

FDIC INSURANCE

BACKED BY THE KING'S TREASURY

I. Deposits

- A. Senate Bill 543, Chapter 340 Oregon Laws 2007 (effective June 11, 2007)
ORS 94.670(2); ORS 100.480(2)

All assessments, including declarant subsidies, shall be deposited in the name of the association in a separate federally insured account at a financial institution, as defined in ORS 706.008, other than an extranational institution. All expenses of the association shall be paid from the association account.

1. Includes bank accounts insured under the Federal Deposit Insurance Corporation (FDIC).
2. Includes credit union accounts federally insured under the National Credit Union Share Insurance Fund (NCUSIF).
3. Does not include brokerage accounts insured under the Securities Investor Protection Corporation (SIPC).

B. Change from old law

1. Deposit do not need to be in a bank within the State of Oregon.
2. Assessments must be deposited in a financial institution which is federally insured.

Query: Does this mean the assessments must be initially deposited into a federally insured institution but can later be moved to other investment opportunities, such as uninsured bonds?

- C. Reserves may be prudently invested subject to declaration, bylaws, or association rules. ORS 94.595(8) ; ORS 100.175(8)

II. Insuring Deposits

- A. Balance of all accounts should not exceed the amount of the federal insurance.

HOA balances at one bank should never exceed FDIC insurance cap.

Recommendation: Consult financial representative about CDARS or open additional accounts at separate financial institutions if necessary to stay under FDIC insurance cap.

- B. Deposit Insurance

FDIC - Federal Deposit Insurance Corporation

Insures HOA deposits up to \$250,000.

Insurance is per customer, not per account.

FDIC Website:

<http://www.fdic.gov/deposit/deposits/insured/ownership7.html#association>

WARNING: THE INCREASE OF FDIC INSURANCE FROM \$100,000 TO \$250,000 IS VALID THROUGH DECEMBER 31, 2009 ONLY.

CDARS - Certificate of Deposit Account Registry Service

Make deposit at one bank.

One deposit agreement.

One statement.

Balances spread around to participating financial institutions.

Usually interest rate is lower than other comparable certificates of deposit

Not available at all banks.

- C. Other insurance

1. Some financial institutions offer additional private insurance for client balances in excess of EDIC coverage.
 - May be risky, since dependent upon soundness of the insurer.
2. Does not meet requirements of ORS 94.670(2) or ORS 100.480(2).