

VIRGINIA ACTS OF ASSEMBLY -- 2005 SESSION

CHAPTER 670

An Act to amend and reenact § 6.1-330.63 of the Code of Virginia, relating to revolving credit; amendments to agreements.

[S 936]

Approved March 23, 2005

Be it enacted by the General Assembly of Virginia:

1. That § 6.1-330.63 of the Code of Virginia is amended and reenacted as follows:

§ 6.1-330.63. Charges by banks or savings institutions; revolving credit.

A. Notwithstanding any *statute or other provision of this chapter law*, any bank or savings institution may impose finance charges and other charges and fees at such rates and in such amounts and manner as may be agreed by the borrower under a contract for revolving credit or any plan which permits an obligor to avail himself of the credit so established.

In the event of the extension of credit by a bank or savings institution hereunder to be effected by the use of a credit card for the purchase of merchandise or services, no finance charge shall be imposed upon the cardholder or borrower on such extension of credit if payment in full of the unpaid balance owing for all extensions of credit under the revolving credit contract or plan is received at the place designated by the creditor prior to the next billing date (which shall be at least ~~twenty-five~~ 25 days later than the prior billing date).

B. Any application form or preapproved written solicitation for an open-end credit card account to be used for personal, family, or household purposes which is mailed on or after January 1, 1988, to a consumer residing in ~~this the~~ Commonwealth by or on behalf of a creditor, whether or not the creditor is located in ~~this the~~ Commonwealth, other than an application form or solicitation included in a magazine, newspaper, or other publication distributed by someone other than the creditor, shall contain or be accompanied by any of the following disclosures:

1. A disclosure of each of the following if applicable:

a. Any periodic rate or rates that may be applied to the account, expressed as an annual percentage rate or rates. If the account is subject to a variable rate, the creditor may instead disclose the rate as of a specific date and indicate that the rate may vary, or identify the index and any amount or percentage added to, or subtracted from, that index and used to determine the rate.

b. Any membership or participation fee that may be imposed for availability of a credit card account.

c. Any transaction fee that may be imposed on purchases, or any other charge or fee that may be imposed, expressed as an amount or as a percentage of the transaction, as applicable.

d. Any grace period or free period during which the consumer may repay the full balance reflected on a billing statement which is attributable to purchases of goods or services from the creditor or from merchants participating in the credit card plan, without the imposition of additional finance charges. The creditor shall either disclose the number of days of that period, calculated from the closing date of the prior billing cycle to the date designated in the billing statement sent to the consumer as the date by which that payment must be received to avoid additional finance charges, or describe the manner in which the period is calculated. If the creditor does not provide such a period for purchases, the disclosure shall so indicate;

2. A disclosure that satisfies the initial disclosure requirements of Regulation Z; or

3. If a creditor is now or hereafter required under federal law to make disclosures of the terms applicable to a credit card account in connection with application forms or solicitations, the creditor shall be deemed to have complied with the requirements of this subsection if the creditor complies with the federal disclosure requirements. The disclosure of any transaction fee that may be imposed on purchases, or any other charge or fee, shall be written on any such application form or preapproved written solicitation.

C. *Any contract or plan referred to in subsection A may be amended in any respect by the bank or savings institution at any time and from time to time to modify or delete terms, or to add new terms, which new or modified terms and amendment need not be of a kind previously included in or contemplated by such contract or plan, or of a kind integral to the relationship of the parties, by following the procedures, if any, set forth in the contract or plan for effecting changes in the terms thereof, subject to the bank's or savings institution's complying with any applicable notice requirements under the Truth in Lending Act (15 U.S.C. § 1601 et seq.) and regulations promulgated thereunder, as in effect from time to time.*

D. *Unless the contract or plan referred to in subsection A otherwise expressly provides, a bank or savings institution may amend such contract or plan in any respect at any time and from time to time, whether or not the amendment or the subject of the amendment was originally contemplated or*

addressed by the parties or is integral to the relationship between the parties. Without limiting the foregoing, such amendment may change terms by the addition of new terms or by the deletion or modification of existing terms, whether relating to plan benefits or features, the periodic rate or rates used to calculate finance charges, the manner of calculating periodic rate finance charges or outstanding unpaid indebtedness, variable schedules or formulas, finance charges other than periodic rate finance charges, other charges or fees, collateral requirements, methods for obtaining or repaying extensions of credit, attorney's fees, plan termination, the manner for amending the terms of the contract or plan, arbitration or other alternative dispute resolution mechanisms, or other matters of any kind whatsoever. Unless the contract or plan otherwise expressly provides, any amendment may, on and after the date upon which it becomes effective as to a particular borrower, apply to all then outstanding unpaid indebtedness in the borrower's account under the contract or plan, including any such indebtedness that arose prior to the effective date of the amendment. A contract or plan may be amended pursuant to this subsection regardless of whether the contract or plan is active or inactive or whether additional borrowings are available thereunder. Any such amendment may become effective as determined by the bank or savings institution, subject to compliance by the bank or savings institution with any applicable provisions under the Truth in Lending Act (15 U.S.C. § 1601 et seq.) and the regulations promulgated thereunder, as in effect from time to time. Any notice of an amendment sent by the bank or savings institution may be included in the same envelope with a periodic statement or as part of the periodic statement or in other materials sent to the borrower.

€ E. A contract for revolving credit between a bank or savings institution and an obligor, or any plan which permits an obligor to avail himself of the credit so established, shall be governed solely by federal law, and by the laws of the Commonwealth of Virginia unless otherwise expressly agreed in writing by the parties.

2. That the provisions of this act adding subsection C of § 6.1-330.63 of the Code of Virginia are declaratory of existing law.