

**543C.4 Inspection power of commission and attorney general — unlawful practices — penalties.**

1. The commission may request the department of inspections and appeals to conduct an investigation and inspection to be made of any subdivided land proposed to be offered for sale or lease in this state pursuant to [this chapter](#). The department of inspections and appeals shall make a report of its findings.

2. If an inspection is to be made of subdivided land situated outside of this state and offered for sale in this state, the inspection as authorized by [subsection 1](#) shall be made by the department of inspections and appeals at the expense of the subdivider. After the application required by [section 543C.2](#) is filed and after the filing fee required by [section 543C.8](#) is received, the commission may decide whether an inspection pursuant to [this subsection](#) is to be made. If the commission requires an inspection, the department of inspections and appeals shall so notify the subdivider and the subdivider shall remit to the department an amount equivalent to the round trip cost of travel from this state to the location of the project, as estimated by the department and a further amount estimated to be necessary to cover the additional expenses of inspection but not to exceed fifty dollars a day for each day incurred in the inspection. The costs of any subsequent inspections deemed necessary shall be paid for by the subdivider. At the completion of an inspection trip the department shall furnish the subdivider a statement as to the costs of the inspection trip, and if the costs are less than the amount advanced by the subdivider to the department, the remaining balance shall be refunded to the subdivider.

3. It shall be unlawful for the subdivider to change the financial structure of any offering after the submission thereof to the commission without first notifying the commission in writing of such intention.

4. Where improvements are to be made in connection with the sale or lease, or offering for sale or lease, of the subdivision or any unit, parcel, or lot thereon, the owner or subdivider shall either furnish to the commission a performance bond executed by a surety company authorized to do business in the state and which has given consent to be sued in this state with sufficient surety for the benefit and protection of purchasers of units, parcels, or lots, in such amount and subject to such terms as the commission deems necessary for the protection of such purchasers with respect to construction of such improvements, or place in an escrow account in a depository acceptable to the commission, that portion of the sums paid or advanced by purchasers which the commission deems necessary for the protection of such purchasers with respect to construction of such improvements.

5. *a.* Where the land to be subdivided is subject to a mortgage, lien, or encumbrance securing or evidencing the payment of money, other than taxes levied or assessments made, or where the interest of the owner, the subdivider or an agent is held under option or contract of purchase or in trust, it shall be unlawful to sell any land in such subdivision unless a provision in such mortgage, lien, encumbrance, option, contract, or trust agreement, or a provision in an agreement supplementary thereto, enables the vendor to convey valid title to each parcel so sold or leased free of such mortgage, lien, encumbrance, option, contract, or trust agreement upon completion of all payments and the performance of all the terms and conditions required to be made and performed by the vendee under the agreement of sale.

*b.* Where the consideration price for a lot sold has been amortized to an extent that the balance due and owing thereunder equals an amount required to release such lot or lots from any existing mortgage, lien, encumbrance, tax, assessment, option, contract, or trust agreement, and the initial cost for said land has not been paid for by the owner or subdivider, all moneys thereafter received by the owner or subdivider shall be segregated and kept in a separate account as a trust which shall be applied toward the clearance of title of the land intended to be conveyed to the purchaser. Certified or verified copies of documents containing such provisions shall be filed with the commission prior to the sale or lease, or offer of sale or lease, or advertisement for sale or lease, of any part of the subdivision.

[C75, 77, 79, 81, §117A.4]

[88 Acts, ch 1158, §25](#)

C93, §543C.4

[2012 Acts, ch 1023, §157](#)