

Department of Planning and Budget

2022 Fiscal Impact Statement

1. Bill Number: HB281

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Coyner

3. Committee: Commerce and Energy

4. Title: Real property; title insurance and duty to disclose ownership interest and lis pendens.

5. Summary: Provides that a real estate licensee has an affirmative duty, upon having substantive discussions about specific real property, to disclose in writing to the purchaser, seller, lessor, or lessee if he, any member of his family, his firm, any member of his firm, or any entity in which he has an ownership interest has or will have an ownership interest to the other parties to the transaction. The bill requires a settlement agent, in connection with any transaction involving the purchase or sale of an interest in residential real property, to obtain from the purchaser a statement in writing that he has been notified by the settlement agent that the purchaser may wish to obtain owner's title insurance coverage including affirmative mechanics' lien coverage, if available, and of the general nature of such insurance coverage in accordance with the standards of the American Land Title Association, and that the purchaser does or does not desire such coverage or desires coverage not consistent with the standards of the American Land Title Association. The bill requires such written notification to substantially comply with language provided in the bill. The bill requires that an owner of residential dwelling unit who has actual knowledge of a lis pendens filed against the dwelling unit to provide to a prospective purchaser a written disclosure of such fact to the purchaser on a form provided by the Real Estate Board on its website.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Preliminary. See item 8.

8. Fiscal Implications: It is anticipated that this bill will not have a fiscal impact on the Department of Occupational and Professional Regulation. The State Corporation Commission expects that any additional work resulting from this bill can be absorbed with current position and funding levels.

9. Specific Agency or Political Subdivisions Affected: Department of Occupational and Professional Regulation, State Corporation Commission.

10. Technical Amendment Necessary: No

11. Other Comments: None