

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action: Do Pass as Amended and Be Printed Engrossed
Vote: 4 - 0 - 1
Yeas: George L., Monnes Anderson, Starr, Metsger
Nays: 0
Exc.: Deckert
Prepared By: Janet Adkins, Administrator
Meeting Dates: 2/28, 3/7

WHAT THE MEASURE DOES: Deletes requirement that the assessments for homeowner and condominium unit owner associations be deposited in bank accounts located within Oregon. Requires such assessments to be deposited in federally insured financial institutions within the United States. Declares an emergency, effective on passage.

ISSUES DISCUSSED:

- Need for the change
- Inclusion of credit unions under the amendments

EFFECT OF COMMITTEE AMENDMENT: Allows assessments to be deposited in federally insured financial institutions within the United States, which would include credit unions. Adds an emergency clause.

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, allow deposits in credit unions as well as banks within the United States, and require the deposits to be federally insured.