

No. 131. An act relating to maintenance of private roads.

(H.498)

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. LEGISLATIVE FINDINGS

The general assembly finds that:

(1) The current Fannie Mae appraisal form contains a section for the appraiser to comment on off-site improvements — including private streets — and to indicate whether the improvements are publicly or privately maintained. If a property is located on a community-owned or privately owned and maintained street, Fannie Mae requires a legally enforceable agreement or covenant for maintenance of the street.

(2) On January 31, 2008, Fannie Mae issued Announcement 08-01, which specifies that Fannie Mae will permit the delivery of mortgage loans for properties for which there is no such maintenance agreement or covenant, provided that the property is located in a state that has statutory provisions defining the responsibilities of property owners for the maintenance and repair of private streets.

(3) Since the mortgage crisis, Fannie Mae has become stricter in its underwriting standards and in enforcing the private street maintenance agreement requirement. Because the ability to sell mortgages to Fannie Mae on the secondary market is critical to most mortgage lenders, this has delayed

mortgage closings and created uncertainty for Vermont homeowners throughout the state.

Sec. 2. PRIVATE ROAD MAINTENANCE AGREEMENT STUDY

(a) A committee consisting of two members of the public appointed by the governor, a representative of the Vermont Bankers Association, a representative of the Vermont League of Cities and Towns, and the commissioner of banking, insurance, securities, and health care administration or designee is established to study the creation of default statutory requirements defining the responsibilities of property owners for the maintenance and repair of private roads and to formulate recommended legislation.

(b) For attendance at committee meetings, the members of the committee appointed by the governor shall be reimbursed at the per diem rate set forth in 32 V.S.A. § 1010(b) and for their actual and necessary mileage expenses.

(c) The committee shall report its findings and recommended legislation to the senate committees on finance and on transportation and to the house committee on commerce and economic development no later than January 15, 2011.

Sec. 3. EFFECTIVE DATE

This act shall take effect on passage.

Approved: May 29, 2010