

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	5 - 0 - 2
Yeas:	Beyer, Cannon, Jenson, Macpherson, Dingfelder
Nays:	-
Exc.:	Burley, Smith G.
Prepared By:	Cat McGinnis, Administrator
Meeting Dates:	3/7, 4/11

WHAT THE MEASURE DOES: Clarifies authority of cities and counties to approve creation of a parcel of land that does not meet land division requirements if the land was unlawfully divided before January 1, 2007, and the lot could have complied with the applicable criteria for the creation of a lawfully established unit of land in effect when the land was sold. Requires the owner of such a unit of land to record the plat of land within 90 days after the city or county validates the plat of land as a legal lot. Allows issuance of a building permit on an unlawfully created unit of land if the existing dwelling was built before January 1, 2007, and the permit doesn't change use of the dwelling. Prohibits county clerk from recording a deed for a new lot without accompanying government authorization for the land division. Clarifies that creating a separate tax account on a parcel of land does not create a lawfully established unit of land. Mandates payment of reasonable attorney fees to the prevailing party in a lawsuit to recover damages from the purchase of an illegal lot. Prescribes language in title transfer documents advising person acquiring title to confirm that the property was legally divided. Adds, to seller's property disclosure, a statement that the property is, is not or is unknown to be a lawfully established unit of land.

ISSUES DISCUSSED:

- Seller's legal liability for seller disclosure regarding illegal lot divisions
- Collaborative process used to amend bill
- Title company process for detecting sale of unlawfully established units of land; title insurance coverage
- Need for system to prevent sale of illegal lots

EFFECT OF COMMITTEE AMENDMENT:

- Applies to lots unlawfully divided before January 1, 2007
- Specifies that lot to be validated must have met criteria in effect for creation of a legal lot at the time of sale
- Requires owner to record lot within 90 days of city or county validating lot
- Allows issuance of a building permit on unlawfully created unit of land in some cases
- Prohibits local government from recording a deed without proof of legal land division
- Clarifies that a "tax lot" is not a lawfully established unit of land
- Mandates reasonable attorney fees be paid to prevailing party in a dispute regarding sale of an illegal lot
- Prescribes language in title transfer document advising confirmation of legal land division
- Adds seller disclosure regarding lawfully established unit of land

BACKGROUND: The Department of Land Conservation and Development and others report that parcels of land have been sold in Oregon without buyer knowledge that the parcel was not lawfully established. In some cases, land may have been divided to create a separate tax account, not a legal subdivision. In other cases, local governments have granted building permits on unlawfully established lots without proof of legal land division, thereby reinforcing the appearance to prospective buyers that the lot is a legal parcel. Purchasers of illegally divided lots have been denied building or other permits necessary to use or develop their land. Title insurance policies exclude zoning related claims and leave buyers with limited recourse after unwittingly purchasing an illegal lot. Current law provides unclear authority for cities or counties to subsequently approve a lot or issue a building permit for a lot that was unlawfully divided and sold.

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This summary has not been adopted or officially endorsed by action of the committee.