



Oregon

Kate Brown, Governor

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Representative David Gomberg
900 Court Street Northeast H-480
Salem, Oregon 97301

Dear Representative Gomberg:

During the Oregon Real Estate Agency's budget hearing today, you inquired if bonding is required for property management companies managing condominiums. I committed to researching further and following up outside of the hearing.

There is no direct requirement that a licensed property manager be bonded when managing a condominium. However, there *is* a fidelity bond required for funds of the condominium association. After the developer turns over control of the association, the owners may vote to reduce or eliminate the bond coverage on an annual basis. The requirement was introduced in the 2019 Regular Session through [HB 2466](#), which amended ORS 100.435 (relevant text quoted below).

ORS 100.435

(12)(a) An association of unit owners shall maintain fidelity bond coverage for:

(A) All persons with access to association funds, including directors, officers, employees, managing agents and employees of a management company or entity with which the association contracts.

(B) Computer fraud and funds transfer fraud.

(b) The fidelity bond required under paragraph (a) of this subsection must be in an amount that is at least equal to the combined amount of:

(A) Funds maintained in the name of the association in accounts under ORS 100.480; and

(B) Any obligations issued by the United States government purchased by the association under ORS 100.480.

(13) Subsection (12) of this section applies to a condominium created before, on or after January 1, 2020.

(14) Following the turnover meeting described in ORS 100.210, on an annual basis, with the approval of owners representing a majority of the voting rights present at a meeting, the board of directors may elect for the following year to not maintain the fidelity bond coverage required under subsection (12)(a) of this section or to maintain fidelity bond coverage in an amount less than required under subsection (12)(b) of this section.

[Formerly 94.177; 1999 c.677 §50; 2007 c.409 §31;
2019 c.66 §2]

Sincerely,

Steve Strode
Oregon Real Estate Commissioner

cc: Senator Lee Beyer, Senator Bill Hansell, Senator Kayse Jama, Representative Paul Evans, Representative Julie Fahey, Representative Gary Leif, Representative Jack Zika, Michelle Deister, Timothy Walker, Drew Cohen