

LD8722136

HOUSE BILL NO. 2262

Offered January 23, 1995

A BILL to amend and reenact § 54.1-2114 of the Code of Virginia, relating to the Virginia Real Estate Transaction Recovery Fund; recovery by regulants in certain circumstances.

Patron—Brickley

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:**1. That § 54.1-2114 of the Code of Virginia is amended and reenacted as follows:**

§ 54.1-2114. Recovery from fund generally.

A. Whenever any person is awarded a final judgment in any court of competent jurisdiction in the Commonwealth of Virginia against any individual or entity for improper or dishonest conduct as defined in the act, and the improper or dishonest conduct occurred during a period when the individual or entity was a regulant and occurred in connection with a transaction involving the sale, lease, or management of real property by the regulant acting in the capacity of a real estate broker or real estate salesperson and not in the capacity of a principal, or on his own account, the person to whom such judgment was awarded may file a verified claim with the Director for a directive ordering payment from the fund of the amount unpaid upon the judgment, subject to the following conditions:

1. If any action is instituted against a regulant by any person, such person shall serve a copy of the process upon the Board in the manner prescribed by law. Included in such service shall be an affidavit stating all acts constituting improper or dishonest conduct. The provisions of § 8.01-288 shall not be applicable to the service of process required by this subdivision.

2. A copy of any pleading or document filed subsequent to the initial service of process in the action against a regulant shall be provided to the Board. The claimant shall submit such copies to the Board by certified mail, or the equivalent, upon his receipt of the pleading or document.

3. The verified claim shall be filed with the Director no later than six months after the judgment became final.

4. The claimant shall not himself be (i) a regulant or the personal representative of a regulant, except as provided in subsection C, (ii) the personal representative of a regulant, (iii) the spouse or child of the regulant against whom the judgment was awarded, nor the personal representative of such spouse or child, or (iv) (iii) any lending or financial institution nor anyone whose business involves the construction or development of real property.

5. The claimant shall have made an investigation to determine whether or not the judgment debtor is possessed of real or personal property or other assets which are available to be sold or otherwise applied in satisfaction of the judgment and shall file an affidavit that an investigation has been made. Satisfactory evidence of the results of subdivision 6 below shall be submitted with this affidavit.

6. The investigation shall include but shall not be limited to (i) the conducting of debtor interrogatories, and (ii) the investigation of any listings held by the regulant and any commissions due thereby.

7. The investigation shall not have disclosed such real or personal property or other assets available to be so sold or applied, or the investigation shall have disclosed certain of such assets, which shall be described in detail, and the claimant shall have taken all legally available actions and proceedings for such sale or application, and the amount so realized shall have been insufficient to satisfy the judgment, which amount shall be stated together with the balance remaining due on the judgment after the sale or application.

8. If the judgment debtor has filed bankruptcy, the claimant shall file with the proper bankruptcy court a complaint under 11 U.S.C. § 523 (a) and obtain an order determining dischargeability of the debt.

B. The Board shall promptly consider the application, the affidavit and investigation of the claimant administratively and, if the Board finds that there has been compliance with the conditions to which reference is made in this section, the Board shall issue a directive ordering payment to the claimant from the fund the amount unpaid on the judgment, subject to the limitations set forth in § 54.1-2116. The claimant shall be notified in writing of the findings of the Board. The Board's findings shall be considered a "case decision" and judicial review of these findings shall be in accordance with § 9-6.14:16 of the Administrative Process Act (§ 9-6.14:1 et seq.). Notwithstanding any other provision of law, the Board shall have the right to appeal a decision of any court which is contrary to any distribution recommended or authorized by it.

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60 *C. The Board may allow a claim under this article by a regulant or his personal representative if, in*
61 *the opinion of the Board, the regulant did not engage in improper or dishonest conduct in the*
62 *transaction which gave rise to the claim.*