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HOUSE BILL NO. 790**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the House Committee for Courts of Justice
on January 31, 2020)

(Patron Prior to Substitute—Delegate Simon)

A *BILL to amend and reenact §§ 8.01-512.4, 34-4, 34-6, 34-14, 34-17, and 34-21 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 1 of Title 34 a section numbered 34-3.2, relating to homestead exemption; bankruptcy exemptions.*

Be it enacted by the General Assembly of Virginia:

1. That §§ 8.01-512.4, 34-4, 34-6, 34-14, 34-17, and 34-21 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Chapter 1 of Title 34 a section numbered 34-3.2 as follows:

§ 8.01-512.4. Notice of exemptions from garnishment and lien.

No summons in garnishment shall be issued or served, nor shall any notice of lien be served on a financial institution pursuant to § 8.01-502.1, unless a notice of exemptions and claim for exemption form are attached. The notice shall contain the following statement:

NOTICE TO JUDGMENT DEBTOR**HOW TO CLAIM EXEMPTIONS FROM GARNISHMENT AND LIEN**

The attached Summons in Garnishment or Notice of Lien has been issued on request of a creditor who holds a judgment against you. The Summons may cause your property or wages to be held or taken to pay the judgment.

The law provides that certain property and wages cannot be taken in garnishment. Such property is said to be exempted. A summary of some of the major exemptions is set forth in the request for hearing form. There is no exemption solely because you are having difficulty paying your debts.

If you claim an exemption, you should (i) fill out the claim for exemption form and (ii) deliver or mail the form to the clerk's office of this court. You have a right to a hearing within seven business days from the date you file your claim with the court. If the creditor is asking that your wages be withheld, the method of computing the amount of wages ~~which~~ *that* are exempt from garnishment by law is indicated on the Summons in Garnishment attached. You do not need to file a claim for exemption to receive this exemption, but if you believe the wrong amount is being withheld you may file a claim for exemption.

On the day of the hearing you should come to court ready to explain why your property is exempted, and you should bring any documents ~~which~~ *that* may help you prove your case. If you do not come to court at the designated time and prove that your property is exempt, you may lose some of your rights.

It may be helpful to you to seek the advice of an attorney in this matter.

REQUEST FOR HEARING-GARNISHMENT/LIEN EXEMPTION CLAIM

I claim that the exemption(s) from garnishment or lien ~~which~~ *that* are checked below apply in this case:

MAJOR EXEMPTIONS UNDER FEDERAL AND STATE LAW

___ 1. Social Security benefits and Supplemental Security Income (SSI) (42 U.S.C. § 407).

___ 2. Veterans' benefits (38 U.S.C. § 5301).

___ 3. Federal civil service retirement benefits (5 U.S.C. § 8346).

___ 4. Annuities to survivors of federal judges (28 U.S.C. § 376(n)).

___ 5. Longshore and Harbor Workers' Compensation Act (33 U.S.C. § 916).

___ 6. Black lung benefits.

Exemptions listed under 1 through 6 above may not be applicable in child support and alimony cases (42 U.S.C. § 659).

___ 7. Seaman's, master's or fisherman's wages, except for child support or spousal support and maintenance (46 U.S.C. § 11109).

___ 8. Unemployment compensation benefits (§ 60.2-600, Code of Virginia). This exemption may not be applicable in child support cases (§ 60.2-608, Code of Virginia).

___ 9. Portions or amounts of wages subject to garnishment (§ 34-29, Code of Virginia).

___ 10. Public assistance payments (§ 63.2-506, Code of Virginia).

___ 11. Homestead exemption of \$5,000, or \$10,000 if the debtor is 65 years of age or older, in cash, *and, in addition, real or personal property used as the principal residence of the householder or the householder's dependents not exceeding \$25,000 in value* (§ 34-4, Code of Virginia). This exemption may not be claimed in certain cases, such as payment of spousal or child support (§ 34-5, Code of Virginia).

___ 12. Property of disabled veterans — additional \$10,000 cash (§ 34-4.1, Code of Virginia).

- 60 — 13. Workers' Compensation benefits (§ 65.2-531, Code of Virginia).
61 — 14. Growing crops (§ 8.01-489, Code of Virginia).
62 — 15. Benefits from group life insurance policies (§ 38.2-3339, Code of Virginia).
63 — 16. Proceeds from industrial sick benefits insurance (§ 38.2-3549, Code of Virginia).
64 — 17. Assignments of certain salary and wages (§ 8.01-525.10, Code of Virginia).
65 — 18. Benefits for victims of crime (§ 19.2-368.12, Code of Virginia).
66 — 19. Preneed funeral trusts (§ 54.1-2823, Code of Virginia).
67 — 20. Certain retirement benefits (§ 34-34, Code of Virginia).
68 — 21. Child support payments (§ 20-108.1, Code of Virginia).
69 — 22. Support for dependent minor children (§ 34-4.2, Code of Virginia). To claim this exemption,
70 the debtor shall attach to the claim for exemption form an affidavit that complies with the requirements
71 of subsection B of § 34-4.2 and two items of proof showing that the debtor is entitled to this exemption.
72 — 23. Other (describe exemption): \$ _____
73 I request a court hearing to decide the validity of my claim. Notice of the hearing should be given
74 me at:

75 _____
76 (address) (telephone no.)
77 The statements made in this request are true to the best of my knowledge and belief.

78 _____
79 (date) (signature of judgment debtor)

80 **§ 34-3.2. Automatic adjustment of exemptions.**

81 *Beginning on July 1, 2023, and every three years thereafter, the dollar amount of the exemptions*
82 *provided in §§ 34-4, 34-4.1, 34-13, and 34-26 shall be adjusted triennially, rounded to the nearest \$25,*
83 *based on the increases over the three full calendar years prior thereto in the United States Average*
84 *Consumer Price Index for all urban consumers (CPI-U) for the South Region as published by the*
85 *Bureau of Labor Statistics of the U.S. Department of Labor. The Virginia Code Commission shall*
86 *publish the updated dollar amounts between January 1 and June 1 of each year in which an adjustment*
87 *pursuant to this section shall occur.*

88 **§ 34-4. Exemption created.**

89 Every householder shall be entitled, in addition to the property or estate exempt under §§ 23.1-707,
90 34-26, 34-27, 34-29, and 64.2-311, to hold exempt from creditor process arising out of a debt, real and
91 personal property, or either, to be selected by the householder, including money and debts due the
92 householder not exceeding \$5,000 in value or, if the householder is 65 years of age or older, not
93 exceeding \$10,000 in value, *and in addition, real or personal property used as the principal residence*
94 *of the householder or the householder's dependents not exceeding \$25,000 in value.* In addition, upon a
95 showing that a householder supports dependents, the householder shall be entitled to hold exempt from
96 creditor process real and personal property, or either, selected by the householder, including money or
97 monetary obligations or liabilities due the householder, not exceeding \$500 in value for each dependent.

98 For the purposes of this section, "dependent" means an individual who derives support primarily
99 from the householder and who does not have assets sufficient to support himself, but in no case shall an
100 individual be the dependent of more than one householder.

101 **§ 34-6. How exemption of real estate secured; form to claim exemption of real property.**

102 In order to secure the benefit of the exemptions of real estate under §§ 34-4 and 34-4.1, the
103 householder, by a writing signed by him and duly admitted to record, to be recorded as deeds are
104 recorded, in the county or city wherein such real estate or any part thereof is located or, if such property
105 is located outside of the Commonwealth, in the county or city in the Commonwealth where the
106 householder resides, shall declare his intention to claim such benefit and select and set apart the real
107 estate to be held by the householder as exempt, and describe the same with reasonable certainty, affixing
108 to the description his cash valuation of the estate so selected and set apart. *However, if such real estate*
109 *is claimed exempt in a case filed under Title 11 of the United States Code, the official Schedule of*
110 *Property Claimed as Exempt filed in the United States Bankruptcy Court claiming such exemptions shall*
111 *be sufficient to set apart such property as exempt.* Equitable as well as legal estates may be so selected
112 and set apart. The following form, or one which is substantially similar, shall be used and shall be
113 sufficient for the writing required by this section:

114 **HOMESTEAD DEED FOR REAL PROPERTY**

115 Name of Householder _____

116 Name of title holder of record (if different) _____

117 Is the householder a disabled veteran entitled to claim the additional exemption under § 34-4.1? _____

118 _____
119 Address of Householder _____

120 Name(s) and age(s) of dependent(s) _____

121 County/city/state in which real property claimed as exempt is located _____

 Description of property claimed as exempt

Value of property described above _____
 Number of homestead deeds that have been filed by the Householder

Exemption amount previously claimed on prior homestead deeds

List the jurisdictions where previous homestead deeds were filed

 _____ (Signature of Householder)
 _____ [ACKNOWLEDGMENT]

Such writing or deed shall not be required to secure any exemption under this Code except those exemptions created by §§ 34-4 and 34-4.1.

§ 34-14. How set apart in personal estate; form to claim exemption of personal property.

Such personal estate selected by the householder ~~and~~ under §§ 34-4, 34-4.1, or § 34-13 shall be set apart in a writing signed by him. He shall, in the writing, designate and describe with reasonable certainty the personal estate so selected and set apart and each parcel or article, affixing to each his cash valuation thereof. Such writing shall be admitted to record, to be recorded as deeds are recorded in the county or city wherein such householder resides. *However, if such personal estate is claimed exempt in a case filed under Title 11 of the United States Code, the official Schedule of Property Claimed as Exempt filed in the United States Bankruptcy Court claiming such exemptions shall be sufficient to set apart such property as exempt.*

The following form, or one which is substantially similar, shall be used and shall be sufficient, when duly admitted to record in the county or city in which the householder resides, to exempt such described personal property from creditor process:

HOMESTEAD DEED FOR PERSONAL PROPERTY

Name of Householder _____

Is the householder a disabled veteran entitled to claim the additional exemption under § 34-4.1?

Address of Householder _____

Name(s) and age(s) of dependent(s) _____

County/city in which householder resides _____

Description of property claimed as exempt and its value

 Number of homestead deeds that have been filed by the Householder

Exemption amount previously claimed on prior homestead deeds

List the jurisdictions where previous homestead deeds were filed

 _____ (Signature of Householder)
 _____ [ACKNOWLEDGMENT]

Such writing or deed shall not be required to secure any exemption under this Code except those exemptions created by §§ 34-4, 34-4.1 and 34-13.

§ 34-17. When exemption may be set apart; garnished wages.

A. The real or personal estate ~~which~~ *that* a householder is entitled to hold as exempt may be set apart at any time before it is subjected by sale under creditor process *or by a trustee in bankruptcy*, or, if such creditor process does not require sale of the property, before it is turned over to the creditor. ~~To claim an exemption in bankruptcy, a householder who (i) files a voluntary petition in bankruptcy or (ii) against whom an involuntary petition in bankruptcy is filed shall set such real or personal property apart on or before the fifth day after the date of the meeting held pursuant to 11 U.S.C. § 341, but not thereafter. A householder who converts a case from Chapters 11, 12, or 13 to Chapter 7 shall set such real or personal property apart on or before the fifth day after the date of the meeting held pursuant to 11 U.S.C. § 341 in the Chapter 7 case, but not thereafter. Nothing in this section shall affect the right of the trustee in bankruptcy, with the approval of the court, to proceed immediately with the sale or other disposition of personal property which the trustee determines to be perishable or particularly susceptible to price deterioration.~~

183 B. A claim of homestead exemption to protect garnished wages may be filed by the debtor after the
184 garnishment summons is served on the employer but prior to or upon the return date of the garnishment
185 summons and shall be considered by the garnishing court.

186 **§ 34-21. When householder's right to exemption is exhausted.**

187 When ~~the maximum~~ *an* amount of property, whether real or personal, or both, has been ~~once~~ set
188 apart to be held by a householder as exempt under § 34-4 ~~or~~ §, 34-4.1, ~~he or~~ 34-13, *such amount* shall
189 ~~not afterwards for a period of eight years from such setting apart be entitled to the exemption of any~~
190 ~~estate other than that so set apart or as otherwise provided by law applied against the maximum amount~~
191 ~~to which the householder is entitled to set apart as exempt under § 34-4, 34-4.1, or 34-13.~~

192 **2. That the Executive Secretary of the Supreme Court of Virginia shall promulgate and update the**
193 **forms necessary to comply with the provisions of the first enactment of this act.**