HB 3545 -4 STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

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Meeting Dates: 3/17, 4/7

WHAT THE MEASURE DOES:

This measure temporarily exempts properties managed by homeowners associations or condominium associations from certain fees or assessments while they are owned by a county.

Detailed Summary:

Defines "subject property" as property that is subject to assessment by a homeowners association or an association of unit owners.

Exempts subject property from assessment for the period that begins on the date on which subject property is deeded to a county and ends on the earliest of:

- the date on which the county transfers title to the property to another owner;
- the date on which the county enters into a lease agreement for the property;
- the date on which the county determines that it will retain title to the property; or
- the date that is six months following the date on which the subject property was deeded to the county.

Applies to subject property deeded to a county after the effective date of the measure.

Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Options for counties for foreclosed properties after one year of not finding an alternative owner
- Accrued homeowners associations (HOA) fees responsibility after property is sold
- Accrued HOA fees before county takes position of property and liens
- Options for properties that are not sold for very long periods, county liability, and incentives for potential new owners
- Building in risk into HOA creation and consequences for other tenants if tenants default

EFFECT OF AMENDMENT:

-4 The amendment sets up a process for how certain association assessments (fees or charges imposed by a homeowners or unit owners association) continue to accrue and become a lien on property that a county acquires.

Detailed Summary:

Modifies "subject property" definition.

Modifies provisions on exemptions from assessment for subject properties deeded to counties.

Starts assessments accrual from the date the property is deeded to the county, until the county:

- Sells the property to another owner,
- Enters into a lease agreement for the property, or
- Decides to keep the property permanently.

Allows that accumulating assessments give rise to a lien against the subject property.

Clarifies that lien does not include any costs or fee increases for payment of a fine, penalty, settlement or attorney fees that are the result of a violation of local, state, or federal law by the association that imposes the assessments.

Assigns new owner as responsible for clearing the lien at the time of the transfer if a country sells subject property.

Assigns the county as liable for the lien if the county leases or retains the property and directs county to clear the satisfy the lien no later than thirty days following the date on which it enters into a lease agreement or determines that it will permanently retain title to the subject property.

Permits association to record this lien and requires it must also notify the county about the accruing assessments in line with its regular dues schedule.

Clarifies that lien is created, recorded, and enforced if the property was transferred to the county because of a tax foreclosure.

Applies to property deeded to the county after the measure's effective date, for property already held by the county the assessments start accruing from the effective date unless the county had already decided to lease or retain the property before that date.

BACKGROUND:

"Assessment" means:

- any charge imposed or levied by a homeowners association (HOAs) on or against an owner or lot pursuant to the provisions of the declaration or the bylaws of the planned community (ORS 94.550).
- any charge imposed or levied by the association of unit owners on or against a unit owner or unit pursuant to provisions of the declaration or the bylaws of the condominium or provisions of this chapter (ORS 100.005).

Property assessments refer to the fees or dues that property owners must pay to cover shared expenses. These fees help maintain common areas (like parks, roads, and clubhouses), provide services (such as trash collection and security), and fund necessary repairs or improvements within the community. Property assessments typically remain tied to the property itself rather than the individual owner. This means that when a property changes ownership—whether through sale, foreclosure, or transfer—the obligation to pay assessments usually transfers to the new owner. HOAs rely on these assessments to fund their operations, so they continue to apply regardless of who holds the title.

Counties in Oregon may take ownership of properties for several reasons. These transfers often happen involuntarily, meaning the county does not seek to acquire the property but becomes responsible for it due to legal or financial circumstances. If a property owner fails to pay property taxes for an extended period, the county can foreclose on the property and take ownership to recover unpaid taxes. Counties typically sell these properties at auction, but until they do, they are responsible for managing them. Properties that are abandoned or in serious disrepair may be taken over by the county for health, safety, or community revitalization purposes. Local governments may seize such properties to prevent hazards like fire risks, vandalism, or illegal activity. A county may acquire private property for public projects (e.g., road expansion, parks, government buildings) through eminent domain or negotiated purchases. In some cases, properties become county-owned through legal settlements, probate (when an owner dies without heirs), or donation. When a county acquires a property, it often inherits financial obligations associated with it—including HOA assessments, maintenance costs, and potential liens.