

In this week's edition of Hill Notes:

Private cause of action/fraud legislation – [CALL TO ACTION!!!](#)

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YOUR HELP IS STILL NEEDED!!

Senate File 178/HSB 80 is legislation that would allow individuals to hire their own attorneys and sue many types of businesses for consumer fraud. In this legislation consumer fraud is very broad and poorly defined. An unclear law invites abusive lawsuits and no one is safe – not even an honest, ethical business. The bill does not include the traditional requirements of proving wrongful conduct and leaves many businesses including REALTORS® at risk of being sued. There are several groups of licensees that are currently exempt from this legislation as written; some of the groups who are protected are doctors, hospitals, lawyers, insurance companies, engineers and many others. **Real estate licensees are not currently exempt, but the IAR is working on an amendment to include real estate.**

Please go to the Iowa REALTORS website at www.iowarealtors.com and click on the legislative link - go to the Iowa Action Center to contact your legislator and ask for a real estate license exemption to this bill!!

FLOOD INSURANCE

Senate Study Bill 1194 - This legislation requires all cities in this state to meet the requirements for participation in the national flood insurance program on or before July 30, 2011. It allows the application for a waiver from this requirement if the city demonstrates to the department of natural resources that the city is not susceptible to flood damage. The bill also requires a person owning property in a 500 year flood plain to purchase insurance providing coverage against flood damage unless the owner submits a certificate of self-insurance to the insurance commissioner for approval. It requires the insurance to be purchased by January 1, 2010. **The Iowa Association of REALTORS® has many concerns about how this legislation will be implemented and what it will mean for redevelopment or new development of communities within the 500 year floodplain. Another area of concern is how homeowner's will be notified of their responsibility to obtain flood insurance and the cost of the insurance to homeowner's. The IAR will continue to work on this legislation.**

CRIMINAL BACKGROUND CHECK RECIPROCITY

The IAR will support legislation that will allow the Real Estate Commission to accept a criminal background check from another state as long as it has gone through the FBI. This legislation intends to eliminate some of the duplicity that some new licensees experience when trying to become licensed in multiple states. This legislation does not have a bill number yet but will be considered in subcommittee this week.

COUNTY RECORDER FEES

Senate Study Bill 1212 – This bill would provide an increase in the electronic transaction fee that County Recorder’s can charge for filing documents with their office. The charge would be used primarily for the cost of removing social security numbers from the public website and getting the system back online. The charge is currently \$1 per document and the legislation would increase the fee to \$3 per document from July 1, 2009 until June 30, 2011. The fee would then be reduced to \$2 per document after July 1, 2011. The bill specifies the purposes for which electronic transaction fees may be used and provides that fees collected in excess of the amount needed shall be used by the county land record information system to reduce or eliminate service fees for electronic submission services. The bill authorizes the county recorder or the governing board of the county land record information system to enter into an agreement to provide access to electronic documents or records on a batch basis, as defined in the bill, and to collect fees for such access. **The IAR opposes the new fees introduced in this legislation.**

LEASE MEMORANDA FILING

House Study Bill 156 - This bill requires that if a lease of real estate is made for the purpose of erecting a building or making improvements to the real estate by a person other than the owner of the land, memorandum of the lease shall be filed by the lessee with the county recorder not later than 60 days after the execution of the lease. The bill provides that each memorandum filed shall include the name and address of the taxpayer, the legal description of the property, and the parcel identification number. **The IAR opposes the filing of any lease information at the county level where it is considered a public document. The IAR attended a subcommittee on this legislation to express concerns and the legislation was not approved by the subcommittee as written.**

RADON

The Real Estate Commission will pursue administrative rules to add the following language to the Seller’s Disclosure form:

12. **Radon:** Any known tests for the presence of radon gas? Yes [] No [] If yes, test results? _____

Date of last report _____

Buyer acknowledges receipt (initial here) _____ of “Radon Fact sheet” prepared by the Iowa Department of Health, or a similarly approved booklet by the Iowa Real Estate Commission. .

The Iowa Association of REALTORS® supports this change to the Seller’s Disclosure form and will monitor the rulemaking process.

Property tax reclassification for four plex units

House File 181 is legislation that would reclassify four plex units as residential property instead of commercial property. There is a lot of misinformation circulating that this legislation would change the classification of condos from residential to commercial – this is NOT the case. The bill changes how four plex units are taxed but in no way does it change the earlier part of Iowa Code on how condominiums are taxed.

House File 181 does the following:

1. Adds a new paragraph to Chapter 421, section 21, which adds another type of property – four or fewer separate dwellings – to what is defined as residential property, regardless of whether it is owner occupied or rented – except if rooms are usually rented for less than one month. (Current definition of a hotel, motel, bed & breakfast, etc.)
2. It does not eliminate any type of property defined as residential under current law.
3. The effect of the bill is to expand the current single/two-family definition of residential property to a single/two-/three-/or four family definition of residential property.
4. Since Chapter 499B, section 10, defines a condo unit as a separate parcel of real property – it is still the same as a single family home and will not be affected by HF 181.

SEPTIC TANK INSPECTIONS AT TIME OF TRANSFER

The Iowa Department of Natural Resources has released its proposed rules on septic tank inspection regulations. All REALTOR members are encouraged to review these proposed rules and recommend any changes to the IAR legislative committee. Please e-mail jen@iowarealtors.com with suggestions, concerns or changes. The rules can be viewed by linking to the following website:
<http://www.iowadnr.gov/water/npdes/files/final69.pdf>

Please go to the Legislative website at www.legis.state.ia.us to view any of the bills mentioned.