

Position Statement Regarding SB 1595: Relating to Protection from Debt Collection

CAI agrees with and supports the Fair Debt Collection Practices Act and the Oregon Unlawful Debt Collection Practices Act.

We support the intent of SB 1595; to protect debtors from unfair and unjust collection practices. However, we believe the legislation, if passed, will unintentionally have a adverse impact on the approximately 585,000 Oregon residents living in condominiums and homeowners associations.

RECOMMENDATION: We urge you to amend the legislation to exempt condominiums and homeowners association from application of SB 1595.

Consumer debt is typically debt that is incurred in purchase of a service or a product. Condominium/HOA assessments pay for common expenses shared by owners that are absolutely necessary for the communities to function, and in some cases, to be habitable.

Assessment income is critical to pay for the maintenance, repair and replacement of building structures and other physical components of an association. If an association's members fail to pay such assessments, it often results in deferred maintenance, which we now know, from the Surfside tragedy, can have catastrophic consequences. What is more, assessments are used to pay for direct benefits for owners, such as trash pick-up, water, electricity in dark parking lots and lobbies, security gates and doors, gas service to homeowners, snow removal, master insurance policies that protect owners from being individually liable from lawsuits against the condominium, and other routine maintenance obligations.

These expenses are in direct contrast to typical consumer debt.

Consumer debt, when unpaid, is often borne by large credit card companies, debt buyers or other service providers whose businesses rely on a volume of customers so large that delinquent accounts do not threaten their viability. Moreover, consumer debt is often purchased by debt buyers who typically tack on additional costs so that consumers pay more than the additional debt. These companies are created for the purpose of generating profits. By contrast, condominium associations are non-profit entities created to provide basic housing services of a community and municipal nature.

Unpaid condominium/HOA assessments are borne by other homeowners who pay their assessments on time. Because associations have a limited income stream, they generally cannot afford to pay substantial fees to lawyers to collect unpaid assessments without any mechanism for them to recoup those funds from non-paying homeowners.

Additional points

With SB 1537 currently moving through the legislature, SB 1595 seems to be in direct conflict with the governors' objectives to keep people in their homes and increase housing production to meet the needs of Oregonian's. The governor, as well as local officials are working diligently to help fund projects to improve availability of workforce housing. Many of these projects are targeting the 80-120 AMI. Projects that organizations such as rooted homes, in Bend, are working. These projects are vital to successfully meet the housing production goals laid out by the governor.

Using a project such as Rooted as an example, if the regulation in SB 1595 pass, and just 4 homes go delinquent in the community it would impact these owners by \$15 per month, this a direct impact to the other owners in the community who are now covering the cost of this bad debt and uncollectable assessments. \$180 per year can make a significant difference to a middle-class family that is already struggling to make ends meet.

CAI does not support the legislation as written and asks that the include legislature clarifying provisions that exclude unpaid condominium and HOA assessments from the statute.

We welcome the opportunity to provide additional information and/or answer questions you may have, please contact Katie Anderson, CMCA, AMS, PCAM, Chair CAI Oregon Legislative Action Committee at kanderson@aperionmgmt.com or 541.389.3172.



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