

Real Estate bills proposed

Lawmakers would like to fix problems observed in industry

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A handful of bills have been proposed for the 2011 Utah Legislature pertaining to the real estate industry. Most of them attempt to solve problems legislators either noticed themselves or were brought to their attention by constituents.

Disputes with homeowner associations

Rep. David Litvack, D-Salt Lake City, would like the state to create an agency condominium owners or members of Planned Unit Developments could go to in seeking help to disputes with homeowner associations.

Currently, if a member of an association is in a disagreement with the board, the person only has two options: try to change the make-up of the board or take the issue to court. Neither is desirable when all parties involved must continue to work, and often live, together, he said.

Furthermore, because the association's attorney fees are funded by the membership, the plaintiff will be paying for both their court costs and a portion of the defendant's, he said.

It would be better if there were an independent third party like an ombudsmen's office that could listen to these kinds of issues – per-

haps even do investigations – before the parties go to court.

The state has a similar agency, the Property Rights Ombudsman, to handle disputes over property rights, Litvack said.

The problem with seeking less-expensive legal options like mediation is the associations have no incentive to participate. It would be better if some agent of authority could forcibly engage both parties in a dialogue.

The creation of a new government service may require funding, which is a difficult request to make of the Legislature this year, so Litvack is exploring what other states have set up and how it is funded. A small fee added during the sale of a condo may be enough to pay for the service, he said.

When these disputes concern serious accusations, there should be a way to address them, he added.

“Courts have a critical role to play, but that should not be the place to start,” he said.

Offices for all title insurers

One aspect of insurance law Rep. James Dunnigan, R-Taylorsville, would like to change with his House Bill 19 regards title insurance.

He has received complaints that Utah residents have had problems with the title insurance on their homes, and when they seek out the insurer, find it was handled via mail from out of state.

Apparently this practice is fairly common, and Dunnigan would like to require all title insurers working in this state to have a physical office here.

His primary concern is the cursory job many of these out-of-state offices are doing. One of their duties is to provide a history of the problem so the property buyer is guaranteed they have a clear title. These out-of-state firms tend to only include a record of the last transaction in their filings.

“There’s no satisfaction that they checked the whole history,” he said.

The bill has the support of the Utah Tax Commission, he added.

Converting old buildings to condos

Rep. Larry Wiley, D-West Valley City, said he noticed a problem while working in Salt Lake City that he’d like to fix in House Bill 53.

There were several developers converting old apartment buildings made of some form of masonry into condominiums. Because the status of the building was going from a residence to a residence, there was not a great deal of scrutiny going into the government approval for the projects.

Unfortunately, many of these old masonry buildings cannot stand up under seismic activity.

Wiley is proposing that any unreinforced structure built before 1975 that is at least two stories tall be inspected by a licensed engineer for a structural review to certify the integrity of the building in case of an earthquake.

There are several historic multi-story brick buildings in Park City that occasionally undergo renovations, but Wiley was not aware of any current projects that would be affected by his bill.