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## SENATE BILL NO. 1284

Offered January 12, 2011

Prefiled January 12, 2011

A *BILL to amend the Code of Virginia by adding a section numbered 6.2-407.1, relating to lenders making certain loans to individuals whose creditworthiness has been affected by Chinese drywall.*

Patron—McWaters

Referred to Committee on Commerce and Labor

**Be it enacted by the General Assembly of Virginia:**

**1. That the Code of Virginia is amended by adding a section numbered 6.2-407.1 as follows:**

*§ 6.2-407.1. When lenders to disregard damage to credit history; Chinese drywall.*

A. As used in this section:

"Chinese drywall" means drywall manufactured in the People's Republic of China and imported into the United States prior to 2007 that, as a result of containing excessive levels of strontium sulfide, releases sulfur dioxide, hydrogen sulfide, carbon disulfide, or other sulfur compounds into the air when exposed to heat, humidity, or both.

"Credit history" means a record of an individual's past borrowing and repaying, including information about late payments, payment defaults, amount of debt, length of time that the individual has made purchases on credit, foreclosures, short sales, and bankruptcy. The term also includes any score of an individual's creditworthiness, including a Fair Isaac Corporation (FICO) score.

"Detrimental decision" with regard to a request for a real estate loan means a denial of the request or the approval of the request on terms or subject to conditions that are not as favorable as those upon which loans are made to applicants whose credit histories are excellent.

"Lender" means any bank, savings institution, or credit union, as such terms are defined in § 6.2-300, or any person licensed as a mortgage lender pursuant to Chapter 16 (§ 6.2-1600 et seq.).

"Real estate loan" means a purchase money loan to be secured by a first deed of trust or mortgage on one-unit owner-occupied residential real estate located in the Commonwealth.

"Victim of Chinese drywall" means an individual who suffered financial loss, including a foreclosure or short sale, as a result of such individual's current or former ownership of a single-family residential dwelling in the Commonwealth that incurred physical damage as a result of the use of Chinese drywall in its construction or in the making of repairs thereto.

B. A lender, when considering a request by a victim of Chinese drywall for a real estate loan, shall not make a detrimental decision on such request on the basis of the loan applicant's credit history if, and to the extent that, the individual's credit history has been detrimentally affected by financial loss, including a foreclosure or short sale, that resulted from such individual's current or former ownership of a single-family residential dwelling in the Commonwealth that incurred physical damage as a result of the use of Chinese drywall in its construction or in the making of repairs thereto.

C. Any lender who fails to comply with any requirement of this section shall be liable to the aggrieved victim of Chinese drywall in an amount equal to the sum of any actual damages sustained by the applicant.

INTRODUCED

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