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HOUSE BILL NO. 2188

Offered January 12, 2011

Prefiled January 12, 2011

A BILL to amend and reenact §§ 55-79.97:1 and 55-509.6 of the Code of Virginia, relating to common interest communities; payment of resale disclosure packet fees.

Patron—Lewis

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That §§ 55-79.97:1 and 55-509.6 of the Code of Virginia are amended and reenacted as follows:

§ 55-79.97:1. Fees for resale certificate.

A. The unit owners' association may charge fees as authorized by this section for the inspection of the property, the preparation and issuance of the resale certificate required § 55-79.97, and for such other services as are set out in this section.

B. A reasonable fee may be charged by the preparer of the resale certificate as follows for:

1. The inspection of the unit, as authorized in the declaration and as required to prepare the resale certificate, a fee not to exceed \$100;

2. The preparation and delivery of the resale certificate in (i) paper format, a fee not to exceed \$150 for no more than two hard copies, or (ii) electronic format, a fee not to exceed \$125, for no more than two electronic copies. Only one fee shall be charged for the preparation and delivery of the resale certificate;

3. At the option of the seller or his authorized agent, with the consent of the unit owners' association or the common interest community manager, expediting the inspection, preparation, and delivery of the resale certificate, an additional expedite fee not to exceed \$50;

4. At the option of the seller or his authorized agent, an additional hard copy of the resale certificate, a fee not to exceed \$25 per hard copy;

5. At the option of the seller or his authorized agent, a fee not to exceed an amount equal to the actual cost paid to a third-party commercial delivery service for hand delivery or overnight delivery of the resale certificate; and

6. A post-closing fee to the purchaser of the unit, collected at settlement, for the purpose of establishing the purchaser as the owner of the unit in the records of the unit owners' association, a fee not to exceed \$50.

Neither the unit owners' association nor its common interest community manager shall require cash, check, certified funds, or credit card payments at the time the request for the resale certificate is made.

For purposes of this section, an expedite fee shall only be charged if the inspection and preparation of delivery of the resale certificate are completed within five business days of the request for a resale certificate.

C. No fees other than those specified in this section, and as limited by this section, shall be charged by the unit owners' association or its common interest community manager for compliance with the duties and responsibilities of the unit owners' association under this section. The unit owners' association or its common interest community manager shall publish and make available in paper or electronic format, or both, a schedule of the applicable fees so that the seller or his authorized agent will know such fees at the time of requesting the resale certificate.

D. Any fees charged pursuant to this section shall be collected at the time settlement occurs on the sale of the unit and shall be due and payable out of the settlement proceeds in accordance with this section. The seller shall be responsible for all costs associated with the preparation and delivery of the resale certificate, except for the costs of any resale certificate update or financial update, which costs shall be the responsibility of the requestor, payable at settlement. Neither the unit owners' association nor its common interest community manager shall require cash, check, certified funds, or credit card payments at the time the request is made for the resale certificate.

E. If settlement does not occur within 90 30 days of the delivery of the resale certificate, or funds are not collected at settlement and disbursed to the unit owners' association or the common interest community manager, all fees, including those costs that would have otherwise been the responsibility of the purchaser or settlement agent, shall be assessed against the unit owner, shall be the personal obligation of the unit owner, and shall be an assessment against the unit and collectible as any other assessment in accordance with the provisions of the declaration and § 55-79.83. The seller may pay the unit owners' association by cash, check, certified funds, or credit card, if credit card payment is an

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HB2188

59 option offered by the unit owners' association. The unit owners' association shall pay the common
60 interest community manager the amount due from the unit owner within 30 days after invoice.

61 F. The maximum allowable fees charged in accordance with this section shall adjust every five years,
62 as of January 1 of that year, in an amount equal to the annual increases for that five-year period in the
63 United States Average Consumer Price Index for all items, all urban consumers (CPI-U), as published
64 by the Bureau of Labor Statistics of the U.S. Department of Labor.

65 G. If a resale certificate has been issued within the preceding 12-month period, a person specified in
66 the written instructions of the seller or his authorized agent, including the seller or his authorized agent
67 or the purchaser or his authorized agent, may request a resale certificate update. The requestor shall
68 specify whether the resale certificate update shall be delivered electronically or in hard copy and shall
69 specify the complete contact information of the parties to whom the update shall be delivered. The
70 resale certificate update shall be delivered within 10 days of the written request.

71 H. The settlement agent may request a financial update. The requestor shall specify whether the
72 financial update shall be delivered electronically or in hard copy and shall specify the complete contact
73 information of the parties to whom the update shall be delivered. The financial update shall be delivered
74 within three business days of the written request.

75 I. A reasonable fee for the resale certificate update or financial update may be charged by the
76 preparer, not to exceed \$50. At the option of the purchaser or his authorized agent, the requestor may
77 request that the unit owners' association or the common interest community manager perform an
78 additional inspection of the unit, as authorized in the declaration, for a fee not to exceed \$100. Any fees
79 charged for the specified update shall be collected at the time settlement occurs on the sale of the
80 property. Neither the unit owners' association nor its common interest community manager, if any, shall
81 require cash, check, certified funds, or credit card payments at the time the request is made for the
82 resale certificate update. The requestor may request that the specified update be provided in hard copy
83 or in electronic form.

84 J. No unit owners' association or common interest community manager may require the requestor to
85 request the specified update electronically. The seller or his authorized agent shall continue to have the
86 right to request a hard copy of the specified update in person at the principal place of business of the
87 unit owners' association. If the requestor asks that the specified update be provided in electronic format,
88 neither the unit owners' association nor its common interest community manager may require the
89 requester to pay any fees to use the provider's electronic network or system. A copy of the specified
90 update shall be provided to the seller or his authorized agent.

91 K. When a resale certificate has been delivered as required by § 55-79.97, the unit owners'
92 association shall, as to the purchaser, be bound by the statements set forth therein as to the status of the
93 assessment account and the status of the unit with respect to any violation of the condominium
94 instruments as of the date of the statement unless the purchaser had actual knowledge that the contents
95 of the resale certificate were in error.

96 L. If the unit owners' association or its common interest community manager has been requested in
97 writing to furnish the resale certificate required by § 55-79.97, failure to provide the resale certificate
98 substantially in the form provided in this section shall be deemed a waiver of any claim for delinquent
99 assessments or of any violation of the declaration, bylaws, rules and regulations, or architectural
100 guidelines existing as of the date of the request with respect to the subject unit. The preparer of the
101 resale certificate shall be liable to the seller in an amount equal to the actual damages sustained by the
102 seller in an amount not to exceed \$1,000. The purchaser shall nevertheless be obligated to abide by the
103 condominium instruments, rules and regulations, and architectural guidelines of the unit owners'
104 association as to all matters arising after the date of the settlement of the sale.

105 § 55-509.6. Fees for disclosure packet; associations managed by a common interest community
106 manager.

107 A. The association or its common interest community manager may charge certain fees as authorized
108 by this section for the inspection of the property, the preparation and issuance of the disclosure packet
109 required § 55-509.5, and for such other services as set out in this section. The seller or his authorized
110 agent shall specify whether the disclosure packet shall be delivered electronically or in hard copy, and
111 shall specify the complete contact information for the parties to whom the disclosure packet shall be
112 delivered. If the seller or his authorized agent specifies that delivery shall be made to the purchaser or
113 his authorized agent or settlement agent, the preparer shall provide the disclosure packet directly to the
114 designated persons, at the same time it is delivered to the seller or his authorized agent.

115 B. A reasonable fee may be charged by the preparer as follows for:

116 1. The inspection of the exterior of the dwelling unit and the lot, as authorized in the declaration and
117 as required to prepare the association disclosure packet, a fee not to exceed \$100;

118 2. The preparation and delivery of the disclosure packet in (i) paper format, a fee not to exceed \$150
119 for no more than two hard copies or (ii) electronic format, a fee not to exceed \$125 for no more than
120 two electronic copies. Only one fee shall be charged for the preparation and delivery of the disclosure

packet;

3. At the option of the seller or his authorized agent, with the consent of the association or the common interest community manager, expediting the inspection, preparation and delivery of the disclosure packet, an additional expedite fee not to exceed \$50;

4. At the option of the seller or his authorized agent, an additional hard copy of the disclosure packet, a fee not to exceed \$25 per hard copy;

5. At the option of the seller or his authorized agent, a fee not to exceed an amount equal to the actual cost paid to a third-party commercial delivery service for hand delivery or overnight delivery of the association disclosure packet; and

6. A post-closing fee to the purchaser of the property, collected at settlement, for the purpose of establishing the purchaser as the owner of the property in the records of the association, a fee not to exceed \$50.

Except as otherwise provided in subsection E, neither the association nor its common interest community manager shall require cash, check, certified funds or credit card payments at the time the request for the disclosure packet is made.

For purposes of this section, an expedite fee shall only be charged if the inspection and preparation of delivery of the disclosure packet are completed within five business days of the request for a disclosure packet.

C. No fees other than those specified in this section, and as limited by this section, shall be charged by the association or its common interest community manager for compliance with the duties and responsibilities of the association under this chapter. The association or its common interest community manager shall publish and make available in paper or electronic format, or both, a schedule of the applicable fees so the seller or his authorized agent will know such fees at the time of requesting the packet.

D. Any fees charged pursuant to this section shall be collected at the time of settlement on the sale of the lot and shall be due and payable out of the settlement proceeds in accordance with this section. The seller shall be responsible for all costs associated with the preparation and delivery of the association disclosure packet, except for the costs of any disclosure packet update or financial update, which costs shall be the responsibility of the requestor, payable at settlement. Neither the association nor its common interest community manager shall require cash, check, certified funds, or credit card payments at the time of the request is made for the association disclosure packet.

E. If settlement does not occur within ~~90~~ 30 days of the delivery of the disclosure packet, or funds are not collected at settlement and disbursed to the association or the common interest community manager, all fees, including those costs that would have otherwise been the responsibility of the purchaser or settlement agent, shall be assessed against the lot owner and shall be the personal obligation of the lot owner and shall be an assessment against the lot and collectible as any other assessment in accordance with the provisions of the declaration and § 55-516. The seller may pay the association by cash, check, certified funds, or credit card, if credit card payment is an option offered by the association. The association shall pay the common interest community manager the amount due from the lot owner within 30 days after invoice.

F. The maximum allowable fees charged in accordance with this section shall adjust every five years, as of January 1 of that year, in an amount equal to the annual increases for that five-year period in the United States Average Consumer Price Index for all items, all urban consumers (CPI-U), as published by the Bureau of Labor Statistics of the U.S. Department of Labor.

G. If an association disclosure packet has been issued for a lot within the preceding 12-month period, a person specified in the written instructions of the seller or his authorized agent, including the seller or his authorized agent, or the purchaser or his authorized agent may request a disclosure packet update. The requestor shall specify whether the disclosure packet update shall be delivered electronically or in hard copy, and shall specify the complete contact information of the parties to whom the update shall be delivered. The disclosure packet update shall be delivered within 10 days of the written request.

H. The settlement agent may request a financial update. The requestor shall specify whether the financial update shall be delivered electronically or in hard copy, and shall specify the complete contact information of the parties to whom the update shall be delivered. The financial update shall be delivered within three business days of the written request.

I. A reasonable fee for the disclosure packet update or financial update may be charged by the preparer not to exceed \$50. At the option of the purchaser or his authorized agent, the requestor may request that the association or the common interest community manager perform an additional inspection of the exterior of the dwelling unit and the lot, as authorized in the declaration, for a fee not to exceed \$100. Any fees charged for the specified update shall be collected at the time settlement occurs on the sale of the property. Neither the association nor its common interest community manager, if any, shall require cash, check, certified funds, or credit card payments at the time the request is made for the

182 disclosure packet update. The requestor may request that the specified update be provided in hard copy
183 or in electronic form.

184 J. No association or common interest community manager may require the requestor to request the
185 specified update electronically. The seller or his authorized agent shall continue to have the right to
186 request a hard copy of the specified update in person at the principal place of business of the
187 association. If the requestor asks that the specified update be provided in electronic format, neither the
188 association nor its common interest community manager may require the requester to pay any fees to
189 use the provider's electronic network or system. A copy of the specified update shall be provided to the
190 seller or his authorized agent.

191 K. When an association disclosure packet has been delivered as required by § 55-509.5, the
192 association shall, as to the purchaser, be bound by the statements set forth therein as to the status of the
193 assessment account and the status of the lot with respect to any violation of the declaration, bylaws,
194 rules and regulations, architectural guidelines and articles of incorporation, if any, of the association as
195 of the date of the statement unless the purchaser had actual knowledge that the contents of the
196 disclosure packet were in error.

197 L. If the association or its common interest community manager has been requested in writing to
198 furnish the association disclosure packet required by § 55-509.5, failure to provide the association
199 disclosure packet substantially in the form provided in this section shall be deemed a waiver of any
200 claim for delinquent assessments or of any violation of the declaration, bylaws, rules and regulations, or
201 architectural guidelines existing as of the date of the request with respect to the subject lot. The preparer
202 of the association disclosure packet shall be liable to the seller in an amount equal to the actual damages
203 sustained by the seller in an amount not to exceed \$1,000. The purchaser shall nevertheless be obligated
204 to abide by the declaration, bylaws, rules and regulations, and architectural guidelines of the association
205 as to all matters arising after the date of the settlement of the sale.
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