

VIRGINIA ACTS OF ASSEMBLY — CHAPTER

An Act to amend and reenact §§ 54.1-1122 and 54.1-2114 of the Code of Virginia, relating to the Department of Professional and Occupational Regulation; Contractor Transaction Recovery Act; Real Estate Transaction Recovery Act.

[S 201]

Approved

Be it enacted by the General Assembly of Virginia:**1. That §§ 54.1-1122 and 54.1-2114 of the Code of Virginia are amended and reenacted as follows:**

§ 54.1-1122. Consideration of applications for payment.

A. The Board shall promptly consider the verified claim of the claimant administratively. If it appears that a prima facie case has been made for payment of the claim, the Department shall provide the regulant with a notice offering the opportunity to be heard at an informal fact-finding conference pursuant to § 2.2-4019 of the Administrative Process Act (§ 2.2-4000, et seq.). Such notice shall state that if the regulant does not request an informal fact-finding conference within 30 days, with three days added in instances where the notice is sent by mail, the Department shall present the claim to the Board with a recommendation to pay the verified claim.

B. If the Board finds there has been compliance with the required conditions, the Board shall issue a directive ordering payment from the fund to the claimant the amount remaining unpaid on the judgment, subject to the limitations set forth in § 54.1-1123. The claimant shall be notified in writing of the findings of the Board. The Board's findings shall be considered a "case decision" and judicial review of these findings shall be in accordance with § 2.2-4025 of the Administrative Process Act (§ 2.2-4000 et seq.). Notwithstanding any other provision of law, the Board shall have the right to appeal a decision of any court which is contrary to any distribution recommended or authorized by it.

§ 54.1-2114. Recovery from fund generally.

A. Whenever any person is awarded a final judgment in any court of competent jurisdiction in the Commonwealth of Virginia against any individual or entity for improper or dishonest conduct as defined in the act, and the improper or dishonest conduct occurred during a period when the individual or entity was a regulant and occurred in connection with a transaction involving the sale, lease, or management of real property by the regulant acting in the capacity of a real estate broker or real estate salesperson and not in the capacity of a principal, or on his own account, the person to whom such judgment was awarded may file a verified claim with the Director for a directive ordering payment from the fund of the amount unpaid upon the judgment, subject to the following conditions:

1. If any action is instituted against a regulant by any person, such person shall serve a copy of the process upon the Board in the manner prescribed by law. Included in such service shall be an affidavit stating all acts constituting improper or dishonest conduct. The provisions of § 8.01-288 shall not be applicable to the service of process required by this subdivision.

2. A copy of any pleading or document filed subsequent to the initial service of process in the action against a regulant shall be provided to the Board. The claimant shall submit such copies to the Board by certified mail, or the equivalent, upon his receipt of the pleading or document.

3. For judgments entered on or after July 1, 1996, the verified claim shall be filed with the Director no later than twelve months after the judgment becomes final.

4. The claimant shall not himself be (i) a regulant, (ii) the personal representative of a regulant, (iii) the spouse or child of the regulant against whom the judgment was awarded, nor the personal representative of such spouse or child, or (iv) any lending or financial institution nor anyone whose business involves the construction or development of real property.

5. The claimant shall have made an investigation to determine whether or not the judgment debtor is possessed of real or personal property or other assets which are available to be sold or otherwise applied in satisfaction of the judgment and shall file an affidavit that an investigation has been made. Satisfactory evidence of the results of subdivision 6 below shall be submitted with this affidavit.

6. The investigation shall include but shall not be limited to (i) the conducting of debtor interrogatories and (ii) the investigation of any listings held by the regulant and any commissions due thereby.

7. The investigation shall not have disclosed such real or personal property or other assets available to be so sold or applied, or the investigation shall have disclosed certain of such assets, which shall be described in detail, and the claimant shall have taken all legally available actions and proceedings for such sale or application, and the amount so realized shall have been insufficient to satisfy the judgment,

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57 which amount shall be stated together with the balance remaining due on the judgment after the sale or
58 application.

59 8. If the judgment debtor has filed bankruptcy, the claimant shall file with the proper bankruptcy
60 court a complaint under 11 U.S.C. § 523 (a) and obtain an order determining dischargeability of the
61 debt.

62 B. *The Department shall promptly consider the application, affidavit, and investigation of the claim.*
63 *If it appears that a prima facie case has been made for payment of the claim, the Department shall*
64 *provide the regulant with a notice offering the opportunity to be heard at an informal fact-finding*
65 *conference pursuant to § 2.2-4019 of the Administrative Process Act (§ 2.2-4000, et seq.). Such notice*
66 *shall state that if the regulant does not request an informal fact-finding conference within 30 days, with*
67 *three days added in instances where the notice is sent by mail, the Department shall present the claim*
68 *to the Board with a recommendation to pay the verified claim.*

69 C. ~~The Board shall promptly consider the application, the affidavit and investigation of the claimant~~
70 ~~administratively and,~~ If the Board finds that there has been compliance with the *statutory* conditions to
71 which reference is made in this section, the Board shall issue a directive ordering payment to the
72 claimant from the fund the amount unpaid on the judgment, subject to the limitations set forth in
73 § 54.1-2116. The claimant shall be notified in writing of the findings of the Board. The Board's findings
74 shall be considered a "case decision" and judicial review of these findings shall be in accordance with
75 § 2.2-4025 of the Administrative Process Act (§ 2.2-4000 et seq.). Notwithstanding any other provision
76 of law, the Board shall have the right to appeal a decision of any court which is contrary to any
77 distribution recommended or authorized by it.