

2011 SESSION

INTRODUCED

11104449D

SENATE JOINT RESOLUTION NO. 400

Offered January 25, 2011

Requesting the Bureau of Financial Institutions of the State Corporation Commission to review issues relating to development loan defaults. Report.

Patrons—Stuart and Vogel

Unanimous consent to introduce

Referred to Committee on Rules

WHEREAS, the real estate development community is concerned that certain practices by lenders are impeding the conduct of their business and unnecessarily subjecting borrowers to liability for deficiencies following foreclosure sales; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Bureau of Financial Institutions of the State Corporation Commission be requested to review issues relating to development loan defaults.

In conducting its review, the Bureau shall convene members of the financial services, homebuilding, and commercial development industries to review whether loans on development projects are being called as a result of a reduction in the debt to value ratio or the debt to equity ratio, or both, with respect to the borrower's property; to determine whether banks in the Commonwealth are being required or encouraged to call such loans under federal regulations or as a condition of participation in federal programs such as the Troubled Asset Relief Program; and to determine whether changes in Virginia law, including law limiting amounts collectable through deficiency judgments, would insulate solvent borrowers from adverse action on their loans without jeopardizing the ability of banks in Virginia to participate in federal programs or comply with federal regulations.

The Bureau shall submit to the Chairmen of the Committees on Commerce and Labor of the Senate and the House of Delegates a report of its findings and recommendations by October 31, 2011.

INTRODUCED

SJ400