

ADVISORY TO BUYER REGARDING HISTORIC PROPERTY

For a property to be designated “historic,” it must meet specific qualifying criteria under state, federal, and local statutes or ordinances. The following is a limited and incomplete summary of special assessment programs and local designations for historic properties. Any special assessment benefit is not automatically available to a historic property but may be acquired through a specific application. This advisory is only a summary and should not be relied upon to the exclusion of other reliable sources. Before closing, Buyer should check with the appropriate state or local officials and review all available records and information regarding the seller’s participation or Buyer’s intended participation in historic tax benefit programs or historic designation. If the property is currently subject to a historic designation or certification, the seller will provide Buyer with all available records in the seller’s possession or control within the time frames outlined in the accompanying OREF 045A – Historic Property Addendum.

The seller’s and Buyer’s real estate agents are not experts in historic properties or the Oregon Special Assessment of Historic Properties program.

1. TAX CONSEQUENCES: Historic properties have special tax consequences. If Buyer and the seller do not understand these consequences, they are advised to seek competent legal or accounting advice.

2. ISSUES TO CONSIDER FOR CLASSIFICATION OF HISTORIC PROPERTY: If Buyer is purchasing the property either because it is qualified as a historic property or Buyer desires classification as a historic property, the following are some, not necessarily all, important issues for consideration:

(a) Some municipalities have historic designations for property, including, but not limited to, designated historic districts. If applicable, this may include restrictions on the use, building, or improvement of the property, as well as limitations on construction, remodeling, or other changes.

(b) An owner of historic property desiring special assessment is required to apply to the State Historic Preservation Officer. The application must include a preservation plan committing the owner, within the first five (5) years, to expend an amount not less than ten percent (10%) of the historic property’s real market value.

(c) The preservation plan must focus on exterior features, especially those visible from a public right-of-way. The treatment of significant

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interior features may be included in the plan, but unless specifically required, work in bathrooms, kitchens, basements, and attics are not included in the preservation plan. Any work proposed in the preservation plan must meet the historic rehabilitation standards.

(d) The application fee may be up to one-tenth of one percent of the assessed value of the property.

(e) The owner must provide proof of casualty insurance up to the replacement value of the property.

(f) The application for special assessment must be made before April 1st of the assessment year for which special assessment is sought.

(g) A property must be designated as “Historic Property” under Oregon law to be certified for a special assessment. For an owner to receive or retain special assessment benefits, the owner may be required to provide progress reports and allow on-site inspections and work applications.

(h) The property must also be listed in the National Register of Historic Places within two (2) years of certification.

(i) A special assessment is granted for a period of ten (10) consecutive property tax years, starting with the tax year on July 1st of the first assessment year. After the conclusion of the first ten (10) year period, an application may be made for a second term. If granted, the second term will have different requirements for the work.

For more information, go to www.oregonheritage.org.

3. ACKNOWLEDGMENT: The undersigned Buyer(s) acknowledge they: (a) have read and understand this advisory; (b) have been provided with a copy for their own files; and (c) are aware the use of one or more experts is recommended before entering a binding transaction for the purchase of a historic property.

Buyer _____ Date _____ a.m. p.m. ←
Print Name _____

Buyer _____ Date _____ a.m. p.m. ←
Print Name _____

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