

## Legislature looks to tweak condo conversion rules

Residential home builders in Oregon historically have run into frustrations with home buyers when trying to get a homeowner association organized and operating. So a legislative action committee made up of the Community Associations Institute, The Condominium-HOA Working Group and Oregon Washington Community Association Managers has helped write House bills 2665 and 2666 to address this and other problems arising from the work of homeowner associations.

Thursday, we looked at how HB 2665 will change the way associations can operate with regard to boards of directors, communications and voting, reserves and maintenance, and insurance. Today, we examine three other important bills, all of which are expected to pass into law.

### HB 2666 amends condo, community acts

HB 2666 covers a variety of unrelated clarifications, updates and improvements to the Oregon Condominium and Planned Community acts. The bill if passed would enact several changes:

- An association would be incorporated prior to the recording of a plat if the property is to be conveyed to the association.
- The sale of nonresidential condominium units would be exempt from the disclosure statement and other sales requirements intended to protect residential unit purchasers.
- Associations would be incorporated if a condominium were to consist of more than two units.
- Unit boundaries would be clarified with respect to windows and doors.
- A sub-condominium could be created within a master condominium unless prohibited by the declaration.

HB 2666 would amend the Oregon statutes governing condominiums and planned communities, Oregon Revised Statute 94. It is expected to be enacted into law with an effective date 90 days after the legislative session ends.

### HB 3186 tightens condo conversion requirements

HB 3186 was introduced at the request of the Community Alliance of Tenants to tighten the requirements for conversion of apartment buildings into condominiums. The increased conversion of apartments to condominiums compelled the tenants to request greater protections. This bill has passed the House and, if passed by the Senate, will amend the current conversion requirements in the Condominium Act. It will likely be effective Jan. 1, 2008.

Developer's currently must abide by a 120-day notice requirement that will be changed. HB 3186 allows rehabilitation of apartments during the 120-day notice period but only during normal business hours.

Also, according to the bill, a landlord must assure each tenant always has safe dwelling unit access during rehabilitation work.



### LEGAL EASE

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During the 120-day notice period, a landlord may not terminate tenants without cause. Also, during the 120-day period, landlords cannot increase rents beyond the inflation rate.

A tenant may recover statutory penalties for violation of these legal requirements. Tenants asserting these claims will, however, have the burden of proof, and the prevailing party will be entitled to attorney fees under the residential landlord/tenant statute.

### SB 543 guides Arizona bank into Oregon market

Senate Bill 543 was introduced at the request of Community Association Banc to require association funds be deposited in Federal Deposit Insurance Corp-insured bank accounts but allowing the use of out-of-state banks for such purposes. This bill would permit Oregon homeowner associations to move their checking and savings accounts to Community Association Banc, an Arizona bank that specializes in serving homeowner associations around the United States and is entering the Oregon market. Previously some associations have invested their funds in questionable ways and in some cases have lost all or part of the association's funds as a result.

SB 543 is expected to pass into law, and because it contains an emergency clause it will be effective immediately upon passage.

### Read the measures

Those who deal with condominiums or planned communities and their homeowner associations will want to read these bills and the final legislation carefully because technical requirements will be clarified and updated in ways that will require changes in both documentation and operating practices.

For anyone dealing with condominiums and planned communities, these expected statutory changes are numerous and will require changes in the drafting of declarations and bylaws as well as in the operation of existing associations.

Although the transition will take some effort, the legislation will make many needed improvements and clarifications that are welcome improvements to the Oregon homeowner association laws.

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