



## News From the FAMP Government Affairs Committee

### **Fannie and Freddie Found Exempt from Transfer Taxes**

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Fannie Mae and Freddie Mac are exempt from state and local taxes, including transfer taxes, a Washington appeals court ruled in the latest decision shielding the government-owned mortgage finance companies from attempts to collect levies on property transfers.

An Oklahoma county suing to collect the tax wrongly relied on a U.S. Supreme Court ruling that interpreted an exemption to cover only direct taxation, not a levy on the use or transfer of property, according to a decision for a three-judge panel by U.S. Circuit Judge David Sentelle.

The case cited by the commissioners of Kay County applied to exemptions from tax on specific property, while the law covering Fannie Mae and Freddie Mac applies to them directly, Sentelle said in his opinion.

"This is a distinction with a difference: an unqualified tax exemption for specific

property necessarily reaches only those taxes that act directly upon the property itself, while a similarly unqualified exemption for a specific entity may reach any and all taxes that ultimately will be borne by the entity," Sentelle wrote.

An appeals court in Richmond, Va., in January and another in Cincinnati in May 2013 reached similar conclusions.