



MEMORANDUM 2004 General Assembly Session

The Virginia Mortgage Lenders Association had a wonderful 2004 Session with two major accomplishments. No legislation passed detrimental to the interests of mortgage lenders.

(1) HB 187 (Black) would have required VHDA to re-establish the “family rule” by stipulating that VHDA must develop regulations providing that single-family mortgage loans may be made by it to more than one person only if they are related by blood, marriage or adoption. Along with many others, the Virginia Mortgage Lenders Association actively worked against this bill when it was recommended by the House General Laws Committee by one vote and then when the House defeated it ultimately by 44-54 margin.

Such a change would have been completely inconsistent with the very purpose of VHDA. It is a policy not followed by any other state, Freddie Mac, Fannie Mae, HUD, or USDA. If it had passed, most national lenders would not handle VHDA loans.

More importantly, passage would have hurt single teachers, police, firemen, military personnel and many other hard-working single Virginians who deserve the benefits of home ownership.

Among others, Delegates Terrie Suit, Thelma Drake and Harvey Morgan deserve special expressions of appreciation for their leadership on this issue.

Unfortunately, I must report that this measure will be back as it is a real “cause” for some of the more socially conservative House Republican members. Mortgage lenders around the state need to discuss with their Senators and Delegates the horrible consequences of this legislation for Virginians.

(2) SB 635 (Chichester) was the Senate omnibus tax bill. VMLA worked to defeat this measure because it doubled the existing state recordation tax. As local recordation taxes can be up to one-third of the state tax, you could have had a combined state and local recordation rates increase by approximately 75%. A home buyer purchasing a home for \$200,000 would then be required to pay \$1,800 in recordation taxes, instead of the current \$1,000.

A note of caution. As of this report, the House and Senate budget conferees have not concluded their deliberations in the Special Session called by the Governor as the regular Session ended without the adoption of a budget for FY 2004-2006. Until we see the conclusion of their deliberations, we cannot state with certainty that this increased recordation tax will not be implemented. We are, however, cautiously optimistic.

Again, a note of caution. There were introduced this year a number of measures significantly increasing recordation taxes for the benefit of local government, public education,

land preservation, water quality improvement, natural and historic resources, etc. They were all defeated, except for a measure imposing a \$1 fee on deeds recorded after July 1 for open-space easements held by the Virginia Outdoors Foundation. These defeated measures will likely be re-introduced at the 2005 General Assembly Session.

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