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HOUSE BILL NO. 505

House Amendments in [ ] — February 1, 1996

A BILL to amend and reenact § 6.1-2.13 of the Code of Virginia, relating to the Wet Settlement Act; settlement agent.

Patron—Moore

Referred to Committee on Corporations, Insurance and Banking

Be it enacted by the General Assembly of Virginia:

1. That § 6.1-2.13 of the Code of Virginia is amended and reenacted as follows:

§ 6.1-2.13. Duty of settlement agent.

A. The settlement agent shall cause recordation of the deed, the deed of trust, or mortgage, or other documents required to be recorded and shall cause disbursement of settlement proceeds within two business days of settlement. A settlement agent may not disburse any or all loan funds prior to the recordation of any instrument. Additionally, in any transaction involving the purchase or sale of an interest in residential real property, the settlement agent shall provide notification to the purchaser of the availability of owner's title insurance as required under § 38.2-4616.

B. A settlement agent may maintain funds of the parties to the transaction in one or more interest-bearing accounts at one or more [~~*lenders*~~ *financial institutions*] *, whenever the settlement agent has established and follows recordkeeping, accounting, clerical, and administrative procedures to compute and credit or pay periodically, but no less than quarterly, pro rata to each party the interest on such party's funds less fees, costs or expenses charged by the settlement agent for the recordkeeping, accounting, clerical and administrative procedures associated with computing and crediting or paying such amounts. If a settlement agent is a licensed attorney in Virginia, the settlement agent may dispose of the interest on client funds in accordance with rules promulgated by the Virginia Supreme Court by the authority granted it under § 54.1-3909.*