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HOUSE BILL NO. 665

FLOOR AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by Senator Williams
on March 11, 1998)

(Patron Prior to Substitute—Delegate Deeds)

A BILL to amend and reenact §§ 8.01-424, 26-12, 26-15, 26-20.1, 26-24, 55-59.4, 64.1-134 and 64.1-135 of the Code of Virginia and to repeal § 64.1-133 of the Code of Virginia, relating to trusts and estates; commissioners of accounts; clerks.

Be it enacted by the General Assembly of Virginia:

1. That §§ 8.01-424, 26-12, 26-15, 26-20.1, 26-24, 55-59.4, 64.1-134 and 64.1-135 of the Code of Virginia are amended and reenacted, as follows:

§ 8.01-424. Approval of compromises on behalf of persons under a disability in suits or actions to which they are parties.

A. In any action or suit wherein a person under a disability is a party, the court in which the matter is pending shall have the power to approve and confirm a compromise of the matters in controversy on behalf of such party, including claims under the provisions of any liability insurance policy, if such compromise is deemed to be to the interest of the party. Any order or decree approving and confirming the compromise shall be binding upon such party, except that the same may be set aside for fraud.

B. In case of damage to the person or property of a person under a disability, caused by the wrongful act, neglect or default of any person, when death did not ensue therefrom, any person or insurer interested in compromise of any claim for such damages, including any claim under the provisions of any liability insurance policy, may, upon motion to the court in which the action is pending for the recovery of damages on account of such injury, or if no such action is pending, then to any circuit court, move the court to approve the compromise. The court shall require the movant to give reasonable notice of such motion to all parties and to any person found by the court to be interested in the compromise.

C. A compromise action involving a claim for wrongful death shall be in accordance with the applicable provisions of § 8.01-55. Nothing in this section shall be construed to affect the provisions of § 8.01-76.

D. In any compromise action the court shall direct the payment of the proceeds of the compromise agreement, when approved, as follows:

1. Payment of the sum into court as provided by § 8.01-600 or to the general receiver of such court;
2. To a duly qualified fiduciary of the person under a disability, after due inquiry as to the adequacy of the bond of such fiduciary;
3. As provided in § 8.01-606; or
4. Where the agreement of settlement provides for payments to be made over a period of time in the future, whether such payments are lump sum, periodic, or a combination of both, the court shall approve the settlement only if it finds that all payments which are due to be made are (i) secured by a bond issued by an insurance company authorized to write such bonds in this Commonwealth or (ii) to be made by an insurance company or companies authorized to do business in this Commonwealth and which is rated "A plus" (A+) by Best's Insurance Reports. Payments made under this subdivision totaling not more than \$4,000 in any calendar year may be paid in accordance with § 8.01-606. Payments made under this subdivision, totaling more than \$4,000 in any calendar year while the recipient is under a disability, shall be paid to a duly qualified fiduciary after due inquiry as to adequacy of the bond of such fiduciary.

E. Payments made under this section, in the case of damage to the person or property of a minor, may be made payable in the discretion of the court to the parent or guardian of the minor to be held in trust for the benefit of the minor. Any such trust shall be subject to court approval and the court may provide for the termination of such trust at any time following attainment of majority which the court deems to be in the best interest of the minor. *In an order authorizing the trust or additions to an existing trust, the court may order that the trustee thereof be subject to the same duty to qualify in the clerk's office and to file an inventory and annual accountings with the commissioner of accounts as would apply to a testamentary trustee.*

§ 26-12. Inventories to be filed with commissioners.

A. Every personal representative or curator shall, within four months after the date of the order conferring his authority, return to the commissioner of accounts an inventory of all the personal estate under his supervision and control, the decedent's interest in any multiple party account in any financial institution, all real estate over which he has the power of sale and any other real estate that is an asset of the decedent's estate, whether or not situated in the Commonwealth. Every personal representative or

60 curator shall also return to the commissioner an inventory of any such assets discovered thereafter as
61 provided in subsection ~~D~~ E.

62 B. Every guardian of an estate, conservator or committee shall, within four months after the date of
63 the order conferring his authority, return to the commissioner of accounts an inventory of the ward's
64 personal estate which is under his supervision and control, the ward's real estate, the ward's legal or
65 equitable ownership interest in any real or personal property that will pass to another at the ward's death
66 by a means other than testate or intestate succession, and any periodic payments of money to which the
67 ward is entitled. Every guardian of an estate, conservator or committee shall also return to the
68 commissioner an inventory of any such assets discovered thereafter as provided in subsection ~~D~~ E.

69 C. *Every trustee who qualifies in the clerk's office shall, within four months after the first date that*
70 *any assets are received, return to the commissioner of accounts an inventory of the real and personal*
71 *estate which is under the trustee's supervision and control. Every such trustee shall also return to the*
72 *commissioner an inventory of any such assets received thereafter as provided in subsection E.*

73 D. In listing property pursuant to subsection A ~~or~~, B or C, the fiduciary shall place the market value
74 on each item ~~unless appraisers are appointed under § 64.1-133, in which case such appraised values shall~~
75 ~~be used.~~ The market value shall be determined as of the date of death if a decedent's estate, ~~and if not, ;~~
76 ~~the date assets are received by the trustee if a trust; or as of the date of qualification in all other cases.~~
77 Any reasonable expense incurred in determining such values shall be allowable as a cost of the
78 administration of the estate.

79 ~~D. E.~~ In the case of assets discovered *or received* by a fiduciary after filing an inventory, the further
80 inventory required by subsections A ~~and~~, B ~~and~~ C may be made by filing an amended inventory
81 showing all assets of the estate *or trust*, by filing an additional inventory showing only the
82 after-discovered assets or, with the permission of the commissioner of accounts, by showing the
83 after-discovered assets on the estate's *or trust's* next regular accounting. The filing shall be made or the
84 permission granted within four months after the discovery *or receipt* of the assets.

85 § 26-15. Accounts of sales under deeds of trust, etc.

86 Within six months after the date of a sale made under any recorded deed of trust, mortgage or
87 assignment for benefit of creditors, otherwise than under a decree, the trustee shall return an account of
88 sale to the commissioner of accounts of the court wherein the instrument was first recorded. *Promptly*
89 *after recording any trustee's deed, the trustee shall deliver to the commissioner of accounts a copy of*
90 *the deed.* The date of sale is the date specified in the notice of sale, or any postponement thereof, as
91 required by subsection A of § 55-59.1. The commissioner shall state, settle and report to the court an
92 account of the transactions of such trustee, and the same shall be recorded as other fiduciary reports.
93 Any trustee failing to comply with this section shall forfeit his commissions on such sale, unless such
94 commissions are allowed by the court.

95 If the commissioner of accounts of the court wherein an instrument was first recorded becomes
96 aware that an account as required by this section has not been filed, the commissioner and the court
97 shall proceed against the trustee in like manner and impose like penalties as set forth in § 26-13, unless
98 such trustee is excused for sufficient reason. If after a deed of trust is given on land lying in a county,
99 and before sale thereunder, the land is taken within the limits of the incorporated city, the returns of the
100 trustee and settlement of his accounts shall be before the commissioner of accounts of such city.

101 § 26-20.1. Statement in lieu of settlement of accounts by personal representative or representatives in
102 certain circumstances.

103 If all distributees of a decedent's estate or all residuary beneficiaries under a decedent's will are
104 personal representatives of that decedent's estate, whether serving alone or with one or more others who
105 are not distributees or residuary beneficiaries, the personal representatives may, in lieu of the settlement
106 of accounts required by § 26-17.5, file with the commissioner of accounts a statement under oath that all
107 known charges against the estate have been paid, and that after the time required by law, the residue of
108 the estate has been delivered to the distributees or beneficiaries. In the case of a residuary beneficiary,
109 the statement shall ~~be~~ *include an itemized listing, substantiated and* accompanied by proper vouchers
110 showing satisfaction of all other bequests in the will. The statement shall be considered an account
111 stated and subject to all the provisions of this chapter applicable to accounts stated. If the statement
112 required by this section cannot be filed with the commissioner within the time prescribed by § 26-17.5,
113 the personal representatives, within that time, shall provide either an interim account or a written notice
114 under oath to the commissioner, that a statement in lieu of the settlement of accounts will be filed when
115 all requisites of this section have been met. Second and subsequent notices of intent to file shall be filed
116 annually until the statement in lieu of the settlement of accounts is filed. The filing of an interim
117 account shall not preclude the filing of a subsequent statement. For examining and approving a
118 statement and vouchers under the provisions of this section, the commissioner shall be allowed a fee not
119 to exceed seventy-five dollars.

120 § 26-24. (Effective July 1, 1998) Fees of commissioners of accounts.

121 Except as otherwise provided, the fees of commissioners of accounts shall be prescribed by the court

which appointed them. *Each commissioner of accounts shall report to the clerk of the circuit court on February 1 of each year the gross amount of his fees for the previous calendar year and may also report at such time his expenses incurred in the generation of such fees. The report shall be available for public inspection at the office of the clerk.*

§ 55-59.4. Powers and duties of trustee in event of sale under or satisfaction of deed of trust.

A. In the event of sale under a deed of trust, the trustee shall have the following powers and duties in addition to all others:

1. Written one-price bids may be made and shall be received by the trustee from the beneficiary or any other person for entry by announcement of the trustee at the sale. Any person other than the trustee may bid at the foreclosure sale, including a person who has submitted a written one-price bid. Upon request to the trustee or trustees, any other bidder in attendance at a foreclosure sale shall be permitted to inspect written bids. Whenever the written bid of the beneficiary is the highest bid submitted at the sale, such document shall be filed by the trustee with his account of sale required under § 26-15. The written bid submitted pursuant to this subsection may be prepared by the beneficiary, its agent or attorney.

2. The trustee may require of any bidder at any sale a cash deposit of as much as ten per centum of the sale price (unless the deed of trust specifies a higher or lower maximum, which may be done by the words "bidder's deposit of not more than dollars may be required," or words of like purport), before his bid is received, which shall be refunded to the bidder unless the property is sold to him, otherwise to be applied to his credit in settlement or, should he fail to complete his purchase promptly, to be applied to pay the costs and expense of sale and the balance, if any, to be retained by the trustee as his compensation in connection with that sale.

3. The trustee shall receive and receipt for the proceeds of sale, no purchaser being required to see to the application of the proceeds, account for the same to the commissioner of accounts pursuant to § 26-15 and apply the same, first, to discharge the expenses of executing the trust, including a reasonable commission to the trustee; secondly, to discharge all taxes, levies, and assessment, with costs and interest if they have priority over the lien of the deed of trust, including the due pro rata thereof for the current year; thirdly, to discharge in the order of their priority, if any, the remaining debts and obligations secured by the deed, and any liens of record inferior to the deed of trust under which sale is made, with lawful interest; and, fourthly, the residue of the proceeds shall be paid to the grantor or his assigns; provided, however, that the trustee as to such residue shall not be bound by any inheritance, devise, conveyance, assignment or lien of or upon the grantor's equity, without actual notice thereof prior to distribution; provided further that such order of priorities shall not be changed or varied by the deed of trust. *The trustee's deed shall show the trustee's mailing address.*

B. Upon discharge (other than by sale by the trustee) of all debts, duties and obligations imposed by the deed upon the grantor, including any expenses incurred preparatory to sale, then upon the grantor's request the trustee shall execute and deliver a good and sufficient deed of release at the grantor's own proper costs and charges.

§ 64.1-134. List of heirs.

Every (i) personal representative of a decedent, whether such decedent died testate or intestate, at the time of his qualification, and (ii) proponent of a will where there is no qualification of a personal representative, when the will is presented for probate, shall furnish the court or clerk ~~before which or before whom~~ where he qualifies and the clerk of the circuit court of ~~any~~ the city or county wherein deeds are recorded, in which the decedent died seized of any ~~where~~ real estate that is an asset of the decedent's estate is located, a list containing his name, with his post-office and street address, if any, and:

(1) The names and, as far as possible, the ages and addresses of the heirs of his decedent, if intestate; or, if his decedent died testate, the names, ages and addresses of those persons who would have been the decedent's heirs had he died intestate; and

(2) The degree of kinship of each to the decedent, accompanied by affidavit that he has made diligent inquiry as to such names, ages and addresses and that he believes such list to be true and ~~correct~~ of heirs under oath in accordance with a form provided to each clerk of court by the Office of the Executive Secretary of the Supreme Court or a computer-generated facsimile thereof.

If there has been no qualification of a personal representative within thirty days following death, a list of heirs, made under oath in accordance with the form provided to each clerk or a computer generated facsimile, may be filed by any heir at law of a decedent who died intestate.

~~Any list of heirs filed pursuant to this section shall be made under oath.~~

The clerk shall record such list in the will book and index in the name of the decedent as grantor and the heirs as grantees. Such list so made and recorded shall be prima facie evidence of the facts therein stated. The cost of recording such list shall be deemed a part of the cost of administration and be paid out of the estate of the decedent. Such personal representative shall not receive any

183 compensation for his services until such list is filed unless he files an affidavit before the commissioner
184 of accounts that the heirs are unknown to him and that after diligent inquiry he has been unable to
185 ascertain their names, ages or addresses, as the case may be.

186 § 64.1-135. Affidavit relating to real estate of intestate decedent.

187 Upon the death intestate of a person owning real estate, any person having an interest therein,
188 including a personal representative ~~if a qualification be had~~ *who has qualified*, may execute an affidavit,
189 on a form provided ~~by the clerk of the court to each clerk of court by the Office of the Executive~~
190 *Secretary of the Supreme Court or a computer-generated facsimile thereof*, setting forth briefly (1) the
191 real estate owned by the decedent at the time of his death situated within the city or county where such
192 affidavit is to be recorded; (2) the intestacy and (3) the names and last known addresses of the heirs at
193 law. The clerk of the court of the county or city in which deeds are admitted to record and in which
194 such real estate or any part thereof is located, shall, upon the payment of the fees provided by law,
195 record and index the same as wills are recorded and indexed.

196 The clerk of the court of the county or city where such affidavit is recorded shall transmit an abstract
197 of said affidavit to the commissioner of the revenue of said county or city as in the case of deeds
198 conveying real estate. Upon receipt thereof by said commissioner, such real estate may be transferred
199 upon the land books and assessed in accordance therewith.

200 **2. That § 64.1-133 of the Code of Virginia is repealed.**