

Kathy Persing, President, Ridge at Eagle Crest Owners Association
March 25, 2013

Chair, Representative Paul Holvey,
Members of the House Committee on
Consumer Protection and Government Efficiency

ATTN: Committee Administrator - Email to Samantha.white@state.or.us

SUBJECT: House Bill 2823
Committee Public Hearing – March 26, 2013, 1:00 PM

The Board of Directors of the Ridge at Eagle Crest Owners Association supports House Bill 2823. We have found SB963 that was revised in 2009 places too many restrictions on our association's investment program. We have a knowledgeable board and outstanding treasurer and assistant treasurer who are very familiar with the challenges of investing our resources for the best stable return. The change in strategies outline in SB963 severely limited us, and we no longer have any significant investment income for our reserve accounts.

Our primary interest in the legislation proposed as House Bill 2823 is to regain our ability to manage and invest our Association reserve fund . The law as revised in 2009 (SB 963) introduced new restrictions that gave us few options for complying with the new laws without either a) incurring significant additional costs for holding qualified investments at FDIC insured institutions or ; b) liquidating investments at a loss and losing reasonable investment earning opportunities for incoming funds.

We believe the current law needs amending. We believe the proposed House Bill 2823 takes steps toward returning our ability to responsibly manage our Association funds.

However, we believe the present limitation on reserve fund investments to “obligations of the U.S. Government” (see Section 1 of the Bill, page 2, lines 9 – 10 and Section of the Bill, page 11, lines 3 - 4) should be amended. ***We seek a definition that includes direct obligations of the U.S. Treasury (investments that have the full faith and credit of the U.S. Government) and Government Sponsored Enterprises (GSE’s). This definition would include GNMA (Ginnie Mae) mortgage-backed securities (full faith and credit of U.S. Government) and FNMA (Fannie Mae) and FHLMC (Freddie Mac) (GSE’s) mortgage-backed securities.***

The main point of including these mortgage-backed securities is they have a high level of credit quality, improved rates of return over treasuries and significantly more monthly liquidity for cash flow to fund budgeted and unbudgeted expenses.

We do not support a definition that would limit our investment options to only U.S. Treasuries, notes and bonds.

The Board of Directors of the Ridge at Eagle Crest Owners Association are capable of managing our 1700 owners' funds and object to legislation that is restrictive and makes it difficult to meet our obligation to make prudent fiscal decisions on behalf of our owners. We appreciate your consideration as you consider a new bill to make it possible for us to make wiser investment decisions.