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HOUSE JOINT RESOLUTION NO. 584

Offered January 20, 1997

Continuing the joint subcommittee examining real estate settlement practices in the Commonwealth.

Patrons—Barlow, Davies, Keating, Moore and Van Yahres

Referred to Committee on Rules

WHEREAS, House Joint Resolution 210 (1996) established a joint subcommittee to study real estate settlement practices within the Commonwealth, with particular emphasis on (i) the types of entities furnishing such services and their practices, (ii) the extent of state regulation of these entities, and (iii) any potential risk to the public or any possible illegalities associated with such entities or practices; and

WHEREAS, in 1996, the joint subcommittee convened several meetings, conducted a public hearing, and received extensive information from a broad range of groups and individuals having an interest in this issue, including Realtors, bankers, real estate attorneys, lay settlement agents, title insurance companies, and citizens of the Commonwealth; and

WHEREAS, there is currently before the Virginia Supreme Court an opinion of the Virginia State Bar Council that conducting a real estate closing constitutes the practice of law, and such opinion could result in the Supreme Court adopting a rule to that effect; and

WHEREAS, the joint subcommittee received at its final 1996 meeting a briefing concerning controlled business relationships between title insurers, lenders, settlement agents and Realtors, an emerging trend in the real estate settlement industry said to influence consumer costs, choices and flexibility; and

WHEREAS, at its final 1996 meeting, the joint subcommittee also reviewed but did not adopt legislative proposals directed at the real estate settlement industry including (i) prohibiting the Supreme Court from adopting a rule restricting real estate settlements to licensed attorneys, and (ii) requiring all persons engaged in conducting real estate settlements as settlement agents to be licensed as attorneys, title insurance companies, title insurance agents, or real estate brokers, and to meet certain standards for insurance, bonding, and auditing; and

WHEREAS, members of the joint subcommittee formally recommended that their work continue in 1997 to permit (i) additional examination of the issues presented by HJR 210 (1996), (ii) monitoring of Virginia Supreme Court activities regarding any proposed unauthorized practice rule affecting real estate settlements, (iii) thorough analyses of legislative proposals before the joint subcommittee in 1996, and (iv) investigation of issues associated with controlled business relationships in the real estate settlement industry; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the study of real estate settlement practices in the Commonwealth be continued. The members duly appointed pursuant to HJR 210 (1996) shall continue to serve; any vacancies shall be filled as provided in such resolution. Staffing shall continue to be provided by the Division of Legislative Services.

All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request.

The direct costs of this study shall not exceed \$5, 250.

The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 1998 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

INTRODUCED

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