

INDIANA BUILDERS ASSOCIATION
Legislative and Regulatory Report #10
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HIGHLIGHTS

Final Action Hearings for Sprinkler Mandates held in New York

IBA Staff is working to get ICC Voting Code Officials to attend and vote NO to mandating fire sprinklers in all new residential homes and town homes. This issue is coming up for a vote on May 22nd and 23rd in Rochester, NY.

Builders Should Expect More Wetlands Permit Delays

Due to the US Army Corps of Engineers having just recently published its changes for the next five-year Nationwide Permit (NWP) cycle; builders can expect more wetland permit delays. Final NWP regulation must be published at least 60 days prior to its effective date. The current permits expire on March 19th. In order to avoid a gap in permit coverage, the government would have had to issue its changes by January 19th. However, the changes were just announced on March 9th; which means the new permits will not go into effect until May.

The Corps has also lowered its threshold requirements and has broadened jurisdiction to include ephemeral waters. The intent of the permits was to streamline the process, but this does not seem to have happened. NAHB officials are concerned that not only new projects will be stalled, but the delayed proposal may also affect ongoing projects. An interim guidance created to cover the gap may help to prevent problems. NAHB suggests that members, if able, submit a preconstruction notification for an NWP as soon as possible and process it before March 19th. Also, plan ahead for new projects; make sure they fall under the new requirements. And finally, if you already have an NWP, do one of two things: either commence your activity or go under contract to commence the activity prior to March 19th. If you do not do this, you will have to reapply for a new permit because the permit will expire. You will have until March 18, 2008 to complete the project.

Subprime Lending Standards to be Tightened

Subprime lending standards are being tightened as banking institutions and regulators look to preserve the system that helps certain buyers overcome the obstacles to owning a home. In February of 2007, Freddie Mac announced it will no longer buy subprime

mortgages that have a high chance of excessive “payment shock” and potential foreclosure. Instead Freddie Mac will only purchase subprime, adjustable-rate mortgages and mortgage-related securities, which are backed by these subprime loans. These loans qualify borrowers at the fully-indexed and the fully amortizing rate. In order to insure that future borrowers have the income needed to afford their homes, Freddie Mac also announced it would limit the use of low-documentation underwriting of these types of mortgages.

Due to these measures and other efforts to tighten lending standards in the subprime market, there could be considerable effects on some potential home buyers. Mortgage lending is not in danger of becoming overly restrictive, however because the subprime sector is a small slice of the overall market. Additionally, the tightening is happening after three years of cumulative easing. To do its part to better serve those with impaired credit and to offer more choices for subprime borrowers, Freddie Mac is currently developing fixed-rate and hybrid ARM products for lenders. For more information, IBA Staff encourages you to read NAHB’s Chief Economist, David Seiders’ latest Eye on the Economy report.

Vegetative Options for Stormwater Management Workshop

The Hoosier Heartland Resource Conservation and Development (RC&D) Council, Inc is hosting their second Vegetative Options for Stormwater Management Workshop on Wednesday, April 4th at AmeriPlex Indianapolis, Holladay Properties, located on the south side of Indianapolis. The workshop is co-sponsored by AmeriPlex Indianapolis, central Indiana Soil and Water Conservation Districts in Boone, Brown, Hamilton, Hendricks, Hancock, Johnson, Marion, Monroe, Morgan, and Shelby Counties, Empower Results, LLC, Spence Restoration Nursery, and the USDA Natural Resource Conservation Service.

The workshop will include experienced speakers, lunch, and an estimated turnout of 75+ individuals from the construction and engineering field. There is a morning and afternoon session and various booths and vendors will be set up. For more information or to register, interested parties should visit www.hhrcd.org or www.marionswcd.org or call the Hoosier Heartland RC&D at 317-290-3250.

LEGISLATIVE

HB 1525 New Home Construction and Homeowner Construction (Murphy, R-Indianapolis)

<http://www.in.gov/apps/lsa/session/billwatch/billinfo?year=2007&request=getBill&docno=1525> Provides that after June 30, 2007, a builder may not enter into a home construction contract with a prospective home buyer unless the builder first gives the prospective home buyer a written estimate of the property taxes that: (1) will be owed by the prospective home buyer on the new home; and (2) are based on an assessment made on the first assessment date after the construction of the new home is complete. Specifies that the required estimate may not be based on an assessment of unimproved real estate. Requires the Indiana housing and community development authority (authority) to

prescribe a form to be used by builders in making the required disclosure. Defines an "at risk home buyer" as a person who: (1) has a credit score that is less than 620; and (2) seeks to obtain a home loan from a creditor. Requires the authority prepare and make available to creditors home ownership educational materials for use by at risk home buyers. Provides that after June 30, 2007, a creditor may not enter into a home loan with an at risk home buyer unless the creditor first gives the at risk home buyer the educational materials prepared by the authority.

HB 1525 has been referred to the Senate Committee on Tax and Fiscal Policy. IBA staff has met with Senate Leadership to discuss the bill and they understand the housing industry's concerns. IBA staff will continue to keep you informed on the bill's status.

HB 1717 Regulation of Mortgage Brokers (Bardon, D-Indianapolis)

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&request=getBill&docno=1717> Transfers responsibility for the: (1) licensure of mortgage brokers; and (2) registration of mortgage loan originators; from the securities commissioner to the department of financial institutions (department). Requires the department to request a national criminal history background check through the state police department for all applicants for an initial license or registration after June 30, 2007. Establishes examination and education requirements for individuals applying for an initial license or registration after December 31, 2008. Establishes continuing education requirements for individuals renewing a license or registration after December 31, 2008. Requires a licensee to maintain on file with the department a complete set of fingerprints for: (1) the licensee, if the licensee is an individual; and (2) each registrant covered by the license. Prohibits certain acts by licensees and registrants. Creates the mortgage broker regulation account in the state general fund. Provides that licenses and registrations issued to mortgage brokers and mortgage loan originators before July 1, 2007, expire on January 1, 2008.

HB 1717 has been assigned to the Senate Committee on Insurance and Financial Institutions. It will be heard in Committee on March 22nd. IBA Staff will keep you informed on the bill's status.

HB 1214 Landlord Tenant Law (Pierce, D- Bloomington)

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&session=1&request=getBill&docno=1214> Specifies circumstances in which a landlord may enter a tenant's dwelling unit. Provides that a landlord has no liability for the loss or damage to a tenant's personal property if the property has been abandoned. Provides that under certain circumstances, a landlord may remove a tenant's personal property and deliver it to a storage facility approved by the court.

HB 1214 was heard in the Indiana Senate Committee on Judiciary on Wednesday. It passed the committee with a vote of 5-1. It will now move to the Senate Floor for full debate.

HB 1324 Valuable Metal Dealers (Crooks, D-Washington)

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&request=getBill&docno=1324> Requires valuable metal dealers to make and retain copies of government issued photographic identification used to verify the identity of persons from whom the dealers purchase valuable metal. Provides that a valuable metal dealer may not accept a damaged or an undamaged metal beer keg if: (1) the keg is clearly marked as the property of a brewery manufacturer; or (2) The keg's identification markings have been made illegible."

HB 1324 was heard this week in the Senate Committee on Commerce, Public Policy, and Interstate Cooperation. It passed out of the committee with an 11-0 vote. The legislation will now move to the Senate Floor for full debate.

SB 1 Indiana Commerce Connector and Illiana Expressway (Wyss, R- Fort Wayne)

<http://www.in.gov/legislative/bills/2007/SB/SB0001.2.html> For purposes of the statute concerning tollways, permits the designation of the Indiana Commerce Connector, the Illiana Expressway, or both (instead of a part of Interstate Highway 69) as a tollway. SB 1 has been referred to the House Committee on Roads and Transportation. Public hearings for the bill have been scheduled throughout the state and are as follows:

- Tuesday, March 20th from 6-8 p.m. at the Morgan County Fairgrounds Community in Martinsville
- Thursday, March 22nd from 6-8 p.m. at Indiana Downs in Shelby County
- Monday, March 26th from 6-8 p.m. at Franklin College
- Wednesday, March 28th from 6-8 p.m. at Greenfield Central High School

If anyone is interested in attending any of the hearings, please contact IBA staff for further information at 800-377-6334.