

Senator Lincoln Fillmore proposes the following substitute bill:

AFFORDABLE BUILDING AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

House Sponsor: Stephen L. Whyte

LONG TITLE

General Description:

This bill modifies provisions facilitating affordable buildings.

Highlighted Provisions:

This bill:

- defines terms and modifies definitions;
- adopts a statewide building code for modular building units;
- modifies the membership of the Olene Walker Housing Loan Fund Board by adding a member representing the interests of modular housing;
- modifies provisions related to reinvestment fee covenants or transfer fee covenants;
- modifies provisions of the First-Time Homebuyer Assistance Program; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

15A-1-202, as last amended by Laws of Utah 2021, First Special Session, Chapter 3



26 **15A-1-205**, as enacted by Laws of Utah 2011, Chapter 14
27 **15A-1-302**, as enacted by Laws of Utah 2011, Chapter 14
28 **15A-1-304**, as enacted by Laws of Utah 2011, Chapter 14
29 **15A-2-103**, as last amended by Laws of Utah 2023, Chapters 160, 209
30 **35A-8-503**, as last amended by Laws of Utah 2022, Chapter 406
31 **57-1-46**, as enacted by Laws of Utah 2010, Chapter 16
32 **63H-8-501**, as enacted by Laws of Utah 2023, Chapter 519
33 **63H-8-502**, as enacted by Laws of Utah 2023, Chapter 519

ENACTS:

35 **10-9a-540**, Utah Code Annotated 1953
36 **15A-1-304.1**, Utah Code Annotated 1953
37 **15A-1-306.1**, Utah Code Annotated 1953
38 **15A-1-307**, Utah Code Annotated 1953
39 **15A-1-308**, Utah Code Annotated 1953
40 **15A-1-309**, Utah Code Annotated 1953
41 **57-1-47**, Utah Code Annotated 1953

43 *Be it enacted by the Legislature of the state of Utah:*

44 Section 1. Section **10-9a-540** is enacted to read:

45 **10-9a-540. Modular building.**

46 (1) Title 15A, State Construction and Fire Codes Act, governs regulations related to the
47 construction, transportation, installation, inspection, fees, and enforcement related to modular
48 building.

49 (2) A municipality may adopt an ordinance regulating modular building so long as the
50 ordinance conforms with Title 15A, State Construction and Fire Codes Act, and this chapter.

51 Section 2. Section **15A-1-202** is amended to read:

52 **15A-1-202. Definitions.**

53 As used in this chapter:

54 (1) "Agricultural use" means a use that relates to the tilling of soil and raising of crops,
55 or keeping or raising domestic animals.

56 (2) (a) "Approved code" means a code, including the standards and specifications

57 contained in the code, approved by the division under Section 15A-1-204 for use by a
58 compliance agency.

59 (b) "Approved code" does not include the State Construction Code.

60 (3) "Building" means a structure used or intended for supporting or sheltering any use
61 or occupancy and any improvements attached to it.

62 (4) "Code" means:

63 (a) the State Construction Code; or

64 (b) an approved code.

65 (5) "Commission" means the Uniform Building Code Commission created in Section
66 15A-1-203.

67 (6) "Compliance agency" means:

68 (a) an agency of the state or any of its political subdivisions which issues permits for
69 construction regulated under the codes;

70 (b) any other agency of the state or its political subdivisions specifically empowered to
71 enforce compliance with the codes; or

72 (c) any other state agency which chooses to enforce codes adopted under this chapter
73 by authority given the agency under a title other than this part and Part 3, Factory Built
74 Housing and Modular Units Administration Act.

75 (7) "Construction code" means standards and specifications published by a nationally
76 recognized code authority for use in circumstances described in Subsection 15A-1-204(1),
77 including:

78 (a) a building code;

79 (b) an electrical code;

80 (c) a residential one and two family dwelling code;

81 (d) a plumbing code;

82 (e) a mechanical code;

83 (f) a fuel gas code;

84 (g) an energy conservation code;

85 (h) a swimming pool and spa code; ~~and~~

86 (i) a manufactured housing installation standard code; and

87 (j) Modular Building Institute Standards 1200 and 1205, issued by the International

Code Council, except as specifically modified by provisions of this title governing modular units.

(8) "Construction project" means the same as that term is defined in Section 38-1a-102.

(9) "Executive director" means the executive director of the Department of Commerce.

(10) "Legislative action" includes legislation that:

(a) adopts a new State Construction Code;

(b) amends the State Construction Code; or

(c) repeals one or more provisions of the State Construction Code.

(11) (a) "Local regulator" means a political subdivision of the state that is empowered to engage in the regulation of construction, alteration, remodeling, building, repair, ~~and~~ installation, inspection, or other activities subject to the codes.

(b) "Local regulator" may include the local regulator's designee.

(12) "Membrane-covered frame structure" means a nonpressurized building with a structure composed of a rigid framework to support a tensioned membrane that provides a weather barrier.

(13) "Not for human occupancy" means use of a structure for purposes other than protection or comfort of human beings, but allows people to enter the structure for:

(a) maintenance ~~and~~ or repair; ~~and~~ or

(b) the care of livestock, crops, or equipment intended for agricultural use which are kept there.

(14) "Opinion" means a written, nonbinding, and advisory statement issued by the commission concerning an interpretation of the meaning of the codes or the application of the codes in a specific circumstance issued in response to a specific request by a party to the issue.

(15) "Remote yurt" means a membrane-covered frame structure that:

(a) is no larger than 710 square feet;

(b) is not used as a permanent residence;

(c) is located in an unincorporated county area that is not zoned for residential, commercial, industrial, or agricultural use;

(d) does not have plumbing or electricity;

(e) is set back at least 300 feet from any river, stream, lake, or other body of water; and

(f) is registered with the local health department.

(16) "State regulator" means an agency of the state which is empowered to engage in the regulation of construction, alteration, remodeling, building, repair, and other activities subject to the codes adopted pursuant to this chapter.

Section 3. Section **15A-1-205** is amended to read:

15A-1-205. Division duties -- Relationship of division to other entities.

(1) (a) The division shall administer the codes adopted or approved under Section **15A-1-204** pursuant to this chapter.

(b) Notwithstanding Subsection (1)(a), the division has no responsibility to:

(i) conduct inspections to determine compliance with the codes;

(ii) issue permits; or

(iii) assess building permit fees.

(c) Notwithstanding any other provision, the division, the Division of Facilities Construction and Management, the state regulator, any approved third party inspection agency as defined by Section **15A-1-302**, or any approved third party inspector as defined by Section **15A-1-302** does not have the responsibility or authority to perform the duties reserved to a local regulator as set forth in Section **15A-1-304**, unless designated by a local regulator to perform that duty.

(2) As part of the administration of the codes, the division shall:

(a) comply with Section **15A-1-206**;

(b) schedule appropriate hearings;

(c) maintain and publish for reference:

(i) the current State Construction Code; and

(ii) any approved code; and

(d) publish the opinions of the commission with respect to interpretation and application of the codes.

(3) (a) As part of the administration of the codes, the division shall license inspectors, including approved third party inspectors.

(b) The Division of Facilities Construction and Management may access a list of all licensed inspectors, including approved third party inspectors, on the division's website.

Section 4. Section **15A-1-302** is amended to read:

15A-1-302. Definitions.

As used in this part:

(1) "Compliance agency" ~~[is-as]~~ means the same as that term is defined in Section 15A-1-202.

(2) "Construction documents" means the same as that term is defined by Modular Building Institute Standards 1200.

(3) "Decal" means a form of certification, created by the Division of Facilities Construction and Management and issued by a third party inspection agency, to be permanently attached to a module, panelized system, or modular building unit indicating that the module, panelized system, or modular building unit has been constructed to meet or exceed applicable building code requirements.

~~[(2)]~~ (4) "Factory built housing" means a manufactured home or mobile home.

~~[(3)]~~ (5) "Factory built housing set-up contractor" means an individual licensed by the division to set up or install factory built housing on a temporary or permanent basis.

~~[(4)]~~ (6) "HUD Code" means the National Manufactured Housing Construction and Safety Standards Act, 42 U.S.C. Sec. 5401 et seq.

~~[(5)]~~ (7) "Local regulator" ~~[is-as]~~ means the same as that term is defined in Section 15A-1-202.

~~[(6)]~~ (8) "Manufactured home" means a transportable factory built housing unit constructed on or after June 15, 1976, according to the HUD Code, in one or more sections, that:

(a) in the traveling mode, is eight body feet or more in width or 40 body feet or more in length, or when erected on site, is 400 or more square feet; and

(b) is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems.

(9) "Manufacturing plant" means the same as that term is defined by Modular Building Institute Standards 1200.

~~[(7)]~~ (10) "Mobile home" means a transportable factory built housing unit built before June 15, 1976, in accordance with a state mobile home code which existed prior to the HUD Code.

(11) "Modular manufacturer" means the entity responsible for manufacturing a

181 panelized system or module.

182 ~~[(8)]~~ (12) "Modular unit" or "modular building unit" means a structure:

183 (a) ~~[built from sections that are manufactured]~~ constructed from one or more modules
184 or panelized systems that is manufactured in accordance with the State Construction Code and
185 transported to a ~~[building site; and]~~ location;

186 (b) the purpose of which is for human habitation, occupancy, or use; and

187 (c) is not a factory-built house, manufactured home, or mobile home.

188 (13) "Module" means a three-dimensional, volumetric section of a modular building
189 unit designed and approved to be transported as a single section, independent of other sections,
190 to a location for onsite construction.

191 (14) "Offsite construction" means a modular building unit that:

192 (a) is designed and constructed in compliance with this part;

193 (b) is wholly or in substantial part fabricated in a manufacturing plant for installation at
194 an onsite location; and

195 (c) has been manufactured in such a manner that all parts or processes cannot be
196 inspected at the end site location without disassembly, potentially resulting in damage or
197 destruction to the modular building unit.

198 (15) "Onsite construction" means:

199 (a) the preparation of a location where a modular building unit will be installed,
200 including preparation of site foundation, construction of any necessary supporting structure,
201 and preparation to connect the modular building unit to necessary utilities; and

202 (b) assembly and installation of one or more modules or panelized systems in
203 accordance with construction documents into a modular building unit, including completion of
204 any site-related construction and connecting the modular building unit to necessary utilities.

205 (16) "Panelized system" means a closed wall, roof, or floor component that is
206 constructed at a manufacturing plant or by a modular manufacturer in a manner that prevents
207 the construction from being fully inspected at an onsite location without disassembly.

208 ~~[(9)]~~ (17) "State regulator" ~~[is as]~~ means the same as that term is defined in Section
209 15A-1-202.

210 (18) "Third party inspection agency" means an entity approved by the Division of
211 Facilities Construction and Management to be qualified to inspect a module or panelized

system for compliance with the construction documents, compliance control, and applicable code.

(19) "Third party inspector" means a person who:

(a) is qualified to inspect a modular building unit for compliance with construction documents, compliance control, and applicable building code;

(b) works under the direction of a third party inspection agency;

(c) has been licensed by the division under Section 15A-1-307; and

(d) is approved by the Division of Facilities Construction and Management to conduct third party inspections, as described in Section 15A-1-307.

(20) "Unregistered modular unit" means a modular unit that:

(a) has not been inspected as required by this title; or

(b) does not have a required decal.

Section 5. Section 15A-1-304 is amended to read:

15A-1-304. Modular units.

Modular unit construction, [setup] installation, issuance of permits for construction or [setup] installation, and setup shall be in accordance with the following:

(1) Construction, installation, and setup of a modular unit, module, or panelized system shall be in accordance with the State Construction Code.

(2) A local regulator has the responsibility and exclusive authority [for plan review and issuance of permits for construction, modification, or setup for the political subdivision in which the modular unit is to be setup;] to:

(a) review and approve the elements of construction documents related to onsite construction;

(b) issue a permit for construction of a modular building unit or a modular building unit site modification;

(c) perform an inspection of onsite construction of a modular building unit or modular building unit site modification;

(d) verify that a module or panelized system is installed in accordance with:

(i) the modular unit's construction documents;

(ii) the State Construction Code; and

(iii) applicable state and local requirements;

243 (e) verify that a decal has been permanently affixed to a modular building unit;

244 (f) subject to Subsection (3), establish and assess fees related to the construction and
245 installation of modular units;

246 (g) upon discovery of visible damage to a module or panelized system, or discovery of
247 evidence that would cause a reasonable inspector to believe that a modular building unit may
248 not be in compliance with the State Construction Code or construction documents;

249 (i) inform the Division of Facilities Construction and Management; and

250 (ii) proceed in accordance with the guidance in Modular Building Institute Standards
251 1200 and 1205;

252 (h) approve any proposed alteration or change to a set of construction documents so
253 long as the alteration or change complies with the requirements of this chapter;

254 (i) inspect any alteration to a modular unit or panelized system that occurred after
255 installation;

256 (j) notwithstanding any other provision of state law, the construction code and
257 standards, agency rule, or local ordinance;

258 (i) prevent the use or occupancy of a modular building unit that, in the opinion of the
259 local regulator, contains a serious defect or presents an imminent safety hazard; and

260 (ii) report the prevention of use or occupancy of a modular building unit to the
261 Division of Facilities Construction and Management and the division; and

262 (k) perform all other duties and responsibilities set forth in the Modular Building
263 Institute Standards 1200 and 1205 not otherwise listed in this section.

264 (3) Fees related to the construction and installation of modular building units may
265 include building permit fees, inspection fees, impact fees, and administrative fees.

266 (4) (a) In addition to any immunity and protections set forth in the Utah Governmental
267 Immunity Act, a municipality shall not be liable for a claim arising solely from the offsite
268 construction of a module, panelized system, or modular building unit.

269 (b) A local regulator may provide written notice with the certificate of occupancy that
270 explains the municipality's limitations of liability pursuant to this section and the Utah
271 Governmental Immunity Act.

272 ~~[(3)]~~ (5) An inspection of the construction, modification of, or setup of a modular unit
273 shall conform with this chapter.

274 ~~[(4)]~~ (6) A local regulator has the responsibility to issue an approval for the political
275 subdivision in which a modular unit is to be setup or is setup.

276 ~~[(5)]~~ (7) Nothing in this section precludes:

277 (a) a local regulator from contracting with a qualified third party to act as its designee
278 for the inspection or plan review provided in this section; or

279 (b) the state from entering into an interstate compact for third party inspection of the
280 construction of a modular unit.

281 Section 6. Section **15A-1-304.1** is enacted to read:

282 **15A-1-304.1. Unregistered modular units.**

283 (1) Except as provided in Subsection (7), the Division of Facilities Construction and
284 Management shall determine whether an unregistered modular unit is compliant with this
285 chapter.

286 (2) Upon discovery of an unregistered modular unit, the Division of Facilities
287 Construction and Management shall:

288 (a) inform the local regulator, which shall:

289 (i) issue an order to the owner of the unregistered modular unit to cease use or
290 occupancy of the unregistered modular unit until a third party inspector determines the
291 unregistered modular unit has come into compliance; or

292 (ii) determine if the unregistered modular unit is considered compliant, as described in
293 Subsection (7); and

294 (b) require the owner of the unregistered modular unit to:

295 (i) produce documentation of the modular unit's compliance with this chapter:

296 (A) if the unregistered modular unit is only missing a decal or had a decal but the decal
297 is no longer visible; or

298 (B) if the unregistered modular unit is considered compliant under Subsection (7); or

299 (ii) arrange for a third party inspector to inspect the unregistered modular unit, as
300 described in Subsection (4).

301 (3) Upon receiving and verifying the documentation described in Subsection

302 (2)(b)(i)(A), the Division of Facilities Construction and Management shall issue the owner of
303 an unregistered modular unit a decal to be affixed to the unregistered modular unit.

304 (4) (a) Upon inspection of an unregistered modular unit, a third party inspector shall

305 determine when and where the unregistered modular unit was manufactured.

306 (b) If the unregistered modular unit was manufactured in another state by a modular
307 manufacturer approved by a regulator in that state at the time the unregistered modular unit was
308 manufactured, the third party inspector shall:

309 (i) conduct a review of the original construction documents and the requirements of the
310 state in which the unregistered modular unit was manufactured as of the time of manufacturing
311 to determine the degree to which the unregistered modular unit's manufacture and installation
312 is compliant with the requirements of this chapter;

313 (ii) in accordance with Subsection (5), conduct an inspection of the unregistered
314 modular unit; and

315 (iii) determine whether the unregistered modular unit is compliant with:

316 (A) the requirements for a modular building described in this chapter; and

317 (B) the building codes that were in effect at the time the unregistered modular building
318 was manufactured.

319 (c) If the unregistered modular unit was manufactured in another state by a modular
320 manufacturer that was not approved by that state, or if the date of manufacture of the
321 unregistered modular unit cannot be determined, the third party inspector shall:

322 (i) in accordance with Subsection (5), conduct an inspection of the unregistered
323 modular unit; and

324 (ii) determine whether the unregistered modular unit is compliant with the
325 requirements for a modular building described in this chapter.

326 (d) If the third party inspector cannot determine where or when the unregistered
327 modular unit was manufactured, or if original construction documents for the unregistered
328 modular unit cannot be located or verified, the third party inspector shall inspect the
329 unregistered modular unit for compliance with this chapter, including requiring disassembly of
330 the unregistered modular unit if necessary.

331 (5) If the third party inspector is able to review and verify the original construction
332 documents for the unregistered modular unit, and the original construction documents for the
333 unregistered modular unit are sufficient to determine whether the construction of the
334 unregistered modular unit complies with this chapter, the third party inspector may not require
335 disassembly of the modular unit.

336 (6) (a) If the third party inspector determines the unregistered modular unit is
337 compliant with the requirements for modular units in this chapter:

338 (i) the third party inspector shall report the finding to:

339 (A) the Division of Facilities Construction and Management; and

340 (B) the local regulator; and

341 (ii) affix a decal to the unregistered modular unit.

342 (b) The report described in Subsection (6)(a)(i) shall include a description of any
343 changes made to the unregistered modular unit.

344 (7) If an unregistered modular unit installed before May 4, 2024, has a certificate of
345 occupancy from a local regulator, the unregistered modular unit is considered compliant with
346 the requirements for a modular unit described in this chapter so long as the unregistered
347 modular unit remains in the jurisdiction of the local regulator that issued the certificate of
348 occupancy.

349 Section 7. Section **15A-1-306.1** is enacted to read:

350 **15A-1-306.1. Division of Facilities Construction and Management duties for**
351 **modular building units.**

352 The Division of Facilities Construction and Management:

353 (1) shall maintain current information on the HUD Code and the portions of the State
354 Construction Code relevant to modular building unit installation and provide at reasonable cost
355 the information to compliance agencies or local regulators requesting the information;

356 (2) shall provide qualified personnel to advise compliance agencies and local
357 regulators regarding the standards for:

358 (a) construction and setup of modular building units;

359 (b) construction and setup inspection of modular building units; and

360 (c) additions or modifications to modular building units;

361 (3) may inspect modular building units during the construction or manufacturing
362 process to determine compliance of a modular manufacturer with this title for modular building
363 units to be installed within the state;

364 (4) upon a finding of substantive deficiency at a modular manufacturer, through
365 inspection or based on a report from an approved third party inspection agency, may:

366 (a) suspend the manufacturer's construction of modular units to be sold or installed in

the state;

(b) issue a corrective order to the manufacturer; or

(c) require an increase in third party inspections until the Division of Facilities

Construction and Management is satisfied that the deficiency is resolved;

(5) shall, if an action is taken pursuant to Subsection (4), provide notice of its action and a copy of the corrective order to the local regulator in the political subdivision where a modular unit is to be installed;

(6) shall have rights of entry and inspection as specified under the HUD Code and Modular Building Institute Standard 1200 and Standard 1205, as applicable;

(7) shall make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to implement this section and Section 15A-1-307, including a continuing education requirement for modular building unit construction and installation contractors; and

(8) shall have the authority to set and collect fees associated with the provision of decals to support the administration of the modular building unit program.

Section 8. Section **15A-1-307** is enacted to read:

15A-1-307. Third party review - Inspection agencies.

(1) By no later than July 1, 2024, the Division of Facilities Construction and Management shall maintain a list of third party inspection agencies that have been approved by the Division of Facilities Construction and Management to conduct:

(a) review of construction documents; and

(b) an inspection of a module or panelized system.

(2) An approved third party inspection agency:

(a) shall demonstrate knowledge of applicable sections of the Utah Code and State Construction Code and other applicable laws and rules;

(b) shall be independent in judgment and not have any actual or potential conflict of interest;

(c) is not affiliated with or influenced or controlled by any producer, supplier, vendor, developer, builder, or related fields applicable to the construction of modular units in any manner that might affect its capacity to render its conclusions and inspections without bias;

(d) shall carry insurance in the amount set by the Division of Facilities Construction and Management to cover liabilities and losses arising or relating to possible errors and

omissions from its operations, reviews, and inspections; and

(e) shall perform all duties set forth in the Modular Building Institute Standard 1205, Chapter 4, as amended.

(3) An approved third party inspector:

(a) shall demonstrate knowledge of applicable sections of the Utah Code and State Construction Code and other applicable laws and rules;

(b) shall be independent in judgment and not have any actual or potential conflict of interest;

(c) is not affiliated with or influenced or controlled by any producer, supplier, vendor, developer, builder, or related fields applicable to the construction of modular units in any manner that might affect its capacity to render its conclusions and inspections without bias;

(d) shall carry insurance in the amount set by the Division of Facilities Construction and Management to cover liabilities and losses arising or relating to possible errors and omissions from its operations, reviews, and inspections; and

(e) shall perform all duties set forth in the Modular Building Institute Standard 1205, Chapter 4, as amended.

(4) A third party inspector at an approved third party agency shall:

(a) be licensed and certified as a combination building inspector under Title 58, Occupations and Professions;

(b) meet the requirements for a third party inspector under the Modular Building Institute Standard 1205, Chapter 4; and

(c) be knowledgeable regarding the construction, installation, and setup of modular units.

(5) (a) A modular manufacturer shall contract with one or more third party agencies or third party inspectors to perform offsite construction documents review and inspection.

(b) A contract described in Subsection (5)(a) does not constitute an actual or implied conflict of interest.

Section 9. Section 15A-1-308 is enacted to read:

15A-1-308. Manufacturing plants -- Quality assurance inspections.

(1) The Division of Facilities Construction and Management shall approve a modular manufacturer before modular building units produced by or sold by the modular manufacturer

may be used for human occupancy within the state.

(2) A modular manufacturer, or an employee of a modular manufacturer, shall meet each requirement of Modular Building Institute 1200 Standard, Chapter 5 and 1205 Standard, Chapters 4 and 5.

(3) The quality assurance and control plan, as required in Modular Building Institute 1200 Standard, Chapter 5, and further defined per Modular Building Institute 1205 Standard, Chapter 5, shall include a conflict of interest form developed by the Division of Facilities Construction and Management.

(4) Quality assurance personnel at the manufacturing plant shall:

(a) demonstrate to the Division of Facilities Construction and Management and an applicable third party inspection agency that the quality assurance personnel have adequate knowledge of the product, factory operations, and the codes and standards for the product being manufactured;

(b) demonstrate to the satisfaction of the Division of Facilities Construction and Management the ability of the quality assurance personnel to perform required duties, as outlined by the Division of Facilities Construction and Management by rule; and

(c) inspect each module and panelized system for quality control.

(5) (a) After local building permit issuance, a modular manufacturer, third party agency, or third party inspector may not amend a construction document without approval from a local regulator.

(b) A local regulator shall approve an amendment to a construction document unless it violates a site-specific provision of municipal code or affects the safety or the habitability of a modular unit.

Section 10. Section **15A-1-309** is enacted to read:

15A-1-309. Decal.

A decal issued by the Division of Facilities Construction and Management and affixed by a third party inspection agency in compliance with this part shall warrant that the modular building unit has been inspected in accordance with this part and the modular building unit is:

(1) fit for human occupancy; and

(2) manufactured in accordance with applicable codes and the construction documents.

Section 11. Section **15A-2-103** is amended to read:

15A-2-103. Specific editions adopted of construction code of a nationally recognized code authority.

(1) Subject to the other provisions of this part, the following construction codes are incorporated by reference, and together with the amendments specified in Chapter 3, Statewide Amendments Incorporated as Part of State Construction Code, and Chapter 4, Local Amendments Incorporated as Part of State Construction Code, are the construction standards to be applied to building construction, alteration, remodeling, and repair, and in the regulation of building construction, alteration, remodeling, and repair in the state:

(a) the 2021 edition of the International Building Code, including Appendices C and J, issued by the International Code Council;

(b) except as provided in Subsection (1)(c), the 2021 edition of the International Residential Code, issued by the International Code Council;

(c) the residential provisions of Chapter 11, Energy Efficiency, of the 2015 edition of the International Residential Code, issued by the International Code Council;

(d) Appendix AQ of the 2021 edition of the International Residential Code, issued by the International Code Council;

(e) the 2021 edition of the International Plumbing Code, issued by the International Code Council;

(f) the 2021 edition of the International Mechanical Code, issued by the International Code Council;

(g) the 2021 edition of the International Fuel Gas Code, issued by the International Code Council;

(h) the 2020 edition of the National Electrical Code, issued by the National Fire Protection Association;

(i) the residential provisions of the 2015 edition of the International Energy Conservation Code, issued by the International Code Council;

(j) the commercial provisions of the 2021 edition of the International Energy Conservation Code, issued by the International Code Council;

(k) the 2021 edition of the International Existing Building Code, issued by the International Code Council;

(l) subject to Subsection 15A-2-104(2), the HUD Code;

(m) subject to Subsection 15A-2-104(1), Appendix AE of the 2021 edition of the International Residential Code, issued by the International Code Council;

(n) subject to Subsection 15A-2-104(1), the 2005 edition of the NFPA 225 Model Manufactured Home Installation Standard, issued by the National Fire Protection Association;

(o) subject to Subsection (3), for standards and guidelines pertaining to plaster on a historic property, as defined in Section 9-8a-302, the U.S. Department of the Interior Secretary's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings; [and]

(p) the residential provisions of the 2021 edition of the International Swimming Pool and Spa Code, issued by the International Code Council[-]; and

(q) Modular Building Institute Standards 1200 and 1205, issued by the International Code Council, except as modified by provisions of this title governing modular units.

(2) Consistent with Title 65A, Chapter 8, Management of Forest Lands and Fire Control, the Legislature adopts the 2006 edition of the Utah Wildland Urban Interface Code, issued by the International Code Council, with the alternatives or amendments approved by the Utah Division of Forestry, Fire, and State Lands, as a construction code that may be adopted by a local compliance agency by local ordinance or other similar action as a local amendment to the codes listed in this section.

(3) The standards and guidelines described in Subsection (1)(o) apply only if:

(a) the owner of the historic property receives a government tax subsidy based on the property's status as a historic property;

(b) the historic property is wholly or partially funded by public money; or

(c) the historic property is owned by a government entity.

Section 12. Section 35A-8-503 is amended to read:

35A-8-503. Housing loan fund board -- Duties -- Expenses.

(1) There is created the Olene Walker Housing Loan Fund Board.

(2) The board is composed of [~~13~~] 14 voting members.

(a) The governor shall appoint the following members to four-year terms:

(i) two members from local governments, of which:

(A) one member shall be a locally elected official who resides in a county of the first or second class; and

522 (B) one member shall be a locally elected official who resides in a county of the third,
523 fourth, fifth, or sixth class;

524 (ii) two members from the mortgage lending community, of which:

525 (A) one member shall have expertise in single-family mortgage lending; and

526 (B) one member shall have expertise in multi-family mortgage lending;

527 (iii) one member from real estate sales interests;

528 (iv) two members from home builders interests, of which:

529 (A) one member shall have expertise in single-family residential construction; and

530 (B) one member shall have expertise in multi-family residential construction;

531 (v) one member from rental housing interests;

532 (vi) two members from housing advocacy interests, of which:

533 (A) one member who resides within any area in a county of the first or second class;

534 and

535 (B) one member who resides within any area in a county of the third, fourth, fifth, or
536 sixth class;

537 (vii) one member of the manufactured housing interest;

538 (viii) one member with expertise in transit-oriented developments; ~~and~~

539 (ix) one member who represents rural interests~~[-]; and~~

540 (x) one member who represents the interests of modular housing.

541 (b) The director or the director's designee serves as the secretary of the board.

542 (c) The members of the board shall annually elect a chair from among the voting
543 membership of the board.

544 (3) (a) Notwithstanding the requirements of Subsection (2), the governor shall, at the
545 time of appointment or reappointment, adjust the length of terms to ensure that the terms of
546 board members are staggered so that approximately half of the board is appointed every two
547 years.

548 (b) When a vacancy occurs in the membership for any reason, the replacement is
549 appointed for the unexpired term.

550 (4) (a) The board shall:

551 (i) meet regularly, at least quarterly to conduct business of the board, on dates fixed by
552 the board;

(ii) meet twice per year, with at least one of the meetings in a rural area of the state, to provide information to and receive input from the public regarding the state's housing policies and needs;

(iii) keep minutes of its meetings; and

(iv) comply with the procedures and requirements of Title 52, Chapter 4, Open and Public Meetings Act.

(b) Seven members of the board constitute a quorum, and the governor, the chair, or a majority of the board may call a meeting of the board.

(5) The board shall:

(a) review the housing needs in the state;

(b) determine the relevant operational aspects of any grant, loan, or revenue collection program established under the authority of this chapter;

(c) determine the means to implement the policies and goals of this chapter;

(d) select specific projects to receive grant or loan money; and

(e) determine how fund money shall be allocated and distributed.

(6) A member may not receive compensation or benefits for the member's service, but may receive per diem and travel expenses in accordance with:

(a) Section 63A-3-106;

(b) Section 63A-3-107; and

(c) rules made by the Division of Finance pursuant to Sections 63A-3-106 and 63A-3-107.

Section 13. Section 57-1-46 is amended to read:

57-1-46. Transfer fee and reinvestment fee covenants.

(1) As used in this section:

(a) "Association expenses" means expenses incurred by a common interest association for:

(i) the administration of the common interest association;

(ii) the purchase, ownership, leasing, construction, operation, use, administration, maintenance, improvement, repair, or replacement of association facilities, including expenses for taxes, insurance, operating reserves, capital reserves, and emergency funds;

(iii) providing, establishing, creating, or managing a facility, activity, service, or

584 program for the benefit of property owners, tenants, common areas, the burdened property, or
585 property governed by the common interest association; or

586 (iv) other facilities, activities, services, or programs that are required or permitted
587 under the common interest association's organizational documents.

588 (b) "Association facilities" means any real property, improvements on real property, or
589 personal property owned, leased, constructed, developed, managed, or used by a common
590 interest association, including common areas.

591 (c) "Burdened property" means the real property that is subject to a reinvestment fee
592 covenant or transfer fee covenant.

593 (d) "Common areas" means areas described within:

594 (i) the definition of "common areas and facilities" under Section 57-8-3; and

595 (ii) the definition of "common areas" under Section 57-8a-102.

596 (e) "Common interest association":

597 (i) means:

598 (A) an association, as defined in Section 57-8a-102;

599 (B) an association of unit owners, as defined in Section 57-8-3; or

600 (C) a nonprofit association; and

601 (ii) includes a person authorized by an association, association of unit owners, or
602 nonprofit association, as the case may be.

603 (f) "Large master planned development" means an approved development:

604 (i) of at least 500 acres or 500 units; and

605 (ii) that includes a commitment to fund, construct, develop, or maintain:

606 (A) common infrastructure;

607 (B) association facilities;

608 (C) community programming;

609 (D) resort facilities;

610 (E) open space; or

611 (F) recreation amenities.

612 (g) "Nonprofit association" means a nonprofit corporation organized under Title 16,
613 Chapter 6a, Utah Revised Nonprofit Corporation Act, to benefit, enhance, preserve, govern,
614 manage, or maintain burdened property.

(h) "Organizational documents":

(i) for an association, as defined in Section 57-8a-102, means governing documents as defined in Section 57-8a-102;

(ii) for an association of unit owners, as defined in Section 57-8-3, means a declaration as defined in Section 57-8-3; and

(iii) for a nonprofit association:

(A) means a written instrument by which the nonprofit association exercises powers or manages, maintains, or otherwise affects the property under the jurisdiction of the nonprofit association; and

(B) includes articles of incorporation, bylaws, plats, charters, the nonprofit association's rules, and declarations of covenants, conditions, and restrictions.

(i) "Reinvestment fee covenant" means a covenant, restriction, or agreement that:

(i) affects real property; and

(ii) obligates a future buyer or seller of the real property to pay to a common interest association, upon and as a result of a transfer of the real property, a fee that is dedicated to benefitting the burdened property, including payment for:

(A) common planning, facilities, and infrastructure;

(B) obligations arising from an environmental covenant;

(C) community programming;

(D) resort facilities;

(E) open space;

(F) recreation amenities;

(G) charitable purposes; or

(H) association expenses.

(j) "Transfer fee covenant":

(i) means an obligation, however denominated, expressed in a covenant, restriction, agreement, or other instrument or document:

(A) that affects real property;

(B) that is imposed on a future buyer or seller of real property, other than a person who is a party to the covenant, restriction, agreement, or other instrument or document; and

(C) to pay a fee upon and as a result of a transfer of the real property; and

- 646 (ii) does not include:
- 647 (A) an obligation imposed by a court judgment, order, or decree;
- 648 (B) an obligation imposed by the federal government or a state or local government
- 649 entity; or
- 650 (C) a reinvestment fee covenant.
- 651 (2) A transfer fee covenant recorded on or after March 16, 2010 is void and
- 652 unenforceable.
- 653 (3) (a) Except as provided in Subsection (3)(b), a reinvestment fee covenant may not
- 654 be sold, assigned, or conveyed unless the sale, assignment, or conveyance is to a common
- 655 interest association that was formed to benefit the burdened property.
- 656 (b) A common interest association may assign or pledge to a lender the right to receive
- 657 payment under a reinvestment fee covenant if:
- 658 (i) the assignment or pledge is as collateral for a credit facility; and
- 659 (ii) the lender releases the collateral interest upon payment in full of all amounts that
- 660 the common interest association owes to the lender under the credit facility.
- 661 (4) A reinvestment fee covenant recorded on or after March 16, 2010 is not enforceable
- 662 if the reinvestment fee covenant is intended to affect property that is the subject of a previously
- 663 recorded transfer fee covenant or reinvestment fee covenant.
- 664 (5) A reinvestment fee covenant recorded on or after March 16, 2010 may not obligate
- 665 the payment of a fee that exceeds .5% of the value of the burdened property, unless the
- 666 burdened property is part of a large master planned development.
- 667 (6) (a) A reinvestment fee covenant recorded on or after March 16, 2010 is void and
- 668 unenforceable unless a notice of reinvestment fee covenant, separate from the reinvestment fee
- 669 covenant, is recorded in the office of the recorder of each county in which any of the burdened
- 670 property is located.
- 671 (b) A notice under Subsection (6)(a) shall:
- 672 (i) state the name and address of the common interest association to which the fee
- 673 under the reinvestment fee covenant is required to be paid;
- 674 (ii) include the notarized signature of the common interest association's authorized
- 675 representative;
- 676 (iii) state that the burden of the reinvestment fee covenant is intended to run with the

land and to bind successors in interest and assigns;

(iv) state that the existence of the reinvestment fee covenant precludes the imposition of an additional reinvestment fee covenant on the burdened property;

(v) state the duration of the reinvestment fee covenant;

(vi) state the purpose of the fee required to be paid under the reinvestment fee covenant; and

(vii) state that the fee required to be paid under the reinvestment fee covenant is required to benefit the burdened property.

(c) A recorded notice of reinvestment fee covenant that substantially complies with the requirements of Subsection (6)(b) is valid and effective.

(7) (a) A reinvestment fee covenant or transfer fee covenant recorded before March 16, 2010 is not enforceable after May 31, 2010, unless:

(i) a notice that is consistent with the notice described in Subsection (6) is recorded in the office of the recorder of each county in which any of the burdened property is located; or

(ii) a notice of reinvestment fee covenant or transfer fee covenant, as described in Subsection (7)(b), is recorded in the office of the recorder of each county in which any of the burdened property is located.

(b) A notice under Subsection (7)(a)(ii) shall:

(i) include the notarized signature of the beneficiary of the reinvestment fee covenant or transfer fee covenant, or the beneficiary's authorized representative;

(ii) state the name and current address of the beneficiary under the reinvestment fee covenant or transfer fee covenant;

(iii) state that the burden of the reinvestment fee covenant or transfer fee covenant is intended to run with the land and to bind successors in interest and assigns; and

(iv) state the duration of the reinvestment fee covenant or transfer fee covenant.

(c) A recorded notice of reinvestment fee covenant or transfer fee covenant that substantially complies with the requirements of Subsection (7)(b) is valid and effective.

(d) A notice under Subsection (7)(b):

(i) that is recorded after May 31, 2010, is not enforceable; and

(ii) shall comply with the requirements of Section [57-1-47](#).

(e) An amendment to a notice under Subsection (7)(b) recorded after May 31, 2010,

seeking to amend a notice under Subsection (7)(b) recorded before May 31, 2010, is not an enforceable amendment.

(8) A reinvestment fee covenant recorded on or after March 16, 2010, may not be enforced upon:

(a) an involuntary transfer;

(b) a transfer that results from a court order;

(c) a bona fide transfer to a family member of the seller within three degrees of consanguinity who, before the transfer, provides adequate proof of consanguinity;

(d) a transfer or change of interest due to death, whether provided in a will, trust, or decree of distribution; or

(e) the transfer of burdened property by a financial institution, except to the extent that the reinvestment fee covenant requires the payment of a common interest association's costs directly related to the transfer of the burdened property, not to exceed \$250.

Section 14. Section ~~57-1-47~~ is enacted to read:

57-1-47. Notice requirements for continuation of existing private transfer fee obligations.

(1) In addition to the requirements described in Subsection ~~57-1-46~~(7), a person required to file a notice under this section shall:

(a) (i) file the notice described in this section on or before May 31, 2024; and

(ii) re-file the notice, no earlier than May 1 and no later than May 31, every three years thereafter; and

(b) amend the notice to reflect any change in the name or address of any payee included in the notice no later than the 30 days after the day on which the change occurs.

(2) A person who amends a notice filed under Subsection (1) shall include with the amendment:

(a) the recording information of the original notice; and

(b) the legal description of the property subject to the private transfer fee obligation.

(3) To be effective, a notice filed under this section shall be approved in writing by every person holding a majority of the beneficial interests in the private transfer fee obligation.

(4) If a person required to file a notice under this section fails to comply with this section:

(a) payment of the private transfer fee may not be a requirement for the conveyance of an interest in the property to a purchaser;

(b) the property is not subject to further obligation under the private transfer fee obligation; and

(c) the private transfer fee obligation is void.

(5) A recorded notice of transfer fee covenant that complies with the requirements of this section is valid and effective.

(6) (a) A person that is no longer subject to a private transfer fee obligation may seek declaratory relief in court to address any encumbrance on real property owned by the person.

(b) Upon a successful claim for declaratory relief, as described in Subsection (6)(a), a court may award the person costs and reasonable attorney fees.

Section 15. Section **63H-8-501** is amended to read:

63H-8-501. Definitions.

As used in this part:

(1) (a) "First-time homebuyer" means an individual who [~~qualifies for assistance under 42 U.S.C. Sec. 12852.~~] satisfies:

(i) the three-year requirement described in Section 143(d) of the Internal Revenue Code of 1986, as amended, and any corresponding federal regulations; and

(ii) requirements made by the corporation by rule, as described in Section [63H-8-502](#).

(b) "First-time homebuyer" includes a single parent, as defined by the corporation by rule made as described in Section [63H-8-502](#), who would meet the three-year requirement described in Subsection (1)(a)(i) but for a present ownership interest in a principal residence in which the single parent:

(i) had a present ownership interest with the single parent's former spouse during the three-year period;

(ii) resided while married during the three-year period; and

(iii) no longer:

(A) has a present ownership interest; or

(B) resides.

(2) "Home equity amount" means the difference between:

(a) (i) in the case of a sale, the sales price for which the qualifying residential unit is

770 sold by the recipient in a bona fide sale to a third party with no right to repurchase less an
771 amount up to 1% of the sales price used for seller-paid closing costs; or

772 (ii) in the case of a refinance, the current appraised value of the qualifying residential
773 unit; and

774 (b) the total payoff amount of any qualifying mortgage loan that was used to finance
775 the purchase of the qualifying residential unit.

776 (3) "Program" means the First-Time Homebuyer Assistance Program created in Section
777 [63H-8-502](#).

778 (4) "Program funds" means money appropriated for the program.

779 (5) "Qualifying mortgage loan" means a mortgage loan that:

780 (a) is purchased by the corporation; and

781 (b) is subject to a document that is recorded in the office of the county recorder of the
782 county in which the residential unit is located.

783 (6) "Qualifying residential unit" means a residential unit that:

784 (a) is located in the state;

785 (b) is new construction or newly constructed but not yet inhabited;

786 (c) is financed by a qualifying mortgage loan;

787 (d) is owner-occupied ~~upon~~ within 60 days of purchase, or in the case of a two-unit
788 dwelling, at least one unit is owner-occupied within 60 days of purchase; and

789 (e) is purchased for an amount that does not exceed:

790 (i) \$450,000; or

791 (ii) if applicable, the maximum purchase price established by the corporation under
792 Subsection [63H-8-502](#)(6).

793 (7) "Recipient" means a first-time homebuyer who receives program funds.

794 (8) (a) "Residential unit" means a house, condominium, townhome, or similar
795 residential structure that serves as a one-unit dwelling or forms part of a two-unit dwelling.

796 (b) "Residential unit" includes a manufactured home or modular home that is attached
797 to a permanent foundation.

798 Section 16. Section [63H-8-502](#) is amended to read:

799 **[63H-8-502. First-Time Homebuyer Assistance Program.](#)**

800 (1) There is created the First-Time Homebuyer Assistance Program administered by

the corporation.

(2) Subject to appropriations from the Legislature, the corporation shall distribute program funds to:

(a) first-time homebuyers to provide support for the purchase of qualifying residential units; and

(b) reimburse the corporation for a distribution of funds under Subsection (2)(a) that took place on or after July 1, 2023.

(3) The maximum amount of program funds that a first-time homebuyer may receive under the program is \$20,000.

(4) (a) A recipient may use program funds to pay for:

(i) the down payment on a qualifying residential unit;

(ii) closing costs associated with the purchase of a qualifying residential unit;

(iii) a permanent reduction in the advertised par interest rate on a qualifying mortgage loan that is used to finance a qualifying residential unit; or

(iv) any combination of Subsections (4)(a)(i), (ii), and (iii).

(b) The corporation shall direct the disbursement of program funds for a purpose authorized in Subsection (4)(a).

(c) A recipient may not receive a payout or distribution of program funds upon closing.

(5) The builder or developer of a qualifying residential unit may not increase the price of the qualifying residential unit on the basis of program funds being used towards the purchase of that qualifying residential unit.

(6) (a) In accordance with rules made by the corporation under Subsection (9), the corporation may adjust the maximum purchase price of a qualifying residential unit for which a first-time homebuyer qualifies to receive program funds in order to reflect current market conditions~~[, provided that]~~.

(b) In connection with an adjustment made under Subsection (6)(a), the corporation may establish one or more maximum purchase prices corresponding by residential unit type, geographic location, or any other factor the corporation considers relevant.

(c) [the] The corporation [adjusts the] may adjust a maximum purchase price under this Subsection (6) no more frequently than once each calendar year.

(7) (a) [If] Except as provided in Subsection (7)(b), if the recipient sells the qualifying

residential unit or refinances the qualifying mortgage loan that was used to finance the purchase of the qualifying residential unit before the end of the original term of the qualifying mortgage loan, the recipient shall repay to the corporation an amount equal to the lesser of:

~~[(a)]~~ (i) the amount of program funds the recipient received; or

~~[(b)]~~ (ii) 50% of the recipient's home equity amount.

(b) Subsection (7)(a) does not apply to a qualifying mortgage loan that is refinanced with a new qualifying mortgage loan if any subordinate qualifying mortgage loan, or loan from program funds used on the purchase of the qualifying residential unit, is resubordinated only to the new qualifying mortgage loan.

(8) Any funds repaid to the corporation under Subsection (7) shall be used for program distributions.

(9) The corporation shall make rules governing the application form, process, and criteria the corporation will use to distribute program funds to first-time homebuyers, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

(10) The corporation may use up to 5% of program funds for administration.

(11) The corporation shall report annually to the Social Services Appropriations Subcommittee on disbursements from the program and any adjustments made to the maximum purchase price or maximum purchase prices of a qualifying residential unit under Subsection (6).

Section 17. **Effective date.**

This bill takes effect on May 1, 2024.

Section 18. **Retrospective operation.**

(1) The following sections have retrospective operation to July 1, 2023:

(a) Section [63H-8-501](#); and

(b) Section [63H-8-502](#).