

**The IAR Legislative Bus-in Day will be February 23rd
Please join us to help on the legislative issues important to
REALTORS and Iowa Homeowners**

We hope to see you there!

Visit the IAR website at www.iowarealtors.com for more information.

This week is known as 'funnel week' at the Capitol. This is the deadline where all House bills must be approved out of House committees and Senate bills must be approved out of Senate committees to continue to be eligible for consideration. By the end of the week we will have a pretty clear picture of the real estate related bills that are moving forward and those that are no longer viable. Ways and Means (taxation issues) and Appropriations committee bills are exempt from the funnel deadline and will remain eligible for debate the entire session.

The issues the IAR is following this week are listed below and new information will be highlighted in bold as **"Updated Information"**:

New Bill:

Escrow Licensing legislation – SSB 3155 and HSB 629

This is a study bill providing for the licensing and regulation of real estate closing agents. This legislation will require escrow/closing companies to establish a trust account for funds received and also will establish a bond requirement for these companies. This legislation is proposed by the Iowa Finance Authority and will be regulated by the Banking Division. Real estate licensees and brokers are exempt from the legislation, as well as, insurance companies, bankers, attorneys and others. The IAR is still working on an amendment to the legislation to ensure the language works for closing agents and companies that are affiliated with real estate brokerages.

Existing Bills:

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 marhsalls 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 or higher. The IAR will support the recommended changes and will continue to actively work to pass the legislation.

Updated information: The IAR continues to work to pass legislation that will NOT require fire sprinklers in new construction homes. The International Firefighters group and the State Fire Marshall continue to oppose our legislation. The House Commerce committee will likely pass some form of this legislation this week, but we are unclear as to the specific language that may be amended on to the bill. Some legislators would like to put a moratorium on fire sprinkler mandates until the year 2013 and a few legislators would like to reduce the square footage requirement to 4000 square feet that would require a sprinkler. The IAR continues to work with the Homebuilders Association to find acceptable language for our industry.

Thanks so much to all of you who responded to the Call to Action on this issue!! Your voices were definitely heard and make a huge difference!

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.

Updated information: There is a subcommittee scheduled on HSB 577 on Tuesday morning. The IAR had initially opposed this legislation, but with amendments we will remain neutral and possibly support the bill. The amendment added to the legislation will alert homeowner's to the carbon monoxide detector mandate via their property tax statement. There is no liability to REALTORS with this legislation and there is no mandate at time of transfer.

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.

Undated information: As of last week, legislators indicated that the seller's disclosure requirements included in these bills will not move forward. The Senators and Representatives were satisfied with the mandated flood disclosure requirements that already exist on the seller's disclosure forms, and didn't feel additional requirements were necessary.

Private transfer fees – SF 2192:

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.

Updated information: This legislation was approved by the Senate Commerce committee last week and is eligible for debate on the Senate floor. This legislation is an IAR priority this year.

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.

Updated information: There will be a subcommittee meeting on the legislation this week and it has to be approved by the full committee by Friday in order to be eligible for debate. There is an amendment to this legislation which the IAR is reviewing. This is the Iowa Finance Authority's legislation and there are some groups who continue to oppose the legislation. The IAR supports the concept of the legislation, but is not actively lobbying the bill at this time.