

HB 2466 -2 STAFF MEASURE SUMMARY

House Committee On Judiciary

Prepared By: Channa Newell, Counsel

Meeting Dates: 3/14

WHAT THE MEASURE DOES:

Requires homeowner associations and condominium unit owner associations with annual assessments over \$500,000 to audit financial statement of the association every three years. Requires audit by an independent certified public accountant licensed in state. Requires audit be prepared in accordance with standards set by American Institute of Certified Public Accountants.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-2 Replaces measure. Requires homeowner associations in certain planned communities to maintain fidelity bond coverage for all persons with access to association funds and computer or funds transfer fraud. Requires fidelity bond to be in amount at least equal to combination of funds in association accounts and obligations issued by US government and purchased by the association. Allows majority approval of owners voting at a meeting to elect to not maintain fidelity bond coverage or to maintain at lower amount.

BACKGROUND:

Oregon Revised States 94.670 list a homeowner association's duties to keep records and documents. Similar requirements for condominium associations are found at ORS 100.480. In both types of associations, the boards must keep financial records sufficient for accounting purposes. If annual assessments are over \$75,000, the association will produce a financial statement for review by an independent auditor.

House Bill 2466 requires the homeowners association or condo unit owner association to audit the association's financial records every three years if the annual assessments are over \$500,000.