Regulatory Analysis

Notice of Intended Action to be published: 193E—subrule 14.1(7)
"Seller Property Condition Disclosure"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 543B.18
State or federal law(s) implemented by the rulemaking: Iowa Code chapters 17A and 543B

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

August 12, 2025	6200 Park Avenue
11:30 to 11:50 a.m.	Des Moines, Iowa

Information on virtual participation will be available on the Department of Inspections, Appeals, and Licensing (DIAL) website prior to the hearing.

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by DIAL no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Ashley Thompson
Department of Inspections, Appeals, and Licensing
6200 Park Avenue, Suite 100
Des Moines, Iowa 50321
Phone: 515.725.9035
Email: ashley.thompson@dia.iowa.gov

Purpose and Summary

This proposed rulemaking sets forth guidance to real estate licensees pertaining to seller disclosure requirements and is being amended to support statutory changes enforced by 2025 Iowa Acts, House File 876.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

This proposed rulemaking may require minimal cost to associations, local industry boards and licensees by having to update the association's, local industry board's and licensees' current seller's disclosure form.

- **Classes of persons that will benefit from the proposed rulemaking:**

Individuals affected by the proposed rulemaking include real property buyers who rely on the seller's disclosures during the purchasing process. Requiring disclosure of the presence of a lead service line would provide buyers with important and beneficial information.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

- **Quantitative description of impact:**

This proposed rulemaking may require minimal cost to associations, local industry boards and licensees by having to update the association's, local industry board's and licensees' current seller's disclosure form.

- **Qualitative description of impact:**

Not applicable.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

The only cost to the State associated with implementing this proposed rulemaking is the salary of a single staff member—specifically, the Commission's Executive Officer.

- **Anticipated effect on State revenues:**

There is not an anticipated effect on State revenues.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

The benefits of this proposed rulemaking include enhanced compliance, improved public safety, and clearer guidance aligned with recent statutory changes. In contrast, the cost of inaction may include noncompliance with current statutes and the use of outdated practices.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

Not applicable.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

Not applicable.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

Not applicable.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

The proposed rulemaking is not expected to impact small business.

Text of Proposed Rulemaking

ITEM 1. Amend subrule 14.1(7) as follows:

14.1(7) *Minimum disclosure statement contents for all transfers.* All property disclosure statements, whether or not a licensee assists in the transaction, contain at a minimum the information mandated by the following sample statement. No particular language is necessary in the disclosure statement provided that the necessary disclosure items are included and the disclosure complies with

Iowa Code chapter 558A. To assist real estate licensees and the public, the commission recommends use of the following sample language:

RESIDENTIAL PROPERTY SELLER DISCLOSURE STATEMENT

Property address: _____

PURPOSE:

Use this statement to disclose information as mandated by Iowa Code chapter 558A. This law obligates certain sellers of residential property that includes at least one and no more than four dwelling units to disclose information about the property to be sold. The following disclosures are made by the seller(s) and not by any agent acting on behalf of the seller(s).

INSTRUCTIONS TO SELLER(S):

1. Seller(s) completes this statement. Respond to all questions, or attach reports allowed by Iowa Code section 558A.4(2);
2. Disclose all known conditions materially affecting this property;
3. If an item does not apply to this property, indicate that it is not applicable **(N/A)**;
4. Please provide information in good faith and make a reasonable effort to ascertain the necessary information. If the necessary information is **unknown** or is **unavailable** following a reasonable effort, use an **approximation** of the information, or indicate that the information is **unknown (UNK)**. All **approximations** are identified as **approximations (AP)**;
5. Additional pages may be attached as needed;
6. Keep a copy of this statement with your other important papers.

1. Basement/Foundation: Any known water or other problems? Yes [ ] No [ ]
2. Roof: Any known problems? Yes [ ] No [ ]
   Any known repairs? Yes [ ] No [ ]
   If yes, date of repairs/replacement: ____/____/____
3. Well and Pump: Any known problems? Yes [ ] No [ ]
   If N/A check here [ ]
   Any known repairs? Yes [ ] No [ ]
   If yes, date of repairs/replacement: ____/____/____
   Any known water tests? Yes [ ] No [ ]
   If yes, date of last report: ____/____/____
   and results: _____
4. Septic Tanks/Drain Fields: Any known problems? Yes [ ] No [ ]
   If N/A check here [ ]
   Location of tank: _____
   Date tank last cleaned: ____/____/____
5. Sewer System: Any known problems? Yes [ ] No [ ]
   Any known repairs? Yes [ ] No [ ]
   If yes, date of repairs/replacement: ____/____/____
6. Heating System(s): Any known problems? Yes [ ] No [ ]
   Any known repairs? Yes [ ] No [ ]
   If yes, date of repairs/replacement: ____/____/____
7. Central Cooling System(s): Any known problems? Yes [ ] No [ ]
   Any known repairs? Yes [ ] No [ ]
   If yes, date of repairs/replacement: ____/____/____
8. Plumbing System(s): Any known problems? Yes [ ] No [ ]
   Any known repairs? Yes [ ] No [ ]
   If yes, date of repairs/replacement: ____/____/____

9. Electrical System(s): Any known problems? Yes [ ] No [ ]
Any known repairs? Yes [ ] No [ ]
If yes, date of repairs/replacement: ____/____/____
10. Pest Infestation (e.g., termites, carpenter ants): Any known problems? Yes [ ] No [ ]
If yes, date(s) of treatment: ____/____/____
Any known structural damage? Yes [ ] No [ ]
If yes, date(s) of repairs/replacement: ____/____/____
11. Asbestos: Any known to be present in the structure? Yes [ ] No [ ]
If yes, explain: _____
12. Radon: Any known tests for the presence of radon gas? Yes [ ] No [ ]
If yes, date of last report: ____/____/____
and results: _____
13. Lead-Based Paint: Any known to be present in the structure? Yes [ ] No [ ]
14. Are there currently, or have there ever been, any lead service lines present? Yes [ ] No [ ]
If yes, please provide more information. _____
~~14.~~ 15. Flood Plain: Do you know if the property is located in a flood plain? Yes [ ] No [ ]
If yes, what is the flood plain designation? _____
~~15.~~ 16. Zoning: Do you know the zoning classification of the property? Yes [ ] No [ ]
If yes, what is the zoning classification? _____
~~16.~~ 17. Covenants: Is the property subject to restrictive covenants? Yes [ ] No [ ]
If yes, attach a copy or state where a true, current copy of the covenants can be obtained:
_____
~~17.~~ 18. Shared or Co-Owned Features: Any features of the property known to be shared in common with adjoining landowners, such as walls, fences, roads, and driveways whose use or maintenance responsibility may have an effect on the property? Yes [ ] No [ ]
Any known *"common areas"* such as pools, tennis courts, walkways, or other areas co-owned with others, or a Homeowner's Association which has any authority over the property? Yes [ ] No [ ]
~~18.~~ 19. Physical Problems: Any known settling, flooding, drainage or grading problems? Yes [ ] No [ ]
~~19.~~ 20. Structural Damage: Any known structural damage? Yes [ ] No [ ]

You need to explain any *"YES"* response(s) above. Use the back of this statement or additional sheets as necessary: _____
_____
_____
_____

SELLER(S) DISCLOSURE:

Seller(s) discloses the information regarding this property based on information known or reasonably available to the Seller(s).

The Seller(s) has owned the property since ____/____/____. The Seller(s) certifies that as of the date signed this information is true and accurate to the best of my/our knowledge.

Seller(s) acknowledges that Buyer(s) be provided with the "Iowa Radon Home-Buyers and Sellers Fact Sheet" prepared by the Iowa Department of Health and Human Services.

Seller _____ Seller _____
Date ____/____/____ Date ____/____/____

BUYER(S) ACKNOWLEDGMENT:

Buyer(s) acknowledges receipt of a copy of this Real Estate Disclosure Statement. This statement is not intended to be a warranty or to substitute for any inspection Buyer(s) may wish to obtain.

Buyer(s) acknowledges receipt of the "Iowa Radon Home-Buyers and Sellers Fact Sheet" prepared by the Iowa Department of Health and Human Services.

Buyer _____ Buyer _____

Date ____/____/____ Date ____/____/____