

DISTRICT OF COLUMBIA
OFFICIAL CODE

TITLE 42.
REAL PROPERTY.

CHAPTER 24.
DISBURSEMENT OF SETTLEMENT PROCEEDS.

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PROCEEDS.

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CHAPTER 24. DISBURSEMENT OF SETTLEMENT PROCEEDS.

§ 42-2401. DEFINITIONS.

For the purposes of this chapter, 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 check or teller's check; 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.

(Feb. 24, 1987, D.C. Law 6-187, § 2, 33 DCR 7681; Apr. 20, 1999, D.C. Law 12-261, § 1241, 46 DCR 3142.)

HISTORICAL AND STATUTORY NOTES

Prior Codifications

1981 Ed., § 45-2801.

Legislative History of Laws

Law 6-187, the "Real Property Wet Settlement Act of 1986," was introduced in Council and assigned Bill No. 6-60, which was referred to the Committee on Consumer and Regulatory Affairs. The Bill was adopted on first and second readings on October 21, 1986, and November 18, 1986, respectively. Signed by the Mayor on November 25, 1986, it was assigned Act No. 6-238 and transmitted to both Houses of Congress for its review.

Law 12-261, the "Second Omnibus Regulatory Reform Amendment Act of 1998," was introduced in Council and assigned Bill No. 12-845, which was referred to the Committee of the Whole. The Bill was adopted on first and second reading on December 1, 1998, and December 15, 1998, respectively. Signed by the Mayor on December 31, 1998, it was assigned Act No. 12-615, and transmitted to both Houses of Congress for review. D.C. Law 12-261 became effective on April 20, 1999.

§ 42-2402. APPLICABILITY.

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

(Feb. 24, 1987, D.C. Law 6-187, § 3, 33 DCR 7681.)

HISTORICAL AND STATUTORY NOTES

Prior Codifications

1981 Ed., § 45-2802.

Legislative History of Laws

For legislative history of D.C. Law 6-187, see Historical and Statutory Notes following § 42-2401.

§ 42-2403. 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 § 28-3311, 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 under § 28-3301 (e).

(Feb. 24, 1987, D.C. Law 6-187, § 4, 33 DCR 7681.)

HISTORICAL AND STATUTORY NOTES

Prior Codifications

1981 Ed., § 45-2803.

Legislative History of Laws

For legislative history of D.C. Law 6-187, see Historical and Statutory Notes following § 42-2401.

§ 42-2404. DUTIES OF OWNERS AND BROKERS.

The owner and real estate broker shall have in place, 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.

(Feb. 24, 1987, D.C. Law 6-187, § 5, 33 DCR 7681.)

HISTORICAL AND STATUTORY NOTES

Prior Codifications

1981 Ed., § 45-2804.

Legislative History of Laws

For legislative history of D.C. Law 6-187, see Historical and Statutory Notes following § 42-2401.

§ 42-2405. DUTIES OF SETTLEMENT AGENT.

A settlement agent shall cause recordation of the deed, 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 chapter. 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 § 42-2407.

(Feb. 24, 1987, D.C. Law 6-187, § 6, 33 DCR 7681.)

HISTORICAL AND STATUTORY NOTES

Prior Codifications

1981 Ed., § 45-2805.

Legislative History of Laws

For legislative history of D.C. Law 6-187, see Historical and Statutory Notes following § 42-2401.

§ 42-2406. VALIDITY OF LOAN DOCUMENTS.

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

(Feb. 24, 1987, D.C. Law 6-187, § 7, 33 DCR 7681.)

HISTORICAL AND STATUTORY NOTES

Prior Codifications

1981 Ed., § 45-2806.

Legislative History of Laws

For legislative history of D.C. Law 6-187, see Historical and Statutory Notes following § 42-2401.

§ 42-2407. PENALTY.

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

(b) Civil fines, penalties, and fees may be imposed as alternative sanctions for any infraction of the provisions of this chapter, or any rules or regulations issued under the authority of this chapter, pursuant to Chapter 18 of Title 2. Adjudication of any infraction of this chapter shall be pursuant to Chapter 18 of Title 2.

(Feb. 24, 1987, D.C. Law 6-187, § 8, 33 DCR 7681; Mar. 8, 1991, D.C. Law 8-237, § 15, 38 DCR 314.)

HISTORICAL AND STATUTORY NOTES

Prior Codifications

1981 Ed., § 45-2807.

Legislative History of Laws

For legislative history of D.C. Law 6-187, see Historical and Statutory Notes following § 42-2401.

Law 8-237, the "Department of Consumer and Regulatory Affairs Civil Infractions Act of 1985 Technical and Clarifying Amendments Act of 1990," was introduced in Council and assigned Bill No. 8-203, which was referred to the Committee on Consumer and Regulatory Affairs. The Bill was adopted on first and second readings on December 4, 1990, and December 18, 1990, respectively. Signed by the Mayor on December 27, 1990, it was assigned Act No. 8-320 and transmitted to both Houses of Congress for its review.