

## Department of Planning and Budget

### 2020 Fiscal Impact Statement

**1. Bill Number:** HB1548

**House of Origin**    ☐ Introduced    ☒ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Simon

**3. Committee:** General Laws

**4. Title:** Common interest communities; Virginia Condominium Act; termination of condominium; respective interests of unit owners.

**5. Summary:** Changes the respective interests of condominium unit owners upon the termination of a condominium from the fair market value of each owner's unit to the respective share of the proceeds of sale paid to each unit owner. If the method of determining the respective interests of the unit owners in the proceeds of sale or disposition is other than the relative fair market values, then the association shall provide each unit owner with a notice stating the result of that method for his unit and, no later than 30 days after transmission of that notice, any unit owner disputing the interest to be distributed to his unit may require that the association obtain an independent appraisal of the condominium units. If the fair market value of the unit of the objecting unit owner is at least 10 percent more than the amount that the unit owner would have received using the method specified by the vote of the membership, then the association shall adjust the respective interests of the unit owners so that each unit owner's share is based on the relative fair market value for each unit. If the fair market value is less than 10 percent more than the amount that the objecting unit owner would have received using the method specified by vote of the membership, then the method specified by vote of the membership shall be implemented and the objecting unit owner shall receive the distribution less the cost of the appraisal.

Any unit owner acquiring a unit subsequent to approval of a termination agreement but prior to recordation of the termination agreement shall be deemed to have consented to the termination agreement. Upon approval of a termination agreement and until recordation of the termination agreement, a copy of the termination agreement shall be included with the resale certificate. Unless the termination agreement provides otherwise, each unit owner shall satisfy and cause the release of any mortgage, deed of trust, lease, or other lien or encumbrance on his unit at the time required by the termination agreement. If the property that constitutes the condominium is not sold or otherwise disposed of following termination, any liens on a unit shall shift accordingly, and a lien may be enforced only against a unit owner's tenancy in common interest, but the lien shall not encumber the entire property formerly constituting the condominium.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Preliminary. See Item 8.

- 8. Fiscal Implications:** It is anticipated that this bill will not result in a fiscal impact to the Department of Professional and Occupational Regulation.
- 9. Specific Agency or Political Subdivisions Affected:** Department of Professional and Occupational Regulation.
- 10. Technical Amendment Necessary:** No.
- 11. Other Comments:** None.