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**HOUSE BILL NO. 635****AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the House Committee for Courts of Justice  
on January 30, 2012)

(Patron Prior to Substitute—Delegate Iaquinto)

*A BILL to amend and reenact § 20-107.3 of the Code of Virginia, relating to equitable distribution; change of venue.***Be it enacted by the General Assembly of Virginia:****1. That § 20-107.3 of the Code of Virginia is amended and reenacted as follows:**

§ 20-107.3. Court may decree as to property and debts of the parties.

A. Upon decreeing the dissolution of a marriage, and also upon decreeing a divorce from the bond of matrimony, or upon the filing with the court as provided in subsection J of a certified copy of a final divorce decree obtained without the Commonwealth, the court, upon request of either party, (i) shall determine the legal title as between the parties, and the ownership and value of all property, real or personal, tangible or intangible, of the parties and shall consider which of such property is separate property, which is marital property, and which is part separate and part marital property in accordance with subdivision A 3 and (ii) shall determine the nature of all debts of the parties, or either of them, and shall consider which of such debts is separate debt and which is marital debt. The court shall determine the value of any such property as of the date of the evidentiary hearing on the evaluation issue. The court shall determine the amount of any such debt as of the date of the last separation of the parties, if at such time or thereafter at least one of the parties intends that the separation be permanent, and the extent to which such debt has increased or decreased from the date of separation until the date of the evidentiary hearing. Upon motion of either party made no less than 21 days before the evidentiary hearing the court may, for good cause shown, in order to attain the ends of justice, order that a different valuation date be used. The court, on the motion of either party, may retain jurisdiction in the final decree of divorce to adjudicate the remedy provided by this section when the court determines that such action is clearly necessary, and all decrees heretofore entered retaining such jurisdiction are validated.

1. Separate property is (i) all property, real and personal, acquired by either party before the marriage; (ii) all property acquired during the marriage by bequest, devise, descent, survivorship or gift from a source other than the other party; (iii) all property acquired during the marriage in exchange for or from the proceeds of sale of separate property, provided that such property acquired during the marriage is maintained as separate property; and (iv) that part of any property classified as separate pursuant to subdivision A 3. Income received from separate property during the marriage is separate property if not attributable to the personal effort of either party. The increase in value of separate property during the marriage is separate property, unless marital property or the personal efforts of either party have contributed to such increases and then only to the extent of the increases in value attributable to such contributions. The personal efforts of either party must be significant and result in substantial appreciation of the separate property if any increase in value attributable thereto is to be considered marital property.

2. Marital property is (i) all property titled in the names of both parties, whether as joint tenants, tenants by the entirety or otherwise, except as provided by subdivision A 3, (ii) that part of any property classified as marital pursuant to subdivision A 3, or (iii) all other property acquired by each party during the marriage which is not separate property as defined above. All property including that portion of pensions, profit-sharing or deferred compensation or retirement plans of whatever nature, acquired by either spouse during the marriage, and before the last separation of the parties, if at such time or thereafter at least one of the parties intends that the separation be permanent, is presumed to be marital property in the absence of satisfactory evidence that it is separate property. For purposes of this section marital property is presumed to be jointly owned unless there is a deed, title or other clear indicia that it is not jointly owned.

3. The court shall classify property as part marital property and part separate property as follows:

a. In the case of income received from separate property during the marriage, such income shall be marital property only to the extent it is attributable to the personal efforts of either party. In the case of the increase in value of separate property during the marriage, such increase in value shall be marital property only to the extent that marital property or the personal efforts of either party have contributed to such increases, provided that any such personal efforts must be significant and result in substantial appreciation of the separate property.

For purposes of this subdivision, the nonowning spouse shall bear the burden of proving that (i) contributions of marital property or personal effort were made and (ii) the separate property increased in value. Once this burden of proof is met, the owning spouse shall bear the burden of proving that the

60 increase in value or some portion thereof was not caused by contributions of marital property or  
61 personal effort.

62 "Personal effort" of a party shall be deemed to be labor, effort, inventiveness, physical or intellectual  
63 skill, creativity, or managerial, promotional or marketing activity applied directly to the separate property  
64 of either party.

65 b. In the case of any pension, profit-sharing, or deferred compensation plan or retirement benefit, the  
66 marital share as defined in subsection G shall be marital property.

67 c. In the case of any personal injury or workers' compensation recovery of either party, the marital  
68 share as defined in subsection H of this section shall be marital property.

69 d. When marital property and separate property are commingled by contributing one category of  
70 property to another, resulting in the loss of identity of the contributed property, the classification of the  
71 contributed property shall be transmuted to the category of property receiving the contribution. However,  
72 to the extent the contributed property is retraceable by a preponderance of the evidence and was not a  
73 gift, such contributed property shall retain its original classification.

74 e. When marital property and separate property are commingled into newly acquired property  
75 resulting in the loss of identity of the contributing properties, the commingled property shall be deemed  
76 transmuted to marital property. However, to the extent the contributed property is retraceable by a  
77 preponderance of the evidence and was not a gift, the contributed property shall retain its original  
78 classification.

79 f. When separate property is retitled in the joint names of the parties, the retitled property shall be  
80 deemed transmuted to marital property. However, to the extent the property is retraceable by a  
81 preponderance of the evidence and was not a gift, the retitled property shall retain its original  
82 classification.

83 g. When the separate property of one party is commingled into the separate property of the other  
84 party, or the separate property of each party is commingled into newly acquired property, to the extent  
85 the contributed property is retraceable by a preponderance of the evidence and was not a gift, each party  
86 shall be reimbursed the value of the contributed property in any award made pursuant to this section.

87 h. Subdivisions A 3 d, e and f of this section shall apply to jointly owned property. No presumption  
88 of gift shall arise under this section where (i) separate property is commingled with jointly owned  
89 property; (ii) newly acquired property is conveyed into joint ownership; or (iii) existing property is  
90 conveyed or retitled into joint ownership. For purposes of this subdivision A 3, property is jointly  
91 owned when it is titled in the name of both parties, whether as joint tenants, tenants by the entireties, or  
92 otherwise.

93 4. Separate debt is (i) all debt incurred by either party before the marriage, (ii) all debt incurred by  
94 either party after the date of the last separation of the parties, if at such time or thereafter at least one of  
95 the parties intends that the separation be permanent, and (iii) that part of any debt classified as separate  
96 pursuant to subdivision A 5. However, to the extent that a party can show by a preponderance of the  
97 evidence that the debt was incurred for the benefit of the marriage or family, the court may designate  
98 the debt as marital.

99 5. Marital debt is (i) all debt incurred in the joint names of the parties before the date of the last  
100 separation of the parties, if at such time or thereafter at least one of the parties intends that the  
101 separation be permanent, whether incurred before or after the date of the marriage, and (ii) all debt  
102 incurred in either party's name after the date of the marriage and before the date of the last separation of  
103 the parties, if at such time or thereafter at least one of the parties intends that the separation be  
104 permanent. However, to the extent that a party can show by a preponderance of the evidence that the  
105 debt, or a portion thereof, was incurred, or the proceeds secured by incurring the debt were used, in  
106 whole or in part, for a nonmarital purpose, the court may designate the entire debt as separate or a  
107 portion of the debt as marital and a portion of the debt as separate.

108 B. For the purposes of this section only, both parties shall be deemed to have rights and interests in  
109 the marital property. However, such interests and rights shall not attach to the legal title of such  
110 property and are only to be used as a consideration in determining a monetary award, if any, as  
111 provided in this section.

112 C. Except as provided in subsection G, the court shall have no authority to order the division or  
113 transfer of separate property or marital property, or separate or marital debt, which is not jointly owned  
114 or owed. The court may, based upon the factors listed in subsection E, divide or transfer or order the  
115 division or transfer, or both, of jointly owned marital property, jointly owed marital debt, or any part  
116 thereof. The court shall also have the authority to apportion and order the payment of the debts of the  
117 parties, or either of them, that are incurred prior to the dissolution of the marriage, based upon the  
118 factors listed in subsection E.

119 As a means of dividing or transferring the jointly owned marital property, the court may transfer or  
120 order the transfer of real or personal property or any interest therein to one of the parties, permit either  
121 party to purchase the interest of the other and direct the allocation of the proceeds, provided the party

122 purchasing the interest of the other agrees to assume any indebtedness secured by the property, or order  
 123 its sale by private sale by the parties, through such agent as the court shall direct, or by public sale as  
 124 the court shall direct without the necessity for partition. All decrees entered prior to July 1, 1991, which  
 125 are final and not subject to further proceedings on appeal as of that date, which divide or transfer or  
 126 order the division or transfer of property directly between the parties are hereby validated and deemed  
 127 self-executing. All orders or decrees which divide or transfer or order division or transfer of real  
 128 property between the parties shall be recorded and indexed in the names of the parties in the appropriate  
 129 grantor and grantee indexes in the land records in the clerk's office of the circuit court of the county or  
 130 city in which the property is located.

131 D. In addition, based upon (i) the equities and the rights and interests of each party in the marital  
 132 property, and (ii) the factors listed in subsection E, the court has the power to grant a monetary award,  
 133 payable either in a lump sum or over a period of time in fixed amounts, to either party. The party  
 134 against whom a monetary award is made may satisfy the award, in whole or in part, by conveyance of  
 135 property, subject to the approval of the court. An award entered pursuant to this subsection shall  
 136 constitute a judgment within the meaning of § 8.01-426 and shall not be docketed by the clerk unless  
 137 the decree so directs. An award entered pursuant to this subsection may be enforceable in the same  
 138 manner as any other money judgment. The provisions of § 8.01-382, relating to interest on judgments,  
 139 shall apply unless the court orders otherwise.

140 Any marital property, which has been considered or ordered transferred in granting the monetary  
 141 award under this section, shall not thereafter be the subject of a suit between the same parties to transfer  
 142 title or possession of such property.

143 E. The amount of any division or transfer of jointly owned marital property, and the amount of any  
 144 monetary award, the apportionment of marital debts, and the method of payment shall be determined by  
 145 the court after consideration of the following factors:

- 146 1. The contributions, monetary and nonmonetary, of each party to the well-being of the family;
- 147 2. The contributions, monetary and nonmonetary, of each party in the acquisition and care and  
 148 maintenance of such marital property of the parties;
- 149 3. The duration of the marriage;
- 150 4. The ages and physical and mental condition of the parties;
- 151 5. The circumstances and factors which contributed to the dissolution of the marriage, specifically  
 152 including any ground for divorce under the provisions of subdivisions (1), (3) or (6) of § 20-91 or  
 153 § 20-95;
- 154 6. How and when specific items of such marital property were acquired;
- 155 7. The debts and liabilities of each spouse, the basis for such debts and liabilities, and the property  
 156 which may serve as security for such debts and liabilities;
- 157 8. The liquid or nonliquid character of all marital property;
- 158 9. The tax consequences to each party;
- 159 10. The use or expenditure of marital property by either of the parties for a nonmarital separate  
 160 purpose or the dissipation of such funds, when such was done in anticipation of divorce or separation or  
 161 after the last separation of the parties; and
- 162 11. Such other factors as the court deems necessary or appropriate to consider in order to arrive at a  
 163 fair and equitable monetary award.

164 F. The court shall determine the amount of any such monetary award without regard to maintenance  
 165 and support awarded for either party or support for the minor children of both parties and shall, after or  
 166 at the time of such determination and upon motion of either party, consider whether an order for support  
 167 and maintenance of a spouse or children shall be entered or, if previously entered, whether such order  
 168 shall be modified or vacated.

169 G. In addition to the monetary award made pursuant to subsection D, and upon consideration of the  
 170 factors set forth in subsection E:

- 171 1. The court may direct payment of a percentage of the marital share of any pension, profit-sharing  
 172 or deferred compensation plan or retirement benefits, whether vested or nonvested, which constitutes  
 173 marital property and whether payable in a lump sum or over a period of time. The court may order  
 174 direct payment of such percentage of the marital share by direct assignment to a party from the  
 175 employer trustee, plan administrator or other holder of the benefits. However, the court shall only direct  
 176 that payment be made as such benefits are payable. No such payment shall exceed 50 percent of the  
 177 marital share of the cash benefits actually received by the party against whom such award is made.  
 178 "Marital share" means that portion of the total interest, the right to which was earned during the  
 179 marriage and before the last separation of the parties, if at such time or thereafter at least one of the  
 180 parties intended that the separation be permanent.

- 181 2. To the extent permitted by federal or other applicable law, the court may order a party to  
 182 designate a spouse or former spouse as irrevocable beneficiary during the lifetime of the beneficiary of

183 all or a portion of any survivor benefit or annuity plan of whatsoever nature, but not to include a life  
184 insurance policy. The court, in its discretion, shall determine as between the parties, who shall bear the  
185 costs of maintaining such plan.

186 H. In addition to the monetary award made pursuant to subsection D, and upon consideration of the  
187 factors set forth in subsection E, the court may direct payment of a percentage of the marital share of  
188 any personal injury or workers' compensation recovery of either party, whether such recovery is payable  
189 in a lump sum or over a period of time. However, the court shall only direct that payment be made as  
190 such recovery is payable, whether by settlement, jury award, court award, or otherwise. "Marital share"  
191 means that part of the total personal injury or workers' compensation recovery attributable to lost wages  
192 or medical expenses to the extent not covered by health insurance accruing during the marriage and  
193 before the last separation of the parties, if at such time or thereafter at least one of the parties intended  
194 that the separation be permanent.

195 I. Nothing in this section shall be construed to prevent the affirmation, ratification and incorporation  
196 in a decree of an agreement between the parties pursuant to §§ 20-109 and 20-109.1. Agreements,  
197 otherwise valid as contracts, entered into between spouses prior to the marriage shall be recognized and  
198 enforceable.

199 J. A court of proper jurisdiction under § 20-96 may exercise the powers conferred by this section  
200 after a court of a foreign jurisdiction has decreed a dissolution of a marriage or a divorce from the bond  
201 of matrimony, if (i) one of the parties was domiciled in this Commonwealth when the foreign  
202 proceedings were commenced, (ii) the foreign court did not have personal jurisdiction over the party  
203 domiciled in the Commonwealth, (iii) the proceeding is initiated within two years of receipt of notice of  
204 the foreign decree by the party domiciled in the Commonwealth, and (iv) the court obtains personal  
205 jurisdiction over the parties pursuant to subdivision A 9 of § 8.01-328.1, or in any other manner  
206 permitted by law.

207 K. The court shall have the continuing authority and jurisdiction to make any additional orders  
208 necessary to effectuate and enforce any order entered pursuant to this section, including the authority to:

209 1. Order a date certain for transfer or division of any jointly owned property under subsection C or  
210 payment of any monetary award under subsection D;

211 2. Punish as contempt of court any willful failure of a party to comply with the provisions of any  
212 order made by the court under this section;

213 3. Appoint a special commissioner to transfer any property under subsection C where a party refuses  
214 to comply with the order of the court to transfer such property; and

215 4. Modify any order entered in a case filed on or after July 1, 1982, intended to affect or divide any  
216 pension, profit-sharing or deferred compensation plan or retirement benefits pursuant to the United States  
217 Internal Revenue Code or other applicable federal laws, only for the purpose of establishing or  
218 maintaining the order as a qualified domestic relations order or to revise or conform its terms so as to  
219 effectuate the expressed intent of the order.

220 L. *If it appears upon or after the entry of a final decree of divorce from the bond of matrimony that*  
221 *neither party resides in the city or county of the circuit court that entered the decree, the court may, on*  
222 *the motion of any party or on its own motion, transfer to the circuit court for the city or county where*  
223 *either party resides the authority to make additional orders pursuant to subsection K or to carry out or*  
224 *enforce any stipulation, contract, or agreement between the parties that has been affirmed, ratified, and*  
225 *incorporated by reference pursuant to § 20-109.1.*