

HB 2466 A STAFF MEASURE SUMMARY

Senate Committee On Judiciary

Prepared By: Channa Newell, Counsel

Meeting Dates: 4/17

WHAT THE MEASURE DOES:

Requires homeowner associations in certain planned communities and condominium associations to maintain fidelity bond coverage for all persons with access to association funds against 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.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Oregon Revised States 94.670 lists 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 must produce a financial statement for review by an independent auditor.

House Bill 2466 A requires homeowner associations for planned communities with more than five lots and annual assessments of over \$1,000 for all lots, and condominium unit owner associations, to maintain a fidelity bond coverage for all persons with access to association funds and against computer fraud or fund transfer fraud. The amount of funds must be at least equal to the funds in the association account and federal bonds held by the association. HB 2466 A does provide a mechanism for associations to not maintain a bond. If a majority of owners present at a meeting following a turnover meeting vote to not maintain the fidelity bond, then the association need not maintain the bond.