on July 13, 2023, the day the roofs were allegedly damaged.

In Minnesota, HOAs can issue liens against residents’ homes for failure to pay dues or special assessments. Associations can also charge residents legal fees for disputing charges or even just making inquiries.

The HOA board and property management company, Gassen, issued a lien in excess of \$20,000 against at least one other property in the community since July 2023, according to the county recorder’s office.

The roof replacement saga at Villas at Pheasant Ridge illustrates gaps in the state’s oversight of homeowners associations and property management companies, and the financial pressure HOAs can put on homeowners. Affected residents say they have little recourse when they believe their HOA or property manager are making poor decisions; or, suspect the property manager is steering expensive work to its own subsidiary on the residents’ dime.

More than 1.5 million Minnesotans live in communities with a homeowners’ association, according to [data](#) from the Community Associations Institute, an industry group.

Homeowners associations enter into contracts with property management companies to run the community’s day-to-day operations, like snow removal and maintenance. While the HOA board has the ultimate say in decisions related to the community, critics say HOA boards — filled with volunteers unschooled in HOA law — often take their direction from the property management company.

Property management company directed work to its own subsidiary

Gassen, which manages more than 18,000 homes in Minnesota, put forward its own construction company to complete the roof replacement job, leading residents to question whether the company was enriching itself by using its own subsidiary to do the repairs at Villas at Pheasant Ridge.

Gassen declined an interview for this story.**

Gassen lists Gassen Construction & Maintenance as one of its divisions on its company website. Kirk Gassen, the owner of Gassen, is listed as the manager of Gassen Construction & Maintenance in filings with the Office of the Secretary of State. The companies share a phone number.

“Our HOA services are designed to help property owners maintain their properties, keep their communities clean and safe and improve the value of their investments,” the Gassen Construction & Maintenance website reads.

When Villas at Pheasant Ridge homeowner Roxanne Williams learned that Gassen Construction & Maintenance would be replacing the roofs, she wanted to know if the HOA board or property management company had sought multiple bids for the work.

She says a Gassen representative told her the company had obtained two other quotes in 2022 for roof replacements — the year before the storm. When Williams followed up with the two companies, she says one told her there was no damage to the roofs, and therefore nothing to provide a quote for. The other told her they mainly did work on porches and decks, and had provided a quote to replace one roof in the spring of 2022, according to Williams.

“It just didn’t feel right to me,” Williams said.

When she directed those questions to Gassen, her inquiries were eventually passed on to the company’s lawyers. Gassen then billed Williams around \$900 for “legal consulting.”





A townhome at Villas at Pheasant Ridge in Otsego. Photo by Madison McVan/Minnesota Reformer.

Gassen's contract with the HOA board states that Gassen is not required to solicit competitive bids for repairs, as long as the loss is covered by insurance — unless the board specifically requests a bid process.

The Villas at Pheasant Ridge HOA board consists of homeowners elected by the community. Williams was elected in August. Other board members declined or did not return requests for comment.

Becky Cole, an organizer advocating for more transparency and accountability for HOAs and property managers, said HOA board members often lack expertise in how to run a community and therefore default to property managements' recommendations: "It's easier that way," Cole said.

Cole is a member of a work group convened by the state Legislature this year to evaluate how HOAs impact housing affordability and access, signaling that change could come during upcoming legislative sessions.

Residents question necessity of roof replacement

Like Tran, Williams doesn't remember hail falling on her townhome on a stormy day in July 2023.

She only learned of the apparent hailstorm when she received a notice in the mail from Gassen on Nov. 1.

"The July 13, 2023, wind/hailstorm damaged all buildings," the letter read. Every roof in the community needed to be replaced at a cost of \$18,657.94 per resident, due two months from the day the letter was issued.

Gassen took over management of Villas at Pheasant Ridge in April 2022, Williams said, and later that year suggested the HOA board approve a new insurance policy.

The charge, the letter explained, represented the cost of the association's \$1,791,162.26 insurance deductible, divided evenly among residents.

From Williams' second-floor deck, she can see some of the roof that extends over the first floor of her townhome. The 12-year-old shingles looked perfectly fine to her after the storms on July 13, Williams said.

Williams' home insurance contained "loss assessment coverage," so her insurance company covered the cost of the HOA assessment.

One resident, who has more than 20 years of experience running a roofing company, checked on the status of his roof a few months before the storm and saw no issues. When he learned about the more than \$18,000 assessment approved by the HOA board to cover the roof replacement, he went up on the roof again.

"I was up there, I didn't see any damage, and I was just beside myself that they were filing this insurance claim," said the resident, who requested anonymity for fear of retaliation against himself and his company.

The vinyl siding showed no signs of hail damage either, he added.**

And he didn't hear about any hail in the immediate area from his colleagues in the roofing industry. Hail did fall in some areas of central Minnesota that day, according to [weather reports](#), but Williams and other residents say their neighborhood wasn't hit.

Meeting minutes from an HOA board meeting on June 29, 2023 — weeks before the storm — states "Roofs were discussed at length in terms of filing a claim and current status of our roofs."**

Gassen Construction & Maintenance and the then-board president of the HOA signed a contract in July 2023, authorizing the contractor to receive the proceeds from the insurance payout for a loss dated July 13, 2023 — the day of the storm.

The former HOA board president signed the form on July 6, seven days *before* the incident, according to a copy of the contract obtained by the *Reformer*.** The representative of Gassen Construction & Maintenance, signed the form on July 24, after the storm.

The former HOA board president who signed the contract declined to comment.

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Gassen's PR representative said Gassen and the HOA were in the process of filing a claim to fix hail damage from August 2022 when the July 2023 storm caused additional damage.

The company defended the decision to replace the roofs, citing "damage to fascias, gutters and other soft-metal installations which impact the integrity of the roof," as well as the fact that replacing only some shingles would be impossible as the shingle type is no longer manufactured.

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HOA files: Two new roofs in two years cost some Rogers townhome owners thousands

By: [Madison McVan](#) - December 19, 2024 6:00 am



Caitlin Dahlgren owns a townhome in the Dutch Knolls neighborhood in Rogers. She has to pay \$5,000 — her HO-6 insurance deductible — for a roof replacement she and other neighbors feel isn't necessary. Photo by Madison McVan/Minnesota Reformer.

Townhome owners in a Rogers neighborhood are preparing to pay a \$16,400 bill from their homeowners' association for new roofs — just two years after a full roof replacement.

Given their toddler-aged existing roofs, residents of the Dutch Knolls community were surprised when the bills arrived in mid-November with a payment deadline of Dec. 15. Most didn't realize their HOA had filed an insurance claim, and some residents say their roofs have no damage. Many homeowners will have their bills covered by their own insurance; others don't have the right type of insurance or enough coverage to foot the bill.

Tensions erupted last week between homeowners, their HOA board members and the property management company, Sharper Management, at a meeting meant to answer residents' questions about the insurance claim that led to the roof replacement bill. Residents expressed frustration, alleging poor communication from management and questioning the decision to pursue an insurance claim for the 2-year-old roofs.

After the meeting, the HOA board pushed back the deadline to pay until Jan. 31.

Dan Cunningham, the owner and CEO of Sharper Management, said his company informed residents via “e-blasts” when they had clear information to share.

Once the insurance company inspected the properties and found damage, the HOA was bound by fiduciary duty to follow through with the insurance claim and repair, Cunningham said. Homeowners rarely show up to HOA meetings, he added.

“Does anyone think the insurance company wants to pay out a claim?” Cunningham said in response to *Reformer* questions.

The conflict highlights the financial strain homeowners’ associations can place on residents, many of whom are unaware of the power their HOAs wield until it’s too late to contest their decisions. Those who can’t pay HOA bills can face [liens](#) and even foreclosure.

This year, the Legislature convened a working group on homeowners’ associations and common interest communities — the legal umbrella term for HOAs and similar organizations — bringing together home and condo owners, property management companies, legal experts, lawmakers and other stakeholders. The working group is tasked with studying the impact of HOAs and CICs, and making recommendations for reforms.

With a tied House and a budget due by the end of next session, party politics and tough budget negotiations could derail other priorities — but there is bipartisan interest in curbing HOA powers.

“HOAs must be brought to heel,” state Rep. Walter Hudson of Albertville, an [influential Republican, posted on X](#) in October.

Working group members heard from dozens of people affected by HOA issues — including some from Dutch Knolls — at a listening session in Maple Grove on Dec. 5.

“What we have done is create another quasi unit of government with very little accountability, lacking in transparency, lacking in checks and balances and very little recourse,” said state Rep. Kristin Bahner, DFL-Maple Grove, after hearing homeowners’ stories.

Some HOA board members spoke at the listening session, saying it’s hard to recruit new board members because of the heavy responsibility of managing a community.

Cunningham said Dutch Knolls HOA board members are receiving “death threats, notes, voicemails, letters, etc.” from community members as a result of the insurance claim.

Homeowners without insurance coverage on the hook for thousands of dollars

On July 13, a wind and hail storm damaged all buildings in the community, the letter sent to homeowners explained, so the homeowners’ association filed an insurance claim.

Replacing all of the roofs in the community will cost an estimated \$1,593,329, according to the insurance company and the homeowners’ association’s public adjuster. The association’s master insurance policy has a deductible of \$1,576,712; split among the community’s 96 units, that means each homeowner pays \$16,424.

The insurance company will pay out a total of just \$16,617.

Many residents hired outside contractors, or invited friends or relatives with roofing knowledge, to inspect their roofs and insist that there is no hail damage.

Eric Skarnes, president of Insurance Warehouse, an insurance agency and broker based in Golden Valley, said HO-6 insurance can protect homeowners from large HOA assessments, and can cost as little as \$20 or \$40 per year.

While HO-6 insurance is required by mortgage companies for homes purchased in an HOA, those boilerplate policies often don’t provide the right level of coverage, or have a high deductible.

“It’s something [homeowners] have to take upon themselves to go get,” Skarnes said.

Sharper Management sent Dutch Knolls residents a reminder earlier this year to update their HO-6 policy to account for a higher deductible in the community’s master policy.

Some Dutch Knolls homeowners had enough HO-6 coverage to pay the full roof replacement bill; others don’t have HO-6 insurance, or don’t have enough coverage, leaving them on the hook for thousands of dollars.

Dutch Knolls resident Caitlyn Dalhgren said she has HO-6 insurance, but her deductible is \$5,000 — a large burden for her family of four.

Natalie Croaker bought a townhome in the community with her husband in 2022. When they received the notification from Sharper Management that they should update their HO-6 policy, they called their insurance carrier to check on their coverage, and came away from the conversation believing they had the correct insurance, Croaker said.

When they filed a claim for the \$16,400 bill from the HOA, they learned they didn’t have the right amount of coverage — their insurance will only cover \$1,000, so they are on the hook for more than \$15,000.

“We would have to most likely get help from family and friends, because we do not have \$15,000 lying around,” Croaker said. “We have a kid that we have to take care of, and we both work full time, and our kid is in daycare, and just like — life is expensive in general.”

One resident at a Dec. 10 meeting said her insurance carrier sent an agent to assess the damage and found none, so her claim was denied.

Skarnes, the insurance broker, said carriers don’t assess damage for claims related to HO-6 policies — they only need proof of the loss assessment bill from the HOA. (Skarnes is not the insurance broker for Dutch Knolls.)

Regardless, claim denials and homeowner or insurance company mistakes could leave residents responsible for the full bill.

The situation at Dutch Knolls is also occurring in an increasingly [unstable property insurance market](#), which has seen carriers leave the state amid losses due to extreme weather events. Fewer carriers means higher premiums, and HOAs are having difficulty finding carriers to insure them. In Minnesota, insurance carriers have taken losses in six of the last seven years, [largely due to hail](#).

Throw in rapidly rising property taxes, and homeownership is becoming less affordable for many Minnesotans.

Croaker said she and her husband are still in talks with their insurance company in hopes of getting more coverage. She's been messaging back and forth with the property manager to try to set up a payment plan or get an extension, she said.





Dutch Knolls townhomes in Rogers. Photo by Madison McVan/Minnesota Reformer.

Second roof replacement in two years

Dutch Knolls has been through this process before.

On Oct. 5, 2022, residents received a letter explaining that they each owed \$3,592 to pay for roof replacements due to hail damage. The community had a different insurance policy and carrier and property management company that year.

Bridget Newman bought her townhome in the community in 2019. When she learned about the planned roof replacement in 2022, she sent her boyfriend, a longtime general contractor who does roofing and siding, up on the roof to take a look at the damage. He didn't see any, she said.

"I thought, this is weird, but I didn't really think anything of it. I just kind of let it go," Newman said. Her HO-6 policy covered the bill.

When Newman learned of the hail damage to the roofs this year, she sent her boyfriend back up on the roof, and again he said there was no damage. He also looked at nine neighbors' roofs, and found no damage on those, either, Newman said.

A handful of homeowners at a Dec. 10 meeting said they hired their own contractors to evaluate the roofs, and those contractors found no damage.

The letter provided to residents says all roofs sustained damage.

By the time the residents received the bill, the important decisions had been made; the contractor selected; the contracts signed.

Residents ask: What now?

On the evening of Dec. 10, dozens of homeowners crammed into the small community center at Dutch Knolls. Their shoulders touched as they sat on the couch and ottoman, while others sat on the floor or stood in doorways.

On the opposite side of the room, the five members of the HOA board of directors stood behind a counter forming the kitchenette. An attorney in a sport coat extended the wall between the homeowners and their representatives. He warned at the start of the meeting that he would end it early if the homeowners interrupted him or spoke disrespectfully.

Some of the residents' questions weren't actually questions, as the attorney was quick to point out. They were frustrations — points that the homeowners felt they hadn't had a chance to express. Homeowners questioned why the HOA board members were not allowed to speak; instead, the attorney answered all the questions, often to the dissatisfaction of the audience.

Residents wanted to know how the HOA board selected the contractor, why Sharper Management hadn't sent out more communications about the decision-making process, and details of the damage to homes.

"There are some questions where you said, 'I don't know,' and the people standing right behind you are the people that could answer this question for us," one woman said. "We're here to get answers."

"What question would you like the answer to?" the attorney responded.

The room broke out in boos and jeers.

"You guys have been interrupting, screaming, yelling, and so you know what? We're going to go ahead and we're going to end this meeting," the attorney said.

Many residents planned to use the community space after the end of the meeting to discuss their options moving forward. But the attorney, after consulting with the HOA board, asked everyone to clear the room; a police officer, who had observed the meeting from the doorway, stepped to the center of the room.

After some verbal resistance — residents said the community space was theirs to use — the homeowners stepped outside and formed a semicircle facing the door. Newman, who had taken on a de-facto leadership role, addressed the crowd; she'd spoken with a lawyer and wanted to know whether anyone would chip in financially to try to fight the roof replacement bill.

The homeowners weighed their options. None seemed great. They could hire a lawyer and hope to discover some issue with the HOA's procedure for assessing the bill that would void the involved contracts, but that could be time-consuming, expensive and risky.

They could ask for extensions and payment plans and haggle with insurance, but would still have to pay the full bill.

Or, they could find a way to replace the existing HOA board of directors and the property management company, and hope that they could do so fast enough to block the roof replacement.

The work is scheduled to begin in the spring.

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Insurance trade group calls on Ellison to investigate alleged HOA malfeasance

By: [J. Patrick Coolican](#) - October 25, 2024 6:00 am



A townhome at Villas at Pheasant Ridge in Otsego. Photo by Madison McVan/Minnesota Reformer.

A property insurance trade group is asking Minnesota Attorney General Keith Ellison to investigate an Otsego homeowners association, their property manager and a construction company subsidiary after allegations made by residents [in a recent Reformer story](#).

Homeowners at Villas at Pheasant Ridge were charged more than \$18,000 each to replace their roofs, resulting in multiple liens on residents' homes.*

In Minnesota, HOAs can issue liens against residents' homes for failure to pay dues or special assessments like the roof replacement.

The Pheasant Ridge homeowners are especially alarmed that the HOA board steered the roofing work to a contractor that's a subsidiary of their property manager.

The *Reformer* story, writes Aaron Cocking, CEO of the Insurance Federation of Minnesota, "contains serious allegations that we feel need additional review and scrutiny."

The article detailed how some residents didn't think the roof replacement was necessary following a July 2023 storm, and that the HOA board and property management company, Gassen, had discussed a roof replacement before the storm even happened.**

The HOA wound up hiring a Gassen subsidiary to complete the roof replacement without seeking relevant, competitive bids.

Cocking — who writes that he is not representing any specific insurance company — called the arrangement with the Gassen construction company “alarming.”

“Without a competitive bidding process, there is at least a conflict of interest. At worst, it’s a pathway to price gouging and insurance fraud,” Cocking adds.

Eden Prairie-based Gassen, which didn't respond to requests for comment before the *Reformer* article was published, did not respond to an email or phone message Thursday.**

Brian Evans, a spokesman for Ellison, said the Office of Attorney General is reviewing the Insurance Federation’s letter and will respond, while also bringing the concerns to the bipartisan legislative task force that is studying HOA law and proposing potential reforms. “Attorney General Ellison’s Office takes allegations of illegal behavior very seriously,” he said.

The Minnesota homeowners insurance industry has been battered lately, having lost money in six of the past seven years, according to a *New York Times* [report](#) this year. The *Times* report cited an increase in extreme weather events. Policyholders have seen rapid premium increases as a result.

But the industry also blames the proliferation of fraud. The [FBI says](#) insurance fraud totals at least \$40 billion per year, costing the average American family between \$400-700 annually.

The [Reformer story](#) also highlighted the gaps in the state’s oversight of homeowners associations and property management companies, and the financial pressure HOAs can put on homeowners.

Affected residents say they have little recourse when they believe their HOA or property manager are making poor decisions.

When homeowners at the Villas at Pheasant Ridge asked questions about the roof replacement, those questions were eventually directed to lawyers, and the residents were charged for the legal fees. One resident’s HOA bill included \$2,000 in legal fees for lawyers’ responses to his questions.

If you believe your homeowners association or property manager has engaged in questionable practices, please contact reporter [Madison McVan](#).

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