



Your local provider for condominium and association insurance.

**MAY 2026 NEWSLETTER**  
INDUSTRY NEWS, TIPS, TRICKS, & RESOURCES

# How a Rental Cap Can Stabilize Your Association's Insurance

Rental restrictions are a common tool used by homeowners and condominium associations to help maintain community standards, property values, and insurance or lending requirements. Your association may already have short-term rental restrictions in place. Equally important for an association can be rental caps. A rental cap places a limit or "cap" on the number of rental units allowed within an association at any given time. The cap can be a specific number or a percentage of rental units.

A community can benefit from a rental cap, and one advantage is the implication a rental cap can have for the association's insurance. Insurance companies view communities with rental units as higher risk. Higher risk translates to higher insurance premiums for associations. Unit-owner occupied units are less risk and help keep insurance premiums lower. If the number of rental units exceed 20 to 30% of units in an association, many insurance companies may increase rates, decrease coverage, or decline coverage. This is why it is common to see rental caps set around 20 to 30% of the total units.



Rental caps not only benefit the association's insurance but help to maintain a higher quality of life for the unit owners and community. Rental tenants moving in and out can consistently cause disruptions and may increase the risk of property damage. They also tend to cause more disturbances or are less likely to follow CC&Rs since they are not permanent members of the community. By limiting the number of rental tenants, the association can minimize the likelihood of these issues and help create a strong sense of community.

When it comes to rental caps, concerns need to be addressed. Rental caps may create more work for the board. Boards will need to ensure owners adhere to the cap and determine who will be allowed to rent their unit. If you are interested in implementing a rental cap in your association, first consult with the association's legal counsel to ensure the rental cap and associated processes are implemented in accordance with the law.



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## UPCOMING EVENT

**05/16**

**9 AM - 12 PM**

**FREE DOCUMENT SHREDDING**  
ABI INSURANCE  
4800 SW GRIFFITH DRIVE  
BEAVERTON

## Why a Clean, Dry Attic Matters



For condominium communities, maintaining an attic free from mold, mildew, and rodents benefits the community. A clean, dry attic protects residents' health, the building's systems, and may prevent a costly insurance claim. Problems that start in the attic often spread quietly and become expensive before anyone notices.

### What can go wrong in a neglected attic?

#### Mold and mildew:

- Grow in damp or poorly ventilated spaces
- Can aggravate allergies, asthma, and odors that move into living areas
- Often signal roof leaks or condensation problems that can damage insulation and framing

#### Rodents:

- Chew wiring, insulation, and wood
- Increase fire risk by damaging electrical lines
- Leave droppings that contaminate insulation and air

#### Attic problems can:

- Damage your unit and neighboring units
- Lead to insurance claims that may be denied if the damage is due to neglect
- Increase repair costs that are not fully covered by the association's policy

#### Simple steps to keep your attic in good shape include:

- Checking for moisture, stains, or musty smells
- Making sure vents are clear and working
- Sealing small openings that rodents use for entry
- Reporting roof or ventilation issues early

A well-maintained attic could help prevent a costly insurance claim. Because each condominium property is unique, the attic could be considered a common area in some properties. Check with your board to find out if the attic in your building is considered a common area or the responsibility of the unit owner.

## Discrimination and Selective Enforcement Claims: Increasing Risk for Associations

Condominium associations face increasing exposure to directors and officers (D&O) liability, particularly from claims involving discrimination and selective enforcement. As associations exercise quasi-governmental authority, inconsistent or unfair enforcement of rules can quickly escalate into legal disputes.

Discrimination claims often arise under fair housing laws and may involve disability accommodations, religious considerations, or familial status. However, many cases are rooted less in the rule itself and more in how it is applied. Selective enforcement — when rules are enforced against some owners but not others — is a common trigger and can undermine an association's legal position.

Several factors are driving the rise in these claims: greater resident awareness of legal rights, complaint-driven enforcement practices, frequent board turnover, and inadequate documentation. Together, these conditions create inconsistency and the perception of unfair treatment.

To reduce risk, boards should prioritize consistent enforcement of rules, adopt clear written policies, and maintain thorough records of all actions. Training in fair housing compliance and governance best practices is also essential. When prior enforcement has been inconsistent, associations should implement prospective enforcement with clear notice to residents.

Ultimately, strong governance, transparency, and uniform decision-making are the most effective tools for minimizing liability and maintaining community trust.



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