

**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.**

The first funnel deadline was this past Friday, and several bills did not survive the funnel deadline as they were not voted upon by a full committee. The following bill topics survived the funnel and are eligible for debate:

- Fire Sprinkler legislation – see update below
- Private Transfer fee elimination
- Real estate license clean up legislation
- Mechanics lien central registry
- Escrow licensing
- Landlord tenant eviction notification

The following bills did not survive the funnel deadline:

- Carbon monoxide detector mandate
- Flood disclosure mandates

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

Updated Information - SSB 3167 – Real Estate license law changes: This legislation re-arranges code sections to where they are better suited, and further distinguishes between an Applicant and a Current Licensee when they are potentially subject to denial/revocation due to crimes. It also places administrative time frame upon the commission to quickly act – so those who have been convicted of a crime may have an expedited process. Finally, it allows the Real Estate Commission some discretion when considering granting a license to someone who may have been convicted of a crime. The bill allows the Real Estate Commission to consider the nature of the offense, extenuating circumstances, the time elapsed since the conviction, any restitution, etc.

Updated information: Landlord Tenant Eviction notice – HSB 693/SF 2300: This bill amends the service of notice requirements for landlords and tenants. The bill is in response to the Iowa Supreme Court’s November 20, 2009, decision in War Eagle Village Apartments v. Plummer. The bill changes Code sections, dealing with certain notices to quit, and certain notices of termination.

Under the bill, such notices to quit must be served upon the tenant according to one or more specified methods. The acceptable methods of service for a notice include delivery evidenced by an acknowledgment of delivery that is signed and dated by a resident of the dwelling unit, personal service in the manner provided by the Iowa rules of civil procedure for the personal service of original notice, and both posting on the primary entrance door of the dwelling unit and mailing by both regular mail and certified mail. If the original notice is posted, it must be posted not less than three days prior to the hearing and shall include the date the original notice was posted.

The IAR supports this legislation.

Escrow Licensing legislation – SSB 3155 and HSB 629

Update: This legislation passed the Senate Commerce Committee this week. The legislation was amended to change the bonding requirement for escrow companies from \$250,000 to \$25,000. 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.

Fire sprinkler legislation – HF 2062/SF 2051:

Update: The language in this legislation has been amended several times and as of Thursday night the bill language simply states that a city or county wanting to implement a fire sprinkler requirement must do so by taking a separate vote on the issue. This language still allows for home rule to apply. Originally, the IAR had accepted 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. However, this language was unacceptable to some legislators. The IAR will continue to support the legislation moving forward as amended with the local vote (home rule) requirement. The International Firefighters group and the State Fire Marshall continue to oppose our legislation.

Recently the state building commissioner developed rules that included recommendations for fire 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.

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.

Update: The carbon monoxide detector mandate bill was originally drafted to mirror current laws which mandate smoke detectors. Homeowners are required to sign on their homestead tax credit forms that they have a smoke detector. This legislation would have also made a homeowner sign off that they have installed carbon monoxide detectors as well. This language was acceptable to the IAR, but in the last hours before the bill was to be debated in committee the language changed, and the IAR could not support it. This bill is not eligible for further debate this year, but the IAR may study the issue during the legislative interim.

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

This legislation would mandate that the seller's 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.

Update: 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.

Update: This legislation was approved by the Senate Commerce committee 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: This legislation was approved by the House Judiciary committee and is eligible for debate on the House floor. 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.