

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass and Be Placed on the Consent Calendar
Vote:	7 - 0 - 0
Yeas:	Berger, Edwards C., Esquivel, Holvey, Rosenbaum, Smith P., Schaufler
Nays:	0
Exc.:	0
Prepared By:	Theresa Van Winkle, Administrator
Meeting Dates:	5/14

WHAT THE MEASURE DOES: Requires homeowners and condominium unit owner associations to deposit all assessments in a federally insured bank account at a location within the United States. Removes the current statutory requirement that the bank account be based at a federally insured financial institution located in Oregon.

ISSUES DISCUSSED:

- Provisions of the measure

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: ORS 94.625 – 94.783 govern the formation and authorities of homeowners associations and ORS 100.405 -100.490 govern condominium unit owner associations. In both cases, the statutes cover retention of financial records and deposits of association assessments. Current law specifies that assessments must be placed in banks within the state but does not specify that the accounts must be federally insured. The requirement for deposit in an Oregon bank was written 30 years ago with the first laws governing condominiums. With changes in the banking industry and the rise of interstate banks, most banking transactions are part of a large nationwide network and most Oregon banks have a certificate of deposit program through which money is placed in Federal Deposit Insurance Corporation insured banks all over the nation. Oregon banks can also be agents for homeowner associations to purchase state, federal, and local government securities, which would fall outside the deposit restriction in the law. Many homeowner and condominium associations are unaware of the restriction on their deposits and complying would limit the interest available to them.

SB 543 A would remove the in-state bank restriction, allowing deposits in credit unions as well as banks within the United States, and require the deposits to be federally insured.