

REVENUE:
FISCAL:
SUBSEQUENT REFERRAL TO:

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: James LaBar, Administrator

Meeting Dates: 5/27

WHAT THE MEASURE DOES: Requires proceeds of fee, commission, or other payment to declarant or other person upon transfer of interest in real property to be used exclusively to benefit property or support activities directly benefitting property residents in order for affordable housing covenant, servitude, easement, condition or restriction to be exempt from prohibition of such fee, commission, or other payment.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: House Bill 2481 (2009) prohibited imposition of transfer fees in real property transactions in Oregon. A transfer fee is a type of restriction on a deed or a provision in covenants, conditions and restriction (CCRs) requiring that a fee be paid to a specific person or entity each time the property is transferred. Many exemptions were written into law, including certain affordable housing covenants. The Federal Housing Finance Agency issued in March 2012 a final rule and directive prohibiting Fannie Mae from purchasing or investing in any mortgage or properties encumbered by a private transfer fee covenant unless they are given an exception in rule. The exception is for certain tax-exempt organizations that use the proceeds from the private transfer fees to benefit the property.

House Bill 3488 clarifies that affordable housing covenants and the like will remain exempt from the prohibition on private transfer fees as long as proceeds from the fee, commission or other payment are used exclusively to benefit the property or to support the activities directly benefiting the residents of the affordable housing.

The vote count in the Business and Labor Committee was 11-0, and the House vote count was 51-0-9.