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HOUSE BILL NO. 1415  
AMENDMENT IN THE NATURE OF A SUBSTITUTE  
(Proposed by the House Committee on General Laws  
on \_\_\_\_\_)  
(Patron Prior to Substitute—Delegate Schmidt)

*A BILL to amend and reenact §§ 36-55.33:1 and 55.1-1203 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 36-55.33:3 and by adding in Chapter 5 of Title 38.2 a section numbered 38.2-519, relating to Virginia Housing Development Authority; homeowner's insurance; Virginia Residential Landlord and Tenant Act; certain pets.*

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 36-55.33:1 and 55.1-1203 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 36-55.33:3 and by adding in Chapter 5 of Title 38.2 a section numbered 38.2-519 as follows:**

**§ 36-55.33:1. Mortgage loan terms and conditions.**

A. All mortgage loans made by HDA pursuant to § 36-55.31 of this chapter shall be subject to the following terms and conditions:

1. The ratio of mortgage loan principal amount to total housing development costs and the amortization period of any mortgage loans made by HDA which are federally insured mortgages, in whole or in part, or which are otherwise assisted or aided, directly or indirectly, by the federal government, shall be governed by the rules and regulations provided in or pursuant to the federal government program under which the HDA mortgage loan or part thereof is insured, guaranteed, assisted or aided; but in no event shall such amortization period exceed 50 years.

2. A mortgage loan made by HDA may be prepaid to maturity after a period of years, and on such terms and conditions, as are determined by HDA in its rules and regulations or in the HDA resolution authorizing, or commitment for, such mortgage loan.

3. HDA shall have authority to establish and modify from time to time the interest rates at which it shall make mortgage loans and commitments therefor. Such interest rates shall be established by HDA in its sole discretion at the lowest level consistent with HDA's cost of operation and its responsibilities to the holders of its bonds, bond anticipation notes and other obligations. In addition to such interest charges, HDA may make and collect such fees and charges, including but not limited to reimbursement of HDA's financing costs, service charges, insurance premiums and mortgage insurance premiums, as HDA determines to be

32 reasonable. No person shall, by way of defense or otherwise, avail himself of any of the provisions of Chapter  
33 3 (§ 6.2-300 et seq.) of Title 6.2 to avoid or defeat the payment of any interest or fee which he shall have  
34 contracted to pay on any loan or forbearance of money made, directly or indirectly, or assisted in any manner  
35 by HDA under or pursuant to this chapter.

36 B. Mortgage loans made by HDA to housing sponsors to finance the ownership and operation of housing  
37 developments and multifamily residential housing intended for occupancy by persons and families of low and  
38 moderate income, pursuant to subdivision (10) of § 36-55.31, shall be subject to the following terms and  
39 conditions in addition to those contained in subsection A of this section:

40 1. The amount disbursed with respect to an HDA mortgage loan to a limited profit housing sponsor shall  
41 not exceed 95 percent of the total housing development costs and to a nonprofit housing sponsor shall not  
42 exceed 100 percent of the total housing development costs. Subsequent to the disbursement of such amount,  
43 additional amounts may be from time to time disbursed if the sum of the amount to be so disbursed and the  
44 then outstanding principal balance of the HDA mortgage loan does not exceed 95 percent of the market value  
45 of the housing development or residential housing as then determined by the Authority. The amortization  
46 period of such an HDA mortgage loan shall be as determined by HDA in its rules and regulations or in the  
47 HDA resolution authorizing, or commitment for, such mortgage loan; but in no event shall such amortization  
48 period exceed 50 years.

49 2. The instrument evidencing any such HDA mortgage loan and the mortgage securing any such HDA  
50 mortgage loan shall be in such form and contain such terms and conditions as shall be prescribed or approved  
51 by HDA. The aforesaid mortgage and instrument evidencing an HDA mortgage loan may contain exculpatory  
52 provisions relieving the housing sponsor or its principal or principals from personal liability if deemed  
53 desirable by HDA.

54 3. With respect to any such HDA mortgage loan made to a limited profit housing sponsor, HDA may  
55 require that such limited profit housing sponsor not make distributions in any one year with respect to the  
56 housing development or multifamily residential housing financed by such HDA mortgage loan in excess of  
57 such percentage of such limited profit housing sponsor's equity in the housing development or multifamily  
58 residential housing as may be determined by HDA in its rules and regulations or in the HDA resolution  
59 authorizing, or commitment for such mortgage loan. None of the partners, principals, stockholders or holders  
60 of a beneficial interest in such limited profit housing sponsor shall earn, accept or receive a return in any one

61 year with respect to the housing development or multifamily residential housing financed by such HDA  
62 mortgage loan greater than his applicable proportion of any such percentage of such limited profit housing  
63 sponsor's equity in the housing development or multifamily residential housing as may be determined by  
64 HDA in its rules and regulations or in the HDA resolution authorizing, or commitment for, such mortgage  
65 loan. The right to any such limited distribution or return may be cumulative to the extent provided by HDA in  
66 its rules and regulations or in the HDA resolution authorizing, or commitment for, such mortgage loan. For  
67 the purpose of this section, the terms "distribution" and "return" are intended to mean payments on account of  
68 the housing development or multifamily residential housing financed by such HDA mortgage loan resulting  
69 from the operation thereof. Any payment to a person or entity who is a partner, principal, stockholder or  
70 holder of a beneficial interest in such limited profit housing sponsor shall not be deemed a "distribution" or  
71 "return" to such person or entity if the funds with which such payment is made are funds paid or contributed  
72 to such limited profit housing sponsor by persons or entities purchasing a beneficial interest in such limited  
73 profit housing sponsor. At or after the completion of construction, rehabilitation or improvement of the  
74 housing development or multifamily residential housing financed by such HDA mortgage loan, such limited  
75 profit housing sponsor's equity in the housing development or multifamily residential housing shall be  
76 established in the manner provided by HDA in its rules and regulations or in the HDA resolution authorizing,  
77 or commitment for such mortgage loan. Such equity shall be determined by HDA, at its option, as either (i)  
78 the difference between the total housing development costs as to the housing development or multifamily  
79 residential housing and the final principal amount of such HDA mortgage loan, or (ii) the difference between  
80 the fair market value of such housing development and the final principal amount of such HDA mortgage  
81 loan. HDA may thereafter from time to time adjust such equity to be equal to the difference, as of the date of  
82 adjustment, between the fair market value of such housing development and the outstanding principal balance  
83 of such HDA mortgage loan. HDA may review and regulate a proposed retirement of any capital investment  
84 in, or redemption of any stock of, such limited profit housing sponsor in the manner provided by HDA in its  
85 rules and regulations or in the HDA resolution authorizing, or commitment for, such mortgage loan.

86 4. With respect to any such HDA mortgage loan, HDA may require the housing sponsor and other parties  
87 related to the housing development or multifamily residential housing financed by such HDA mortgage loan  
88 to execute such agreements, assurances, guarantees and certifications as HDA shall determine to be necessary  
89 including, without limitation, agreements between HDA and such housing sponsor and its partners, principals

90 or stockholders to limitations established by HDA as to rentals and other charges, profits, fees, the use and  
91 disposition of the real property constituting the site of or relating to the housing development or multifamily  
92 residential housing and other property of such housing sponsor, and the use and disposition of franchises of  
93 such housing sponsor to the extent more restrictive limitations are not provided by the law under which such  
94 housing sponsor is incorporated or organized.

95 5. As a condition of any such HDA mortgage loan, HDA shall have the power to supervise the housing  
96 sponsor in accordance with the provisions of § 36-55.34:1 at all times during which such HDA mortgage loan  
97 is outstanding and thereafter as necessary to preserve the federal tax exemption of the notes or bonds issued  
98 by HDA to finance such HDA mortgage loan.

99 6. *As a condition of any such HDA mortgage loan, any housing sponsor financing the ownership and*  
100 *operation of multifamily residential housing shall require the housing development to authorize occupants to*  
101 *own or otherwise maintain at least one pet within the occupant's dwelling unit in accordance with the*  
102 *provisions of §36-55.33:3.*

103 C. Mortgage loans made by HDA to persons and families of low and moderate income to finance the  
104 purchase or refinancing of single-family residential housing, pursuant to subdivision (11) of § 36-55.31, shall  
105 be subject to the following terms and conditions in addition to those contained in subsection A of this section:

106 1. The amount disbursed with respect to such HDA mortgage loan shall not exceed 100 percent of the  
107 sales price or market value of the single-family residential housing, as determined or approved by or on  
108 behalf of HDA. HDA may also disburse additional amounts to finance such closing costs and fees as it may  
109 deem necessary or appropriate, and all such disbursements and financings of closing costs and fees  
110 subsequent to the enactment of this chapter are hereby validated. The amortization period of such an HDA  
111 mortgage loan shall be as determined by HDA in its rules and regulations or in the HDA resolution  
112 authorizing, or commitment for, such mortgage loan; but in no event shall such amortization period exceed  
113 50 years. If during the term of the HDA mortgage loan (i) the outstanding principal balance of the HDA  
114 mortgage loan is expected to increase to an amount in excess of the original principal balance or (ii) the  
115 amount of monthly payments on the HDA mortgage loan will or may be adjusted, HDA shall so notify the  
116 applicants prior to the execution of the HDA mortgage loan. Such notice shall describe the terms and  
117 conditions under which the outstanding principal balance or the amount of monthly payments, or both, may  
118 be so increased or adjusted, and such notice shall be signed by the applicants.

119 2. Such an HDA mortgage loan shall be made only after a determination that such a mortgage loan is not

120 otherwise available from private lenders upon reasonably equivalent terms and conditions, and the HDA  
121 resolution authorizing, or commitment for, such mortgage loan shall contain such a determination.

122 3. The instrument evidencing any such HDA mortgage loan and the mortgage securing any such HDA  
123 mortgage loan shall be in such form and contain such terms and conditions as shall be prescribed or approved  
124 by HDA. With respect to any such HDA mortgage loan, HDA may require the person or family of low or  
125 moderate income to execute such agreements, assurances, guarantees and certifications as HDA shall  
126 determine to be necessary including, without limitation, agreements between HDA and such person or family  
127 of low or moderate income relating to the use, occupancy, maintenance and sale of the single-family  
128 residential housing financed by such HDA mortgage loan and the payment, prepayment and assignment of  
129 such HDA mortgage loan.

130 D. Mortgage loans made by HDA to housing sponsors or persons or families of low or moderate income  
131 to finance the construction, rehabilitation, preservation or improvement of housing developments or  
132 residential housing intended, upon completion of such construction, rehabilitation, preservation or  
133 improvement, for ownership or occupancy by persons and families of low and moderate income, pursuant to  
134 subdivision (12) of § 36-55.31 of this chapter, shall be subject to the following terms and conditions in  
135 addition to those contained in subsection A of this section:

136 1. The amount disbursed with respect to such an HDA mortgage loan to a limited profit housing sponsor  
137 shall not exceed 95 percent of the total housing development costs and to a nonprofit housing sponsor or a  
138 person or family of low or moderate income shall not exceed 100 percent of the total housing development  
139 costs. Subsequent to the disbursement of such amount, additional amounts may be from time to time  
140 disbursed if the sum of the amount to be so disbursed and the then outstanding principal balance of the HDA  
141 mortgage loan does not exceed 95 percent of the market value of the housing development or residential  
142 housing as then determined by the Authority. Without regard as to whether HDA intends to remain the lender  
143 in respect to such mortgage loan throughout the amortization period thereof, the amortization period of such  
144 an HDA mortgage loan shall be as determined by HDA in its rules and regulations or in the HDA resolution  
145 authorizing, or commitment for, such mortgage loan.

146 2. In considering any application for such an HDA mortgage loan, HDA shall give first priority to  
147 applications relating to housing developments or residential housing which are or will be well-planned and  
148 well-designed, and also shall give consideration to:

149 a. The comparative need for housing for persons and families of low and moderate income in the area  
150 proposed to be served by the housing development or residential housing;

151 b. The ability of the applicant to construct, rehabilitate or improve and market or operate, manage and  
152 maintain the housing development or residential housing;

153 c. The existence of zoning or other regulations to protect adequately the housing development or  
154 residential housing against detrimental future uses which could cause undue depreciation in the value of the  
155 housing development or residential housing;

156 d. The availability of adequate parks, recreational areas, utilities, schools, transportation and parking; and

157 e. The existence of statewide housing plans.

158 3. With respect to any such HDA mortgage loan, HDA may require the housing sponsor, person or family  
159 of low or moderate income, contractors, architects, marketing agents, management agents and other parties  
160 related to the housing development or residential housing financed by such HDA mortgage loan to execute  
161 such agreements, assurances, guarantees and certifications as HDA shall determine to be necessary including,  
162 without limitation, agreements between HDA and such housing sponsor and its partners, principals or  
163 stockholders or such person or family of low or moderate income to limitations established by HDA as to  
164 rentals and other charges, profits, fees, the use and disposition of the real property constituting the site of or  
165 relating to the housing development or residential housing and other property of such housing sponsor, and  
166 the use and disposition of franchises of such housing sponsor to the extent more restrictive limitations are not  
167 provided by the law under which such housing sponsor is incorporated or organized. HDA shall require the  
168 housing sponsor or person or family of low or moderate income receiving such HDA mortgage loan, or the  
169 construction contractor, or both, to furnish such assurances of completion of the construction, rehabilitation  
170 or improvement as determined by HDA in its rules and regulations or in the HDA resolution authorizing, or  
171 commitment for, such mortgage loan.

172 4. As a condition of any such HDA mortgage loan to a housing sponsor, HDA shall have the power to  
173 supervise such housing sponsor in accordance with the provisions of § 36-55.34:1 at all times during which  
174 such HDA mortgage loan is outstanding and thereafter as necessary to preserve the federal tax exemption of  
175 the notes or bonds issued by HDA to finance such HDA mortgage loan.

176 5. With respect to any such HDA mortgage loan, the provisions of subdivisions 2 and 3 of subsection B of  
177 this section shall be applicable.

178 E. Mortgage loans made by HDA pursuant to subdivision 13 of § 36-55.31 to finance the construction,  
179 rehabilitation, preservation or improvement, or ownership and operation, of economically mixed projects or  
180 portions thereof and, if any such project is within a revitalization area designated in or pursuant to  
181 § 36-55.30:2, any nonhousing buildings that are incidental to such project or are determined by such  
182 governing body of the city or county to be necessary or appropriate for the revitalization of such area or for  
183 the industrial, commercial or other economic development of such area shall be subject to the following terms  
184 and conditions in addition to those contained in subsection A of this section:

185 1. The principal amount of such an HDA mortgage loan shall not exceed 95 percent of the total housing  
186 development costs, and the amortization period of such an HDA mortgage loan shall be as determined by  
187 HDA in its rules and regulations or in the HDA resolution authorizing, or in the commitment for, such  
188 mortgage loan; but in no event shall such amortization period exceed 50 years.

189 2. Such an HDA mortgage loan shall be made only if the provisions of § 36-55.30:2 are satisfied.

190 3. The instrument evidencing any such HDA mortgage loan and the mortgage securing any such HDA  
191 mortgage loan shall be in such form and contain such terms and conditions as shall be prescribed or approved  
192 by HDA. The aforesaid mortgage and instrument evidencing an HDA mortgage loan may contain exculpatory  
193 provisions relieving a housing sponsor, if any, or its principal or principals from personal liability if deemed  
194 desirable by HDA.

195 4. The nonhousing buildings shall be financed by such an HDA mortgage loan only if the HDA shall  
196 receive a certification from the housing sponsor that a mortgage loan for the financing of such nonhousing  
197 buildings is not otherwise available from private lenders upon reasonably equivalent terms and conditions.

198 **§ 36-55.33:3. Mortgage loan terms and conditions; common household pets.**

199 *A. As used in this section:*

200 *"Multifamily residential housing" does not include medical and related facilities for the residence and*  
201 *care of the aged.*

202 *"Pet" means an animal that has been adapted or tamed to live in intimate association with or for the*  
203 *pleasure of people, including dogs, cats, birds, rabbits, hamsters, and reptiles, and that is not a service dog,*  
204 *as defined in § 51.5-40.1, or an assistance animal, as defined in § 36-96.1:1.*

205 *B. Any mortgage loans made by HDA to housing sponsors to finance the ownership and operation of*  
206 *multifamily residential housing pursuant to subsection B of § 36-55.33:1 shall, as a condition of such loan,*  
207 *require the housing development to authorize occupants to own or otherwise maintain at least one pet within*

208 *the occupant's dwelling unit, subject to local ordinances. Such housing development may establish policies*  
209 *relating to the health, safety, and general welfare of occupants, provided that no such policy shall result in a*  
210 *ban on an occupant's ability to maintain at least one pet within the occupant's dwelling unit. No such policy*  
211 *may restrict the keeping of a pet based on the pet's breed or mix of breeds or establish a weight limit of less*  
212 *than 65 pounds per animal.*

213 *C. Nothing in this section shall be construed limit or otherwise affect applicable state or local law or*  
214 *ordinance related to public health, animal control, animal cruelty, or reasonable accommodations.*

215 **§ 38.2-519. Dog breeds.**

216 *A. As used in this section:*

217 *"Homeowner's insurance" means the same as that term is defined in § 38.2-130.*

218 *"Renter's insurance" means the same as that term is defined in § 55.1-1200.*

219 *"Residential property liability insurance" means a policy insuring a residential structure, including*  
220 *single-family, condominium, mobile home, manufactured home, and commercial multi-family, used for a*  
221 *residence by an owner or renter that provides a combination of coverages, including fire, extended coverage,*  
222 *vandalism and malicious mischief, burglary, theft, and personal liability. "Residential property liability*  
223 *insurance" does not include an insurance policy that is limited to basic market value, repair cost, or actual*  
224 *cash value contracts for owner-occupants of one-to-four-family dwellings as approved by the Commissioner.*

225 *B. No person shall inquire about, refuse to issue, cancel, refuse to renew, exclude, or increase a rate of*  
226 *any homeowner's, renter's, or residential property liability insurance policy based on the breed or mixture of*  
227 *breed of any dog that is present, maintained, or kept at the property.*

228 *C. Nothing in this section shall be construed to prohibit any insurer from refusing to issue, canceling,*  
229 *refusing to renew, or imposing a reasonable rate increase on a homeowner's, renter's, or residential property*  
230 *liability insurance policy based on evidence that the insured's dog has previously bitten, attacked, or inflicted*  
231 *injury on a person or a companion animal.*

232 **§ 55.1-1203. Application; deposit, fee, and additional information.**

233 *A. Any landlord may require a refundable application deposit in addition to a nonrefundable application*  
234 *fee. If the applicant fails to rent the unit for which application was made, from the application deposit the*  
235 *landlord shall refund to the applicant within 20 days after the applicant's failure to rent the unit or the*  
236 *landlord's rejection of the application all sums in excess of the landlord's actual expenses and damages*  
237 *together with an itemized list of such expenses and damages. If, however, the application deposit was made*  
238 *by cash, certified check, cashier's check, or postal money order, such refund shall be made within 10 days of*

239 the applicant's failure to rent the unit if the failure to rent is due to the landlord's rejection of the application.  
240 If the landlord fails to comply with this section, the applicant may recover as damages suffered by him that  
241 portion of the application deposit wrongfully withheld and reasonable attorney fees.

242 B. A landlord may request that a prospective tenant provide information that will enable the landlord to  
243 determine whether each applicant may become a tenant. The landlord may photocopy each applicant's driver's  
244 license or other similar photo identification, containing either the applicant's social security number or control  
245 number issued by the Department of Motor Vehicles pursuant to § 46.2-342. However, a landlord shall not  
246 photocopy a U.S. government-issued identification so long as to do so is a violation of 18 U.S.C. § 701. The  
247 landlord may require, for the purpose of determining whether each applicant is eligible to become a tenant in  
248 the landlord's dwelling unit, that each applicant provide a social security number issued by the U.S. Social  
249 Security Administration or an individual taxpayer identification number issued by the U.S. Internal Revenue  
250 Service.

251 C. An application fee shall not exceed \$50, exclusive of any actual out-of-pocket expenses paid by the  
252 landlord to a third party performing background, credit, or other pre-occupancy checks on the applicant.  
253 However, where an application is being made for a dwelling unit that is a public housing unit or other  
254 housing unit subject to regulation by the U.S. Department of Housing and Urban Development, an  
255 application fee shall not exceed \$32, exclusive of any actual out-of-pocket expenses paid to a third party by  
256 the landlord performing background, credit, or other pre-occupancy checks on the applicant.

257 D. A landlord shall consider evidence of an applicant's status as a victim of family abuse, as defined in  
258 § 16.1-228, to mitigate any adverse effect of an otherwise qualified applicant's low credit score. In order to  
259 establish the applicant's status as a victim of family abuse, an applicant may submit to the landlord (i) a letter  
260 from a sexual and domestic violence program, a housing counselor certified by the U.S. Department of  
261 Housing and Urban Development, or an attorney representing the applicant; (ii) a law-enforcement incident  
262 report; or (iii) a court order. If a landlord does not comply with this section, the applicant may recover actual  
263 damages, including all amounts paid to the landlord as an application fee, application deposit, or  
264 reimbursement for any of the landlord's out-of-pocket expenses that were charged to the prospective tenant,  
265 along with attorney fees.

266 E. A landlord shall provide a disclosure with any application containing a written copy of any terms and  
267 conditions of the rental agreement regarding an applicant's ability to own or otherwise maintain a pet within  
268 the dwelling unit. Such disclosure shall include any (i) restrictions based on animal species or breed; (ii)  
269 restrictions based on animal weight; (iii) additional fees or deposits associated with owning or maintaining a

270 *pet and whether such fees are refundable; (iv) vaccination requirements; (v) liability insurance requirements;*  
271 *and (vi) additional conditions relating to owning or maintaining a pet in the dwelling unit. If such landlord*  
272 *maintains a website regarding the property, such terms and conditions shall additionally be published to*  
273 *such website. For the purpose of this subsection, "pet" means an animal that has been adapted or tamed to*  
274 *live in intimate association with or for the pleasure of people, including dogs, cats, birds, rabbits, hamsters,*  
275 *and reptiles, and that is not a service dog, as defined in § 51.5-40.1, or an assistance animal, as defined in*  
276 *§ 36-96.1:1.*