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Subject: Opposition to Oregon HB 3746

Dear Chair Representative Pam Marsh, Vice-Chairs Representative Tom Andersen, Representative Vikki Breese-Iverson, and Members of the Housing and Houseless Committee,

As the Community Manager for nine Homeowners' Associations composed of over 1,000 homes throughout Central Oregon, I am writing on behalf of our homeowners to express our opposition to Oregon House Bill 3746. Our communities, like many others across the state, rely on the authority and governance of Homeowners' Associations to maintain property values, ensure resident safety, and uphold community standards. We believe that HB 3746 would significantly undermine our ability to effectively manage and protect our communities.

Our primary concerns with HB 3746 include the following:

1. **Erosion of HOA Governance** – The bill imposes restrictions that would limit an HOA's ability to enforce community rules and regulations. These rules are established through democratic processes and are essential to maintain property values and ensure a high quality of life for residents.
2. **Financial Burden on Homeowners** – By imposing new legal and administrative requirements, HB 3746 would increase operational costs for HOAs, leading to higher assessments for homeowners. This would place an unnecessary financial strain on residents, particularly in communities with fixed or limited-income homeowners. Associations have already been burdened with exponentially increasing insurance premiums, and we have seen most vendor costs increase by 8-10% year-over-year. HB 3746 puts a greater financial burden on Homeowners' Associations and those who live within them. In a time in which many towns and cities are mandating that new developments include private roads and the creation of Homeowners' Associations, it is imperative that the homeowners not be deterred from remaining part of their communities as a result of ever-increasing costs and government overreach.
3. **Disruption of Community Maintenance and Compliance** – HB 3746's provisions would weaken the ability of HOAs to enforce maintenance standards, address violations, and manage common areas effectively. This would lead to deteriorating neighborhood conditions and increased disputes among residents. Many homeowners already find it difficult to address their neighbors, and the reduced statute of repose within HB 3746 would expedite the need for these unpleasant conversations directed at the maintenance of neighbors' properties. Additionally, should homeowners find their properties to be

defective beyond the six-year window provided within the Bill, the financial burden will fall back to the homeowner. It should be the developer who is responsible for the quality of their work, however, HB 3746 instead places the onus on the homeowner or new buyer.

4. **Loss of Local Control** – HOAs are uniquely positioned to address the specific needs of their communities. A one-size-fits-all legislative approach disregards the diverse and tailored governance structures that individual HOAs have established in response to their community's needs. A community of twelve units, for instance, that fits within a single city block does not have the same needs as a community with over 400 units and miles of private road. Blanket policies such as those included in HB 3746 create an unjust loss of control within all HOA communities.
5. **Devastating Impact on Communities and Construction Defect Relief** – One of the most alarming aspects of HB 3746 is that it would make it significantly harder for communities to seek relief for construction defect issues after development. This bill, backed by home builders and those whose sole focus is on the continued creation of low-income housing, aims to reduce the statute of repose from 10 years to 6 years under the argument that maintaining liability insurance is too costly for developers. However, doing so would leave homeowners and HOAs without recourse when defects arise, ultimately leading to financial and safety risks for communities. Should HB 3746 pass, homeowners could be forced to bear the full burden of fixing structural and safety issues that should rightfully be the responsibility of developers.
6. **Unreasonable and Costly Inspection Requirements** – Another major concern with HB 3746 is the requirement that Homeowners' Associations conduct two inspections annually prior to initiating any legal action against a developer. This means that every year for the proposed six-year period, an HOA would be forced to complete and pay for 12 inspections—an outrageous and excessively costly mandate. These inspections would dramatically increase homeowner assessments to cover the additional expenses, placing an additional undue financial burden on residents. This requirement unfairly benefits developers while making it more difficult for homeowners to hold those very developers accountable for substandard construction.
7. **Builders Should Focus on Quality Rather Than Reducing Liability** – If developers wish to reduce their liability insurance costs, the best solution is to ensure that construction is done correctly. Proper inspections during the construction process could prevent defects from occurring in the first place. While this approach may result in higher upfront costs, it would ultimately save developers from potential liabilities post-construction. If the statute of repose is reduced to six years, the responsibility to build defect-free homes becomes even more critical. Rather than shifting financial and legal burdens onto homeowners, developers should prioritize quality and accountability in construction practices.
8. **Unfair and Burdensome Voting Requirement** – Additionally, HB 3746 requires that, in order for a Homeowners' Association to take legal action against a developer or contractor, a majority vote of Lot owners must be secured within 60 days of mailing the notice. This places an unreasonable burden on HOAs, as securing such a vote within a strict timeframe is often difficult, especially in large communities. This requirement

creates unnecessary roadblocks that serve only to protect developers while making it next to impossible for homeowners to seek justice for construction defects.

We strongly urge you to reconsider the implications of HB 3746 and its impact on the millions of Oregon homeowners who depend on their HOAs to preserve their property values and community integrity. Rather than restricting the ability of Homeowners' Associations to function effectively, we encourage legislative efforts that support responsible governance while protecting homeowners from genuine abuses.

Thank you for your time and consideration.

Sincerely,
David Scibetta
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