

052754820

SENATE BILL NO. 1161

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on General Laws
on January 19, 2005)

(Patron Prior to Substitute—Senator Stolle)

A *BILL to amend and reenact §§ 55-518 through 55-521 and 55-524 of the Code of Virginia, and to amend the Code of Virginia by adding a section numbered 55-519.1 relating to the Virginia Residential Property Disclosure Act; required disclosures for properties adjacent to a military air installation.*

Be it enacted by the General Assembly of Virginia:

1. That §§ 55-518 through 55-521 and 55-524 of the Code of Virginia are amended and reenacted and the Code of Virginia is amended by adding a section numbered 55-519.1 as follows:

§ 55-518. Exemptions.

A. The following are specifically excluded from the provisions of this chapter:

1. Transfers pursuant to court order including, but not limited to, transfers ordered by a court in administration of an estate, transfers pursuant to a writ of execution, transfers by foreclosure sale, transfers by a trustee in bankruptcy, transfers by eminent domain, and transfers resulting from a decree for specific performance.

2. Transfers to a beneficiary of a deed of trust by a trustor or successor in interest who is in default; transfers by a trustee under a deed of trust pursuant to a foreclosure sale, or transfers by a beneficiary under a deed of trust who has acquired the real property at a sale conducted pursuant to a foreclosure sale under a deed of trust or has acquired the real property by a deed in lieu of foreclosure.

3. Transfers by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust.

4. Transfers from one or more co-owners solely to one or more other co-owners.

5. Transfers made solely to any combination of a spouse or a person or persons in the lineal line of consanguinity of one or more of the transferors.

6. Transfers between spouses resulting from a decree of divorce or a property settlement stipulation pursuant to the provisions of Title 20.

7. Transfers made by virtue of the record owner's failure to pay any federal, state, or local taxes.

8. Transfers to or from any governmental entity or public or quasi-public housing authority or agency.

9. Transfers involving the first sale of a dwelling; *provided, that this exemption shall not apply to the disclosures required by § 55-519.1.*

B. Notwithstanding the provisions of subdivision 9 of this section, the builder of a new dwelling shall disclose in writing to the purchaser thereof all known material defects which would constitute a violation of any applicable building code. The disclosure required by this subsection shall be made by a builder (i) when selling a completed dwelling, before acceptance of the purchase contract or (ii) when selling a dwelling before or during its construction, after issuance of a certificate of occupancy. Such disclosure shall not abrogate any warranty or any other contractual obligations the builder may have to the purchaser. The disclosure required by this subsection may be made on the disclosure form described in § 55-519. The builder may not satisfy the requirements of this subsection by the use of the disclaimer statement described in § 55-519. If no defects are known by the builder to exist, no written disclosure is required by this subsection.

§ 55-519. Required disclosures.

A. With regard to transfers described in § 55-517 of this chapter, the owner of the residential real property shall furnish to a purchaser one of the following:

1. *A Except with respect to the disclosures required by § 55-519.1, a residential property disclaimer statement in a form provided by the Real Estate Board stating that the owner makes no representations or warranties as to the condition of the real property or any improvements thereon, and that the purchaser will be receiving the real property "as is," that is, with all defects which may exist, if any, except as otherwise provided in the real estate purchase contract; or*

2. A residential property disclosure statement disclosing those items contained in a form provided by the Real Estate Board to implement the provisions of this chapter and to list items which are required to be disclosed relative to the physical condition of the property. Such disclosure form may include defects of which the owner has actual knowledge regarding: (i) the water and sewer systems, including the source of household water, water treatment system, and sprinkler system; (ii) insulation; (iii) structural systems, including roof, walls, floors, foundation and any basement; (iv) plumbing, electrical, heating and air conditioning systems; (v) wood-destroying insect infestation; (vi) land use matters; (vii)

60 hazardous or regulated materials, including asbestos, lead-based paint, radon and underground storage
61 tanks; and (viii) other material defects known to the owner. The disclosure form shall contain a notice to
62 prospective purchasers and owners (a) that the prospective purchaser and the owner may wish to obtain
63 professional advice or inspections of the property and (b) that information is available at the Department
64 of Environmental Quality which identifies confirmed releases or discharges of oil which may affect the
65 property. The disclosure form shall also contain a notice to purchasers that the information contained in
66 the disclosure is the representations of the owner and is not the representations of the broker or
67 salesperson, if any. The owner shall not be required to undertake or provide any independent
68 investigation or inspection of the property in order to make the disclosures required by this chapter.

69 B. The disclosure and disclaimer forms shall contain a notice to purchasers that regardless of whether
70 the owner proceeds under subdivision 1 or 2 of subsection A, the owner makes no representations with
71 respect to any matters which may pertain to parcels adjacent to the subject parcel. Further, such notice
72 shall advise purchasers to exercise whatever due diligence a particular purchaser deems necessary with
73 respect to adjacent parcels in accordance with terms and conditions as may be contained in the real
74 estate purchase contract, but in any event, prior to settlement on a parcel of residential real property.

75 C. The disclosure and disclaimer forms shall contain a notice to purchasers that whether the owner
76 proceeds under subdivision 1 or 2 of subsection A, purchasers should exercise whatever due diligence
77 they deem necessary with respect to information on any sexual offenders registered under Chapter 23
78 (§ 19.2-387 et seq.) of Title 19.2, including how to obtain such information.

79 § 55-519.1. *Required disclosures for properties located adjacent to a military air installation.*

80 *The owner of residential real property located in any locality in which a military air installation is*
81 *located, or in any adjacent locality, shall furnish to the purchaser on a form provided by the Real*
82 *Estate Board, a written disclosure stating that such property is located in a noise zone or accident*
83 *potential zone, or both, as designated by the locality in its official zoning map. Such disclosure shall*
84 *state the specific noise zone or accident potential zone, or both, in which the property is located*
85 *according to the official zoning map.*

86 § 55-520. Time for disclosure; cancellation of contract.

87 A. The owner of residential real property subject to this chapter shall deliver to the purchaser the
88 written disclosures or disclaimer required by this chapter prior to the acceptance of a real estate purchase
89 contract. For the purposes of this chapter, a "real estate purchase contract" means a contract for the sale,
90 exchange, or lease with option to buy of real estate subject to this chapter, and "acceptance" means the
91 full execution of a real estate purchase contract by all parties. The residential property disclaimer
92 statement or residential property disclosure statement may be included in the real estate purchase
93 contract, in an addendum thereto, or in a separate document.

94 B. If the disclosure or disclaimer required by this chapter is delivered to the purchaser after the
95 acceptance of the real estate purchase contract, the purchaser's sole remedy shall be to terminate the real
96 estate purchase contract at or prior to the earliest of (i) three days after delivery of the disclosure or
97 disclaimer in person; or (ii) five days after the postmark if the disclosure or disclaimer is deposited in
98 the United States mail, postage prepaid, and properly addressed to the purchaser; or (iii) settlement
99 upon purchase of the property; or (iv) occupancy of the property by the purchaser; or (v) the execution
100 by the purchaser of a written waiver of the purchaser's right of termination under this chapter contained
101 in a writing separate from the real estate purchase contract; or (vi) the purchaser making written
102 application to a lender for a mortgage loan where such application contains a disclosure that the right of
103 termination shall end upon the application for the mortgage loan. In order to terminate a real estate
104 purchase contract when permitted by this chapter, the purchaser must, within the times required by this
105 chapter, give written notice to the owner either by hand delivery or by United States mail, postage
106 prepaid, and properly addressed to the owner. If the purchaser terminates a real estate purchase contract
107 in compliance with this chapter, the termination shall be without penalty to the purchaser, and any
108 deposit shall be promptly returned to the purchaser. Any rights of the purchaser to terminate the contract
109 provided by this chapter shall end if not exercised prior to the earlier of (i) the making of a written
110 application to a lender for a mortgage loan where the application contains a disclosure that the right of
111 termination shall end upon the application for the mortgage loan or (ii) settlement or occupancy by the
112 purchaser, in the event of a sale, or occupancy, in the event of a lease with option to purchase.

113 C. *Notwithstanding the provisions of subsection B or of subdivision B 2 of § 55-524, no purchaser of*
114 *residential real property located in a noise zone designated on the official zoning map of the locality as*
115 *having a day-night average sound level of less than 65 decibels shall have the right to terminate a real*
116 *estate purchase contract pursuant to this section for failure of the property owner to timely provide any*
117 *disclosure required by subdivision § 55-519.1.*

118 § 55-521. Owner liability.

119 A. ~~The~~ *Except with respect to the disclosures required by subdivision § 55-519.1, the owner shall not*
120 *be liable for any error, inaccuracy or omission of any information delivered pursuant to this chapter if:*
121 (i) the error, inaccuracy or omission was not within the actual knowledge of the owner or was based on

information provided by public agencies or by other persons providing information as specified in subsection B that is required to be disclosed pursuant to this chapter, or the owner reasonably believed the information to be correct, and (ii) the owner was not grossly negligent in obtaining the information from a third party and transmitting it. *The owner shall not be liable for any error, inaccuracy, or omission of any information required to be disclosed by § 55-519.1 if the error, inaccuracy, or omission was the result of information provided by an officer or employee of the locality in which the property is located.*

B. The delivery by a public agency or other person, as described in subsection C below, of any information required to be disclosed by this chapter to a prospective purchaser shall be deemed to comply with the requirements of this chapter and shall relieve the owner of any further duty under this chapter with respect to that item of information.

C. The delivery by the owner of a report or opinion prepared by a licensed engineer, land surveyor, geologist, wood-destroying insect control expert, contractor or other home inspection expert, dealing with matters within the scope of the professional's license or expertise, shall satisfy the requirements of subsection A if the information is provided to the owner pursuant to a request therefor, whether written or oral. In responding to such a request, an expert may indicate, in writing, an understanding that the information provided will be used in fulfilling the requirements of this chapter and, if so, shall indicate the required disclosures, or portions thereof, to which the information being furnished is applicable. Where such a statement is furnished, the expert shall not be responsible for any items of information, or, portions thereof, other than those expressly set forth in the statement.

§ 55-524. Actions under this chapter.

A. Notwithstanding any other provision of this chapter or any other statute or regulation, no cause of action shall arise against an owner or a real estate licensee for failure to disclose that an occupant of the subject real property, whether or not such real property is subject to this chapter, was afflicted with human immunodeficiency virus (HIV) or that the real property was the site of:

1. An act or occurrence which had no effect on the physical structure of the real property, its physical environment, or the improvements located thereon; or

2. A homicide, felony, or suicide.

B. The purchaser's remedies hereunder for failure of an owner to comply with the provisions of this chapter are as follows:

1. In the event of a misrepresentation in any residential property disclosure statement or failure to deliver a disclosure or disclaimer statement, an action for actual damages suffered as a result of defects existing in the property as of the date of execution of the real estate purchase contract which would have been disclosed by a disclosure in compliance with this chapter and of which the purchaser was not aware at the time of settlement if by sale of the property, or occupancy by the purchaser if by lease with the option to purchase; or

2. In the event of a misrepresentation in any residential property disclosure statement or the failure to provide the disclosure or disclaimer required by this chapter, the contract may be terminated subject to the provisions of subsection B of § 55-520.

3. *In the event the owner fails to provide the disclosure required by § 55-519.1, or the owner misrepresents, willfully or otherwise, the information required in such disclosure, except as result of information provided by an officer or employee of the locality in which the property is located, the purchaser may maintain an action to recover his actual damages suffered as the result of such violation. Notwithstanding the provisions of this subdivision, no purchaser of residential real property located in a noise zone designated on the official zoning map of the locality as having a day-night average sound level of less than 65 decibels shall have a right to maintain an action for damages pursuant to this section.*

C. Any action brought under this subsection shall be commenced within one year of the date the purchaser received the disclosure or disclaimer statement. If no disclosure or disclaimer statement was delivered to the purchaser, an action shall be commenced within one year of the date of settlement if by sale, or occupancy if by lease with an option to purchase.

Nothing contained herein shall prevent a purchaser from pursuing any remedies at law or equity otherwise available against an owner in the event of an owner's intentional or willful misrepresentation of the condition of the subject property.

2. That the Real Estate Board shall promulgate regulations containing the forms for the disclosures required by the provisions of this act to be effective within 280 days of its enactment.