

The 2010 Legislative Session convened on January 11 and is off to a running start. The length of session will be 20 days shorter than normal this year with a scheduled adjournment date of March 31. The shortened session is due to the budget constraints the State is facing this year, and there has already been a flurry of activity on several bills.

Here are a few of the issues the IAR will be following this year:

**Fire sprinkler legislation – HF 2062/SF 2051:**

Recently the state building commissioner developed rules that would MANDATE sprinklers in all new residential construction by 2013. The legislature's Administrative Rules Review Committee granted a "session delay", providing lawmakers an opportunity to act on the issue. The IAR will actively support legislation that will prohibit a state agency, county or city ordinance from mandating sprinklers in new residential construction – HF 2062/SF 2051.

The subcommittee on HF 2062 met last week and representatives from the homebuilders, habitat for humanity, the State fire marshalls office, cities, and firefighters were present. All participants made comments and the consensus of the legislators and our coalition after the meeting was that we could accept language that would grandfather in the cities that already had a requirement for fire sprinklers on new construction and still allow home rule for cities who wanted to pass a requirement in the future for properties with 8,000 square feet of livable square footage. The IAR will support the recommended changes and will continue to actively work to pass the legislation.

**Carbon monoxide detector mandate - HSB 577/SSB 3023:**

The legislation will mandate the installation of carbon monoxide detectors in multiple unit residential buildings and single family homes. This requirement would apply to both existing and new construction homes. The owner of a single family home is responsible for installing a carbon monoxide detector and shall certify such installation upon filing for a homestead credit. Owners of multiple unit residential buildings and single family rental units are also required to supply light-emitting carbon monoxide detectors for hearing-impaired tenants. The IAR will actively oppose this legislation.

**New flood plain requirement on seller's disclosure form – HSB 512/SSB 3089:**

This legislation would mandate that the sellers disclosure form include questions requiring the seller to disclose the flood plain designation that has been assigned to the property and, to the best of the seller's knowledge, whether the property

has ever been inundated by a flood or payment has been made pursuant to flood insurance coverage or federal assistance has been received on account of flood damage to the property. The IAR will oppose this legislation.

There is also legislation that would mandate the type of flood plain where the structure is located, and whether alluvial soils are present on the property to be disclosed on the seller's disclosure form. The IAR will oppose this legislation.

### **Private transfer fees – no bill number yet:**

This legislation will prevent companies from creating private transfer fees. It has been brought to NAR's attention that companies dealing with the creation and management of "private transfer fees" are actively marketing their products to developers across the country. It is their intention to "bundle" these fees so they can be securitized and resold on the open market. If they succeed in developing a "stream" of these fees to make a credible securitization market, then the use of private transfer fees will increase exponentially since the profit incentive will go up for developers. Just like transfer fees collected by state and local governments, private transfer fees to developers are an increased cost to housing

Private transfer fees are covenants that purport to run with title to the property (either perpetually or for a defined term) that typically require a fee be paid to the property owner or developer who creates the covenant upon each subsequent transfer of the affected property. These are fees not paid to local or state governments, but to private corporations or investors, in some cases for up to 99 years. Also, since it is a covenant on the deed of the property, the property cannot be transferred with clear title until the fee is paid. In cases where these fees have been attached to property transfers, they have been as much as 1% of the purchase price of the property.

The IAR will actively support legislation to prohibit these private transfer fees.

### **Central registry for mechanic's liens – HSB 559/SSB 3076:**

This bill creates a central state construction registry for residential construction property for general contractors, owner-builders, and subcontractors to protect their lien rights. The state construction registry would be a publicly accessible centralized electronic database created and maintained by the Iowa finance authority. The registry provides a centralized resource of all persons or companies furnishing labor or materials who may file a lien upon the improved property. The IAR will support this legislation.

### **Real estate installment contract sales:**

Current Iowa law allows an installment sales contract seller 180 days to file the contract with the county recorder. The legislation proposed would change the filing to 60 days instead of 180. The IAR is currently monitoring this legislation.

**The IAR Legislative Bus-in Day will be February 23<sup>rd</sup>  
Please visit the IAR website at [www.iowarealtors.com](http://www.iowarealtors.com) for more  
information. We hope to see you there!**