



2010 Regular Legislative Session Recap

The 2010 legislative session concluded on Monday, June 21. The Louisiana REALTORS® (LR) leadership team wants to thank each of you for your hard work, support and grassroots involvement throughout the entire session. LR took a very active role in the session and was able to advance several pieces of legislation that will better protect consumers of real property and aid REALTORS® in efforts to more effectively represent clients and customers. Your association was also able to defeat measures that would have created problems for the real estate industry, while amending other bills throughout the process. Below is a summary of legislative activity pertinent to the industry that was debated and considered throughout the process. Please click the bill number to view the legislation.

The Louisiana REALTORS® Legislative Package:

[HB 340 by Rep. Jeff Arnold, D-Algiers – Condominium Statute Revisions](#)

HB 340, now Act 245, passed through the legislative process and is awaiting the signature of the governor. It will become law effective on August 15, 2010.

The bill allows condominium unit owners to accelerate liens against unit owners who fail to pay or are behind in their association dues, payments or fines. The bill also requires initial developers of condominium units to escrow two months of association dues of each unit to be placed into an escrow account and eventually turned over to the unit owners.

[HB 370 by Rep. Arnold – Real Estate Agency Law Statute Revisions](#)

HB 370, now Act 247, passed through the legislative process and has been signed by the governor. It will become law effective on August 15, 2010.

The bill adds to agency law the definition of “substantive contract” as the time by which a real estate agent licensee shall have to present an agency disclosure informational pamphlet to clients. “Substantive contract” consists of items such as discussion of financial terms or other issues, which, if disclosed, could harm the position of a client in a transaction. The bill also amended the definition of “designated agency” by eliminating the requirement that the broker actually designate an agent to represent a client in the transaction. Beginning on January 1, 2011, all licensees will be required to use the amended version of the agency disclosure form(s) as prescribed by the Louisiana Real Estate Commission.

[HB 614 by Rep. Erich Ponti, R-Baton Rouge – Home Inspector Prohibition](#)

HB 614, now Act 195, passed through the legislative process and has been signed by the governor. It will become law effective on August 15, 2010.

The bill prohibits a licensed home inspector from being compensated for conducting a home inspection for the same transaction in which he represents a client as a real estate agent.

[HB 1133 by Rep. Arnold – Private Real Estate Transfer Fees](#)

HB 1133 passed through the legislative process and is awaiting the signature of the governor. It will become law effective on August 15, 2010.

The bill prohibits private entities or individuals from placing into the deeds of real property requirements that each subsequent purchaser pay that entity or individual a percentage of the sales price of the property each time the property is sold for the next 99 years. The bill also states that any of these types of property fees already in place shall not be recognized as a valid instrument. Future purchasers of real property who may be subject to and actually pay a private transfer fee shall be reimbursed the fee along with court costs and attorney fees incurred.

Property Insurance Legislation:

SB 595 by Sen. Julie Quinn, R-Metairie – Chinese Drywall Insurance Issue

SB 595 passed through the legislative process and is awaiting the signature of the governor. It will become law effective on August 15, 2010.

The bill prohibits an insurer from cancelling or non-renewing a homeowner's policy based solely on the presence of Chinese dry wall. Insurers can face fines of up to \$15,000 if they violate the provisions of this statute. The law ceases to be effective after July 1, 2013.

HB 706 by Rep. Neil Abramson, D-New Orleans – Insurance Disclosure of Companies Writing Policies

HB 706 passed through the legislative process and is awaiting the signature of the governor. It will become law effective on August 15, 2010.

The bill will require Louisiana Citizens Insurance Corporation to provide a disclosure to customers about who may be writing property insurance policies in their area. The company shall also disclose the Department of Insurance web site to showing access to companies writing policies in various areas of the state.

Title Insurance Legislation:

HB 807 by Rep. Tim Burns, R-Mandeville – Federal Judgments

HB 807 passed through the legislative process and is awaiting the signature of the governor. It will become law effective on August 15, 2010.

The bill would require a title opinion to contain a search of the mortgage records for a period of twenty years for Federal judgments. HB 807 also states that if the transaction is a sale the minimum period must be thirty years or longer in order to reach an arms-length sale between unrelated third parties. If only a mortgage is being insured then the search must be for a minimum of ten years or two links in the chain of title whichever is greater. This statute shall not apply to transactions made prior to January 1, 2013 by the Road Home Corporation.

Mortgage Lending Legislation:

HB 335 by Rep. Arnold – Mortgage Lending Licensure and Educational Requirements

HB 335, now Act 36, passed through the legislative process and is awaiting the signature of the governor. It will become law effective on August 15, 2010.

The bill will require mortgage brokers to complete eight hours of annual continuing education requirements as approved by the Office of Financial Institutions. The bill also will require 20 hours of pre-licensing hours to be completed by applicants and deletes the requirement that persons engaged in the mortgage lending business prior to August 15, 2003 are exempt from the professional education and examination requirements.

HB 802 by Rep. Burns – Mortgages

HB 802, now Act 385, passed through the legislative process and has been signed by the governor. It will become law effective on August 15, 2010.

The bill clarifies that the effect of a mortgage recordation is governed by a ten year period and the effects of recordation ceases six years from the latest maturity date prescribed in an instrument creating mortgages or evidencing certain privileges.

HB 803 by Rep. Burns – Bond for Deed Contracts

HB 803, now Act 386, passed through the legislative process and has been signed by the governor. It will become law effective on August 15, 2010.

The bill provides that any lien, privilege, or judgment relating to or purporting to affect immovable property that has not been filed prior to the bond for deed contract shall be subject to the rights created by the bond for deed contract.

Other Legislation of Interest:

[HB 206 by Rep. Jim Fannin, D-Jonesboro – Sprinkler Systems in Residential Properties](#)

HB 206 passed through the legislative process and is awaiting the signature of the governor. It will become law effective on August 15, 2010.

The bill removes the requirement in the statewide building codes that all residential one and two family dwellings be fitted with or retrofitted with an entire sprinkler system. Those consumers wishing to have such a system can opt to have one installed.

[HB 771 by Rep. Burns – Notice Requirements on Millage Increases](#)

HB 771 passed through the legislative process and is awaiting the signature of the governor. It will become law effective on August 15, 2010.

The bill requires the following to be noticed to the public on hearings conducted by a taxing authority considering an increase in millage rates without voter approval:

- Estimate of the amount of tax revenues to be collected in the next year from the increase millage as compared to the current year collections,
- An estimate of the dollar value increase in the tax of a residence in the district at \$100,000, \$150,000 and \$200,000,
- An internet disclosure of the current budget of the taxing authority and the proposed revenues derived from the increased millage.

[HB 1471 by Rep. Hunter Greene, R-Baton Rouge – Valuation of Unoccupied Residential Immovable Property](#)

HB 1471 passed through the legislative process and is awaiting the signature of the governor. It will become law effective on August 15, 2010.

The bill states that a tax assessor may consider the income approach to value, including estimated sales price, estimated holding period needed to sell the property, expenses incurred during the holding period and the capitalization rate until the initial property is occupied by a natural person.

[SB 9 by Sen. Nick Gautreaux, D-Abbeville – Text Messaging While Driving](#)

SB 9, now Act 203, passed through the legislative process and has been signed by the governor. It will become law effective on August 15, 2010.

The bill makes texting while driving an automobile a primary moving vehicle violation.

[SB 648 by Sen. Troy Hebert, D-Jeanerette – Using Energy Efficiency Techniques in Appraisals](#)

SB 648 passed through the legislative process and is awaiting the signature of the governor. It will become law effective on August 15, 2010.

The bill requires appraisers to consider energy efficient systems and techniques in their calculations on appraisals of real property.

[SB 802 by Sen. Joe McPherson, D-Woodworth – Automatic Renewal of Contracts](#)

SB 802 passed through the legislative process and is awaiting the signature of the governor. It will become law effective on August 15, 2010.

The bill requires companies to disclose clearly and conspicuously in contracts that automatically renew how to cancel the initial contract. Financial Institutions and insurers or contracts entered into before January 1, 2011 or a contract that allows for cancellation by the consumer by written notice within thirty days after the initial period has expired are exempt from this statute.

[HB 1410 by Representative Michael Jackson, I-Baton Rouge - Transportation](#)

HB 1410 Creates the La. Intrastate Rail Compact in DOTD, relative to powers, duties, responsibilities, and functions of the compact. HB 1410 was sent to the Governor

SR 192 by Senator Lydia Jackson, D-Shreveport - Committee Studies

SR 192 Requests the Senate Committee on Local and Municipal Affairs to convene a study group to assess affordable housing needs in our state and to research best practices and model programs to identify potential recurring revenue streams for the Louisiana Housing Trust. Filed with the Secretary of State

SR 193 by Senator Sharon Weston Broome, D-Baton Rouge - Committee Studies

SR 193 Requests the Senate Committee on Local and Municipal Affairs to study and make recommendations relative to issues related to exploring better ways to effectively deliver growth management techniques to stakeholders and to advance local, regional, and state policies in our state. Filed with the Secretary of State

Bills Opposed by LR:

HB 241 by Rep. Abramson – Mandatory Installation of Carbon Monoxide Detectors

HB 241 would have required all single and multiple family dwellings contain an operable carbon monoxide detector beginning January 1, 2012. The bill failed to pass off the House floor.

HB 1061 by Rep. Page Cortez, R-Lafayette – Real Estate Continuing Education

The bill would have exempted from annual continuing education requirements real estate licensees over the age of 70 who have been licensed for more than 30 years. The bill was not scheduled for a hearing.

HB 574 by Rep. Ponti – Pest Control Inspection

The bill would have prohibited a pest control operator who inspects a dwelling on which an act of sale is pending from advertising, soliciting or entering into a standard contract to perform structural pest control services on the home on which he has performed the inspection. HB 574 was never scheduled for a hearing during the session.

SB 630 by Sen. Ben Nevers, D-Bogalusa – Assessing using Fair Market Value Approach

SB 630 contained language that was detrimental to the appraisal industry. The bill dealt with the fair market value approach for residential development property. SB 630 was never scheduled for a hearing during the session.

SCR 30 by Rep. Hebert – Suspension of all Continuing Education Requirements

SCR 30 would have suspended all professional industries continuing education requirements for one year due to slow economic times. The LR opposed this legislation in the Senate Commerce Committee and it was defeated in that committee.

Summary of Louisiana’s Approved 2010-11 Budget:

The 2010 Regular Session of the Louisiana Legislature ended with a budget. There was earlier concern that the House and Senate, which were very divided on the issue this session, would not come to agreement by the end of session Monday. The budget as passed totals \$26 billion, eliminates 3,000 jobs and lays off 1,300 employees.

On the last day of the session, the Revenue Estimating Conference, the group that determines how much money the state has to spend, recognized an additional deficit of \$261.4 million for the current fiscal year, which ends June 30, 2010, and an additional deficit of \$57.6 million for next fiscal year. The \$261 million deficit for the current year comes on the heels of a \$200 million deficit recognized in December and a \$319 million deficit in April.

A large point of contention between the two chambers was the Budget Stabilization (Rainy Day) Fund. The Senate said that money used from the fund should be paid back when the state budget reaches 2008 levels; the House maintained it should be paid back immediately. The budget as passed utilizes \$198 million from the Rainy Day Fund to mitigate deficits in the current budget year. The budget also uses \$242 million of the collections from the recent tax amnesty program for non-recurring expenditures.