

COUNCIL OF THE DISTRICT OF COLUMBIA


NOTICE

D.C. LAW 6-187

"Real Property Wet Settlement Act of 1986".

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, P. L. 93-198, "the Act", the Council of the District of Columbia adopted Bill No. 6-60 on first and second readings, October 21, 1986 and November 18, 1986, respectively. Following the signature of the Mayor on November 25, 1986, this legislation was assigned Act No. 6-238, published in the December 12, 1986, edition of the D.C. Register, (Vol. 33 page 7681) and transmitted to Congress on January 7, 1987 for a 30-day review, in accordance with Section 602 (c)(1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day Congressional Review Period has expired, and therefore, cites this enactment as D.C. Law 6-187, effective February 24, 1987.


DAVID A. CLARKE
Chairman of the Council

Dates Counted During the 30-day Congressional Review Period:

January 7,8,9,12,13,14,15,16,20,21,22,23,26,27,28,29,30

February 2,3,4,5,6,9,10,11,17,18,19,20,23

AN ACT

Codification,
New Chapter
28 of title
45

D.C. ACT 6 - 238

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

NOV 25 1986

To require lenders and settlement agents to disburse loan funds within 1 day of settlement for the sale of residential properties.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,
That this act may be cited as the "Real Property Wet Settlement Act of 1986".

Sec. 2. Definitions.

New, D.C. Code,
sec.45-2801
(1987 supp.)

For the purposes of this act, the term:

(1) "Disbursement of loan funds" means the delivery of loan funds by a lender to a settlement agent in the form of:

- (A) Cash;
- (B) Wired funds;
- (C) Certified checks;
- (D) Checks issued by the District of

Columbia;

- (E) Cashier's checks; or
- (F) Checks drawn on a financial institution

the accounts of which are insured by an agency of the

federal, a state, or the District of Columbia government, and are located within the Fifth Federal Reserve District.

(2) "Disbursement of settlement proceeds" means the payment of all proceeds of a transaction by a settlement agent to the persons entitled to receive the proceeds.

(3) "Lender" means any person regularly engaged in making loans secured by mortgages or by deeds of trust on real estate.

(4) "Loan closing" means that time agreed upon by a borrower and a lender when the execution of the loan documents by the borrower occurs.

(5) "Loan documents" means a note evidencing a debt due a lender, a deed of trust or a mortgage securing a debt due a lender, and any other documents required by a lender to be executed by a borrower as part of a transaction.

(6) "Loan funds" means the gross or net proceeds of the loan to be disbursed by a lender at loan closing.

(7) "Parties" means a seller, a purchaser, a borrower, a lender, and a settlement agent.

(8) "Settlement" means the time when the settlement agent has received a duly executed deed, loan funds, loan documents, and other documents and certified funds required to carry out the terms of a contract between the parties, and the settlement agent can reasonably

determine that prerecordation conditions of the contract have been satisfied.

(9) "Settlement agent" means a person responsible for conducting a settlement and disbursement of the settlement proceeds.

Sec. 3. Applicability.

This act applies only to transactions involving purchase money loans made by lenders that are secured by 1st or 2nd deeds of trust or mortgages, excluding 2nd deeds of trust or mortgages for refinancing purposes only, on real estate containing not more than 4 residential dwelling units.

New, D.C.
Code, sec
45-2802
(1987 supp.)

Sec. 4. Duties of lender.

A lender shall, at or before loan closing, cause disbursement of loan funds to a settlement agent. A lender shall not receive or charge any interest on a loan until disbursement of loan funds and loan closing have occurred, and shall not require payment of any interest in advance. For purposes of this section, the term "interest" means any compensation directly or indirectly imposed by a lender for the extension of credit for the use or forbearance of money as defined in section 28-3311 of the District of Columbia Code, except that for purposes of this section, the term "interest" shall not include any loan fee, origination fee, service and carrying charge, investigator's fee, or point

New, D.C. Code
sec 45-2803
(1987 supp.)

under section 28-3301(e) of the District of Columbia Code.

Sec. 5. Duties of owners and brokers.

New, D.C. Code, s
45-264

The owner and real estate broker shall have in place, (1987 supp.)
at or before settlement, all documents, deeds, titles,
recordation tax returns, certified checks, and any other
monies needed for settlement so that disbursements can be
made in a timely manner.

Sec. 6. Duties of settlement agent.

New, D.C. Code, s
45-2805

A settlement agent shall cause recordation of the deed, (1987 supp.)
the deed of trust or mortgage, or other documents required
to be recorded, and shall cause disbursement of settlement
proceeds within 1 business day of settlement. At least 5
days prior to settlement, the settlement agent shall inform
the seller of the terms of this act. If settlement is
delayed, the settlement agent shall notify, in writing, all
of the settlement parties explaining the reasons for the
delay. If any of the reasons listed are the fault of a
settlement agent or of the lender, the settlement agent or
the lender at fault shall be subject to the provisions of
section 8 of this act.

Sec. 7. Validity of loan documents.

New, D.C. Cod
sec. 45-2806
(1987 supp.)

Failure to comply with the provisions of this act shall
not affect the validity or enforceability of any loan
documents.

Sec. 8. Penalty.

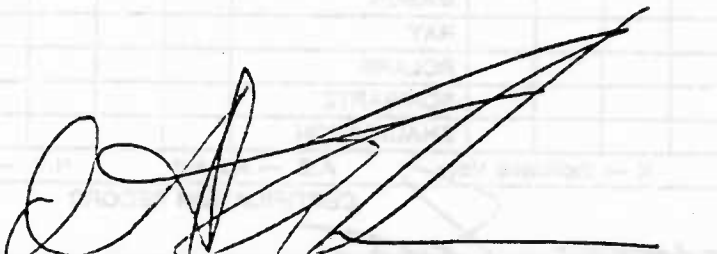
New, D.C. Cod
sec. 45-2807
(1987 supp.)

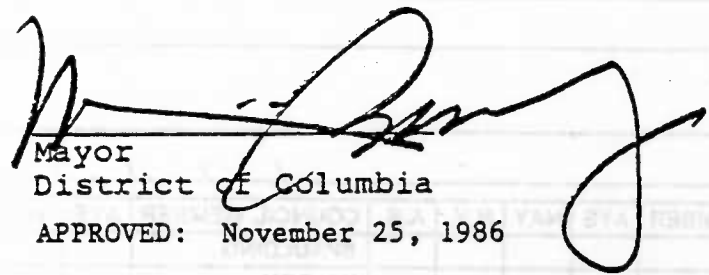
Any person suffering a loss due to the failure of a lender or of a settlement agent to cause disbursement as required by this act shall be entitled to recover, in addition to the amount of actual damages, double the amount of any interest collected in violation of this act, plus any reasonable attorneys' fees incurred in the collection of that amount.

Sec. 9. Effective date.

This act shall take effect after a 30-day period of Congressional review following approval by the Mayor (or in the event of veto by the Mayor, action by the Council of the District of Columbia to override the veto) as provided for in section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act,

approved December 24, 1973 (87 Stat. 813; D.C. Code, sec. 1-233(c)(1)).


Chairman
Council of the District of Columbia


Mayor
District of Columbia
APPROVED: November 25, 1986



COUNCIL OF THE DISTRICT OF COLUMBIA
Council Period Six — Second Session

RECORD OF OFFICIAL COUNCIL VOTE

DOCKET NO: B6-60

Item on Consent Calendar

ACTION & DATE: Adopted First Reading, 10-21-86

VOICE VOTE: Unanimous

Recorded vote on request

Absent: Ray

ROLL CALL VOTE: — RESULT _____

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. CLARKE					MASON					SPAULDING				
SMITH, JR.					RAY					WILSON				
CRAWFORD					ROLARK					WINTER				
JARVIS					SCHWARTZ									
KANE					SHACKLETON									

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

CERTIFICATION RECORD

Secretary to the Council

11/20/86
 Date

Item on Consent Calendar

ACTION & DATE: Adopted Final Reading, 11-18-86

VOICE VOTE: Unanimous

Recorded vote on request

Absent: Spaulding

ROLL CALL VOTE: — RESULT _____

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. CLARKE					MASON					SPAULDING				
SMITH, JR.					RAY					WILSON				
CRAWFORD					ROLARK					WINTER				
JARVIS					SCHWARTZ									
KANE					SHACKLETON									

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

CERTIFICATION RECORD

Secretary to the Council

11/20/86
 Date

Item on Consent Calendar

ACTION & DATE: _____

VOICE VOTE: _____

Recorded vote on request

Absent: _____

ROLL CALL VOTE: — RESULT _____

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. CLARKE					MASON					SPAULDING				
SMITH, JR.					RAY					WILSON				
CRAWFORD					ROLARK					WINTER				
JARVIS					SCHWARTZ									
KANE					SHACKLETON									

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

CERTIFICATION RECORD