

Chairman Holvey and Members of the Committee,

My name is Katie Anderson. I am a founder of a community association management company in Bend Oregon. My firm, Aperion Management Group, manages 50 of community associations representing 4,000 of Oregonians throughout the state of Oregon. I am writing today to ask the committee to OPPOSE HB 3432, as currently written.

HB 3432 will make it very difficult for homeowners to collect damages for legitimate defective construction. I have participated in several of these cases for clients, they were neither frivolous or unnecessary. Without the current protections in the legislation our communities would have been out millions of dollars in repairs. Our latest case, which was settled in mediation, left a community with unsafe fireboxes that after inspection had the potential of burning down the building. Even with a settlement the association is looking at a \$1.5 million dollar shortfall that will be paid by increased assessments. These laws have real impacts that should not be take lightly as this will ultimately impact the affordability of the homes or units.

HB 3432 requires an insurmountable vote requirement – a majority – of all owners in the association prior to initiation or intervention of litigation. A majority of a vote, in writing, within 60 days of notice. This is an insurmountable vote requirement that would make it nearly impossible for an association to file a claim for legitimate defective construction.

As a manager, we work hard to engage the community to vote on budgets, reserves, and other very important and critical operational issues. I can tell you a majority of vote for participation is very challenging. There are options to consider and we would be willing to work with the bill sponsors and committee to amend this language to accommodate the realities of practical homeowner engagement.

HB 3432 in lines 35-45 of page 6 and the top of page 7) create requirements that go completely out of the protocol of how community associations typically operate and interact with their residents. This will create a problem with getting residents to respond as this type of interaction is not typical. Further, the requirements of what must be provided to the residents PRIOR to initiating or intervention of litigation will delay the process significantly and create a situation whereby the association will run out of time to file a complaint and receive damages for a legitimate construction deficiency.

HB 3432 also further limits the statute of limitations from 10 years to six years. Studies have shown that nearly ½ of all construction defects are found after the statute of limitations. Therefore, shortening the existing statute of limitations from 10 to six, there will be an even higher % of construction defects that fall outside of warranty and become the financial burden of the association residents.

HB 3432 will take away the consumer warranty protection of Oregon residents and put the financial burden on these residents to repair the defect. Undoubtedly, this will significantly decrease property values in these communities.

HB 3432 will create a significant financial burden on community association residents.

I urge you to vote no on HB 3432. On behalf of Community Associations Institute and my clients, I welcome the opportunity to sit at the table with stakeholders to discuss language that may help reach your goal without eliminating consumers protections for the more than 750,000 Oregonians living in community associations.

Again, please vote no on HB 3432.

Please ensure that my comments below and the attached material are distributed to all members of the committee prior to today's hearing.

Thank you,

Katie Anderson

PCAM, AMS, CMCA

Aperion Management Group, LLC, AAMC®
20310 Empire Ave Suite A103
Bend, OR 97703
Ph: 541.389.3172 Fax: 541.678.5204

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