



JULY/AUGUST 2025 NEWSLETTER

2025 Legislative Update

The 2025 Oregon legislative session brought a surge of bills that directly affect homeowners and condominium associations. From construction defect liability to land use and community standards, this year's proposals sparked critical conversations about governance, property rights, and financial responsibility. It's essential for boards, managers, and homeowners to understand these legislative developments and prepare for the changes ahead—whether planning compliance, educating residents, or protecting long-term interests.

HB 3746 – New Limits on Construction Defect Claims

HB 3746 introduces major changes to how and when community associations can pursue legal action for construction defects. Now signed into law, it shortens the statute of repose from 10 years to just 7 years from substantial completion—regardless of whether the work is new construction or a major rehabilitation project.

The law also imposes strict procedural requirements: associations must conduct moisture intrusion inspections and follow a detailed notice process before initiating a claim. This includes notifying both the builder and subcontractors and allowing time for repairs before litigation.

While positioned as a pro-development measure to reduce litigation and encourage housing production, many advocates warn it significantly reduces the time homeowners have to hold builders accountable for hidden defects. Associations will need to plan ahead and act quickly when signs of construction issues arise. **Status:** Passed. Becomes law January 1, 2026.

HB 3144 – Manufactured Dwellings & Conflict Resolution

This newly enacted law invalidates any HOA rules or restrictions that prohibit manufactured homes, prefabricated structures, or accessory dwelling units (ADUs). While it aims to address housing shortages and promote affordability, it removes the association's ability to reasonably regulate these types of dwellings within their communities. This change may require associations to revisit and revise their governing documents to align with the new law. **Status:** Became law; effective January 1, 2026.

SB 59- Specified production of Food in Planned Communities

This bill sought to void governing document provisions that prohibit gardening, hen-keeping, or beekeeping. While intended to promote sustainable living practices, the Oregon LAC raised concerns that a blanket repeal would be impractical and detrimental to the integrity of community standards. The bill has come up in past legislative sessions and we anticipate it to come up again. **Status:** Not Passed. In committee upon adjournment.

HB 3545- HOA and Condo Association Assessments

This bill intended to clarify how and when HOA and condominium assessments accrue on properties that have been transferred to the county through tax foreclosure. The intent was to provide clearer guidelines for associations navigating these complex ownership transitions, but the bill did not move forward. We anticipate this to come back in a future session. **Status:** Not Passed. In committee upon adjournment.

While not all proposed bills became law, the 2025 session underscored just how critical it is for community associations to stay engaged in the legislative process. Associations must remain proactive in tracking policy changes and speaking up—your voice matters, and elected officials need to hear directly from their constituents. CAI's Oregon Legislative Action Committee will continue to advocate for policies that protect homeowners and support responsible self-governance. We're committed to building a stronger, more connected network of voices to help minimize negative impacts and shape fair, effective legislation.



Coverage Corner: Inflation Guard Coverage



With rising construction costs, supply chain delays, and labor shortages, rebuilding today costs significantly more than it did just a few years ago. That's where the Inflation Guard policy protection comes in—a critical, yet often overlooked, insurance policy feature that helps protect associations from being underinsured in the event of a loss. This endorsement automatically increases the building coverage limit each year at renewal, helping to keep pace with inflation and market conditions.

Without this adjustment, a community can quickly become underinsured as material and labor costs rise while coverage limits remain static. While the Inflation Guard provides important baseline protection, it's still essential to have the building's replacement cost periodically reviewed by your insurance agent or carrier. Over the past few years, we've seen dramatic increases in construction costs that have left many associations undervalued—even with inflation guard in place.

Most insurance carriers offer inflation guard as an option, but not all policies include it automatically. It's important for your insurance agent to confirm whether this protection is built into your current policy—or if it needs to be added.

In addition to being a best practice, inflation guard is also a standard lending requirement. Lenders want to ensure that the association carries adequate coverage to protect the asset that secures their loan. Without it, associations may face obstacles when securing or refinancing loans, and unit owners could face financial exposure in the event of a large loss.

Owners Question

If a neighbor's renovation accidentally causes a leak into my unit, who's responsible for the damage - the neighbor, the association, or me?

Great question! In most cases, responsibility depends on the source of the damage and what the governing documents say. If your neighbor's contractor caused the leak, they may be liable, but the association might still be responsible for repairing the units or common elements. The association's policy may have a deductible, and an insurance resolution (if adopted) could clarify who pays it in negligent vs. non-negligent situations. If no negligence is found, affected owners are typically responsible for their own repairs—another reason why personal HO-6 coverage is so important. Always report issues promptly so the association and insurance carriers can respond appropriately.



Update of the Month: Governing Documents

Your association's governing documents set the framework for how the community operates and what owners can expect. But over time, these documents can become outdated—sometimes containing conflicting information, lacking modern best practices, or even including provisions that are no longer legally enforceable. It's important for associations to periodically review their documents to ensure they align with current laws, community needs, and efficient operations.

Depending on the change, updates may require a formal amendment approved by owners, or they might be handled through a board-adopted resolution or rule. Either way, it's essential to consult legal counsel before moving forward.



Here are some common areas that may need attention:

- **Insurance language and claims process** – These can often be clarified with an insurance resolution unless the governing documents include specific language that must be amended.
- **Maintenance & repair responsibilities** – A maintenance matrix or formal resolution can clearly define which components are the responsibility of the owner versus the association, especially when documents lack detail.
- **Use restrictions** – Consider addressing short-term rentals, electric vehicle charging stations, or smoking to reflect current preferences and concerns.
- **Meeting and voting procedures** – As virtual meetings and electronic ballots become standard, your documents should clearly allow for these modern practices.

State law may allow certain actions—like virtual meetings—even if your documents are silent on the topic. But if your documents haven't been reviewed in the last 7–10 years, it's a good time to consider a comprehensive update to keep your community protected and well-governed.

Upcoming Industry Events

8/8 Western Oregon Education-Management Reports and Meetings

8/21 Central Oregon Education-Understanding Developers Rights

8/16 Western Oregon Annual Golf Tournament

9/26 Western Oregon Law Day Tradeshow

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