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HOUSE BILL NO. 570

Offered January 10, 2018

Prefiled January 8, 2018

A BILL to amend and reenact § 55-525.19 of the Code of Virginia, relating to persons acting as settlement agents; list of approved settlement agents; presumption of competency; notice prior to removal from list.

Patron—Gooditis

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:**1. That § 55-525.19 of the Code of Virginia is amended and reenacted as follows:****§ 55-525.19. Persons who may act as a settlement agent.**

A. A person shall not act in the capacity of a settlement agent, and a lender, seller, purchaser or borrower may not contract with any person to act in the capacity of a settlement agent, with respect to real estate settlements in the Commonwealth unless the person has not been convicted of a felony, unless such person has had his civil rights restored by the Governor or been granted a writ of actual innocence, and is either:

1. Licensed as an attorney under Chapter 39 (§ 54.1-3900 et seq.) of Title 54.1;
 2. Licensed as a title insurance company under Title 38.2;
 3. Licensed as a title insurance agent under Title 38.2 and is appointed by a title insurance company licensed in the Commonwealth pursuant to Chapter 18 (§ 38.2-1800 et seq.) of Title 38.2;
 4. Licensed as a real estate broker under Chapter 21 (§ 54.1-2100 et seq.) of Title 54.1;
 5. A financial institution authorized to do business in the Commonwealth under any of the provisions of Title 6.2 or under federal law; or
 6. A subsidiary or affiliate of a financial institution described in subdivision 5.
- Any person described in subdivisions 1 through 6, not acting in the capacity of a settlement agent, shall not be subject to the provisions of this chapter.

B. Notwithstanding any rule of court to the contrary, a settlement agent operating in compliance with the requirements of this chapter or a party to the real estate transaction may provide escrow, closing, or settlement services and receive compensation for such services.

C. Any person described in subdivisions A 1 through 6 that meets the requirements of this chapter shall be presumed to be competent to handle settlements of federally backed mortgages secured by real estate in the Commonwealth, and a lender shall not impose any additional requirement, including requiring the payment of any fee, as a condition on the provision by such a person of escrow, closing, or settlement services in connection with such mortgages.

D. If a lender maintains a list of approved settlement agents, the lender shall include on its list any person described in subdivisions A 1 through 6 that meets the requirements of this chapter. A lender shall not remove such a person from its list of approved settlement agents unless it has given the person and the Commission 21 days' notice in writing of the reasons for the proposed removal. The notice to the person shall be sent by certified mail to the person's last address on the lender's records and shall state with particularity the basis for the contemplated action. Within 14 days of such notice being mailed, the person may file with the Commission a written request for a hearing. The person shall provide the lender with a copy of the request for a hearing. If a hearing is requested, the lender shall not remove the person from its list of approved settlement agents unless the Commission finds that the person's removal from the lender's list is permitted under this chapter. The hearing shall be conducted in accordance with the provisions of Title 12.1.

INTRODUCED

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