



ILA Legislative Report

Taxes are at the forefront in discussions at the Iowa legislature. Property and income taxes are getting the most attention. Senator Larry McKibben (R-Marshalls-town) is offering legislation to go to a state income tax plan with a flat tax of 3.5%. Most deductions would be gone, including homestead, military, and federal deductibility.



Joe Kelly
ILA Lobbyist

The effect of Senator McKibben's bill would be to reduce taxes by about \$400 million.

The other bill of importance to landlords is SF 41. This is the bill to reform the property tax system in Iowa.

The news is not good for landlords in SF 41. The bill does not change the tax classification for rental properties. The only change is to manufactured housing land lease communities whose owners would see their classification changed from commercial to residential. The negative for these owners is that their customers who own the homes would see their taxes change from a personal property system to being taxed as real estate.

Landlords are clearly going to have to contact their legislators on the property tax issue.

It's still uncertain whether SF 41 will be passed completely by the legislature this year. The leadership of the Iowa House is not showing as much interest in SF 41 as certain Senators are. However, landlords need to react as if this bill is going to pass because someday a reform bill will pass. Now is the time to make the argument about the unfairness of taxing residential rental property as commercial. Unless the legislature

Continued on Page 3 ...

Need to Rent ???
advertise your rental at:
www.vacancy4rent.com

With the announcement by Mayor Preston Daniels that he will not seek another term as Des Moines Mayor, several people have tossed their names into the ring. Additionally, various people are announcing their intentions to run for the At-large City Council seat. With the current City, County and State financial deficits looming, we need to promote those candidates who have the knowledge and understanding of how their decisions impact the rental housing market.

DIALOGUE WITH DIRECTORS



We cannot express how important it is for our membership to get involved in the political process to better insure that our industry is not adversely affected by the decisions of our elected officials and public servants. With as many candidates seeking office this year and the issues they need to address, this year may be pivotal for our industry.

You can help with this cause by contributing to the ILA Political Action Committee. We are proactively seeking to identify the best candidates to serve in public office. We will provide information to the candidates and will work to promote these individuals for office. And when it comes time to vote for these candidates, we hope you will support them at the polls.

Elsewhere in this months NewsBrief, you can read just how important this process is. Look for the story: **Rental Housing Only Inspections** to see why.

On an entirely different matter, we have a word of caution for our membership. Recently we have become aware of out-of-state, and start-up companies who are offering screening service for little or no cost. The product they are offering does not compete with the standards we have developed and delivered to our membership for the past 20 years. The old adage might well apply here: "you get what you pay for."

We continue to develop our ILA screening service, we

Continued on Page 3 ...

This Month's March 2003 NewsBrief

- Dialogue With Directors
- ILA Legislative Report
- Fair Credit Reporting Act
- Rental Housing Inspections
- Discrimination Study
- Your Protection and Theirs
- Advertise with ILA

Directors: • Dennis McDonald • Dave Sollenbarger

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Fair Credit Reporting Act

The Fair Credit Reporting Act is the federal law that governs the use of personal information about prospective, current and prior tenants and employees. The law is set to expire in 2003, providing Congress with an opportunity to respond to the growing demand for more privacy protections.

Many apartment firms mistakenly assume that the FCRA only requires them to issue an 'adverse action' notice to tenant applicants if the applicant is denied. But, the law also requires adverse action notices any time a housing provider relies, in whole or in part, on a consumer report to accept an applicant with qualifications. In 2001, the Federal Trade Commission conducted a series of random audits of apartment providers' use of consumer credit reports. Based on these results, it issued a guidance emphasizing that adverse action reports are required when qualifications are attached to a lease offer, such as requiring a co-signer on the lease; requiring a deposit or even a larger deposit not required for other applicants; or raising the rent beyond what another applicant is charged based on the consumer report.

Second, the FTC has narrowed the circumstances under which a housing provider may request a consumer report. In a July 6, 2000 letter to a property owner, senior FTC staff said that the landlord/tenant relationship alone was not enough to establish a 'permissible purpose' allowing the owner to request a consumer report on a skipped tenant. As a result, apartment firms are advised to obtain specific written authorization from the tenant allowing the company to

obtain a consumer report as part of the business transaction between two parties, even after the tenant has left the property.

A final FCRA-related caution concerns employees. The FCRA's adverse action section affects the process by which apartment firms undertake pre-employment background checks. Specifically, employers must notify a prospective employee that a background check is being performed and provide the applicant with an opportunity to rebut or correct any information in the background check before a final hiring decision is made. The FTC's July 6, 2000 letter is posted at www.ftc.gov/os/statutes/fcra/long.htm

The upcoming Congressional debate about renewing the FCRA could affect apartment operations in these and many other areas. For example, the current law authorizes the sharing of data among a broad class of 'affiliates'. Future revisions, however, could limit data sharing, possibly prohibiting a fee manager from maintaining non-public tenant information after the tenant relationship with the owner of the resident's property is terminated. Plus, Congress could impose new duties on housing providers who furnish information to consumer reporting agencies to correct disputed information in a shorter time and/or to be subject to greater liability. Current exemptions in the FCRA for reference information obtained without a consumer report could conceivably be narrowed or removed as part of the reauthorization debate. And, the FCRA's current preemption of state laws that impose additional obligations on housing providers' use of consumer information will certainly be debated in Congress.

For Your Protection and Theirs

Never let a tenant do:

- 1 - their own plumbing repairs.
- 2 - let them paint
- 3 - let them think they are now your friends
- 4 - let tenants use dissolving tablets in the toilet tank
- 5 - let your tenant keep a car that's not registered

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Rental Housing Only Inspections:

Landlords and tenants in Port Huron, Michigan sued the city over a very expensive and onerous inspection ordinance. They spent more than twenty-five thousand dollars on lawyers and only won a few concessions in front of a judge who believed in government control of everything. Then they got smart. They put their money behind a new slate of candidates for city council. When they won, the city manager and city attorney were fired and the inspection law was changed.

The only way you can fight city hall and win is in the next election.

Latin adage:

Quis custodiet ipsos custodes?

"Who is supposed to look after the people who are looking after us?"

Legislative Report... – *Continued from Page 1 ...*

hears from a large number of landlords, don't expect any changes.

There are some bills introduced that landlords can support. SSB 1061 and HSB 50 are companion bills that would increase the bounced check penalty up to \$30 from \$20 on the first issuance of the bad check. Also on the subject of bad checks, HSB 104 would allow the holders of bad checks, who want to seek legal remedies, to have easier notification requirements. The law requires a written notice giving the person thirty days to pay in full before the civil action starts. HSB 104 would allow you to use regular mail to make this notification if you obtain a mailing receipt from the post office.

In terms of bad bills, SF 98 and HF 103 would require manufactured housing landlords to state a just cause when using their non-renewal of lease provision. As you'll recall, in some years, legislators include all landlords in this provision

Homeland Security

For apartment owners and managers, the new department may be a source for future guidance and/or regulation concerning areas of air intake and circulations systems, resident screening, resident privacy and law enforcement cooperation.

Federal Lawsuit-Lead

Several apartment associations have filed suit in federal court to overturn a federal disclosure rule (66 FR 1206) that sets limits for lead in paint, dust and soil in buildings occupied by children. The rule requires property owners to inform residents when lead levels reach these limits, and owners who receive federal funding may be required to take additional actions. Under current regulations, owners are responsible for cleaning up known lead from other sources, such as dust from lead-based gasoline emissions and from factory emissions.

Housing Discrimination Study

In November, HUD released what it called the "most ambitious effort to date" to measure discrimination in rental and owner-occupied housing. The report, *Discrimination in Metropolitan Housing Markets Report: Phase I*, indicates that housing discrimination is on the decline. In the rental market, discrimination against African Americans is down 18% from 1989 to 2000. Discrimination against Hispanics was unchanged. HUD says the project will include three future phases of research quantifying housing discrimination against Asians, Native Americans and persons with disabilities.

A copy of the report is available at:

www.hud.gov/news/release.cfm?content=pr02-138.cfm

Nine Secrets to Landlord Success

- 1 - Remember, being a landlord is a business and not a hobby.
- 2 - Know your state landlord-tenant law.
- 3 - Set up a system for handling service and repairs calls promptly.
- 4 - Never rent your property until it is completely ready to occupy.
- 5 - Qualify the prospective tenant based on what they can afford, not on what he/she tells you they can afford.
- 6 - Always use the best rental application and rental agreement form you can, not generic forms.
- 7 - Accept all or part of the rent whenever you can.
- 8 -Remember, you owe your tenants fairness not friendship.
- 9 -Treat all aspects of the rental business in a business like manner.

by Jay DeCima advisor to Mr. Landlord

Bankruptcy Reform is Dead

Bankruptcy reform is dead and along with it the proposal to close a loophole that allows residents to abuse the current system to live rent free.

Directors... – *Continued from Page 1 ...*

have added criminal checks through the State of Iowa, maintained an online screening request form for our members, and are expanding our database services.

Be sure to look in future NewsBriefs for the return of the "Breakfast Meetings", and the "Spring Educational Seminar". We are lining up speakers, and working on details for those activities that you will want to know about.

Would you like to list your property on the Iowa Landlord Association Apartment Rental Search but you're not on the Internet?



**Iowa Landlord Association
Apartment Search Service
Listing Form**

Make copies of this form, fill out the form and FAX to: 515-255-0675

You can mail or fax in your listing directly to our office if this would be easier for you.

To list your property, please fill out this form and send a picture of your property to our office.

Have you a rental property you wish to sell? Advertise it on the web site! Call us for details.

Interested in banner ads on our website?

ILA Rental Property Search Listing Rates

- Listing Prices = Members - \$50/mo., Non-Members - \$100/mo.
- Pictures/Logo inclusion = \$10/submission
- Picture/Logo image preparation (if needed) = \$35/hr.
- Photography Services = \$50 trip fee; \$35/hr after 1 hour; Materials at cost; Service available in the Des Moines metro and Polk County surrounding areas; Services are on a scheduled basis; Contact information@iowalandlord.org for arrangements.

Your Company: _____
 Your Name: _____
 Your Company Address _____
 Your Phone number for contact _____
 Property Address: _____
 Property City, Zip: _____

Monthly Rent Price: \$ _____ / Month
Number of Bedrooms: Studio/Efficiency 1 2 3 4+

Type of Housing: Condos, Townhomes, or Duplexes
 Unfurnished Apartments Furnished Apartments
 Single Family Dwelling Short Term Rentals Senior Community

Utility Arrangements: None Supplied Some Paid All Paid

Accommodations and General Amenities – Please check the items associated with this property:

Air Conditioning:	<input type="checkbox"/>	Dishwasher:	<input type="checkbox"/>	Wheelchair Accessible: ..	<input type="checkbox"/>
Microwave:	<input type="checkbox"/>	Stove:	<input type="checkbox"/>	Trash Compactor:	<input type="checkbox"/>
Balcony / Patio:	<input type="checkbox"/>	Refrigerator:	<input type="checkbox"/>	Garbage Disposal:	<input type="checkbox"/>
Dining Room:	<input type="checkbox"/>	Fireplace:	<input type="checkbox"/>	Pet Friendly:	<input type="checkbox"/>
Computer High				Laundry Type:	
Speed Broadband				<input type="checkbox"/> Washer / Dryer	
Internet Accessibility: ..	<input type="checkbox"/>	Cable Ready: ...	<input type="checkbox"/>	<input type="checkbox"/> Washer / Dryer Connections	
		Garage:	<input type="checkbox"/>	<input type="checkbox"/> Laundry Facility	

Community Accommodations and Amenities

Club House:	<input type="checkbox"/>	Storage Facilities: ..	<input type="checkbox"/>	Gated Access:	<input type="checkbox"/>
Public Transportation: ..	<input type="checkbox"/>	Tennis Courts:	<input type="checkbox"/>	Playground:	<input type="checkbox"/>
Fitness Center:	<input type="checkbox"/>	Swimming Pool:	<input type="checkbox"/>	Whirlpool / Spa:	<input type="checkbox"/>

Run Dates of Your Listing

Date Begin: _____ Date End: _____

Your Email Address:

Additional Information About This Rental:

**** Don't Have A F.A.X. - - Just copy and mail your form to us. ****



(HINT! For the cost of an ILA membership - Non-members can purchase their membership, save money and experience ALL the benefits of ILA membership!)

Need to Rent ???
 advertise your rental at:
[**www.vacancy4rent.com**](http://www.vacancy4rent.com)