

VIRGINIA ACTS OF ASSEMBLY -- 1999 SESSION

CHAPTER 748

An Act to amend and reenact § 22.1-157 of the Code of Virginia, relating to Literary Fund loans.

[H 2379]

Approved March 28, 1999

Be it enacted by the General Assembly of Virginia:

1. That § 22.1-157 of the Code of Virginia is amended and reenacted as follows:

§ 22.1-157. Insurance; required opinion of counsel.

A. The loans made under this chapter, including interest thereon, shall constitute a specific lien on the building and additions thereto for which such loan was made as well as the lots where the buildings are situated; however, in the case of a school board which enters into a long-term lease with an agency of the United States government for land with the intention to use such land for construction of a school, the loan shall constitute a specific lien on only the building and additions thereto. A memorandum of lien shall be duly recorded in the appropriate circuit court. A restriction on the use of the land for public school purposes shall not be deemed to operate as an encumbrance nor shall such a restriction defeat this lien. No recordation tax shall be assessable. For the purposes of this section, "long-term lease" means a lease for a term of twenty-five years or more.

B. The school board shall keep all buildings constructed with funds borrowed from the Literary Fund fully and adequately insured for the benefit of the Literary Fund, and proof of the existence of the policy or policies of insurance shall be obtained by the insured from the insurer in a form satisfactory to the State Superintendent of Public Instruction.

C. The Board shall not disburse any proceeds of any approved loan prior to its receipt of an acceptable opinion of bond counsel obtained by the local governing body as to the validity of the loan and the status under federal income tax laws of the interest on such loan.