

## 1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact § 6.1-64 of the Code of Virginia, relating to construction loans by banks.*

3 [H 1077]

4 Approved

5 **Be it enacted by the General Assembly of Virginia:**6 **1. That § 6.1-64 of the Code of Virginia is amended and reenacted as follows:**

7 § 6.1-64. Construction loans.

8 Loans made to finance the construction of a building or otherwise to improve real estate, and having  
9 maturities of not to exceed 60 months if accompanied by a valid and binding agreement to advance an  
10 amount equal to or greater than the construction loan upon the completion of the building or  
11 improvement entered into by an individual, partnership, association, or corporation acceptable to the  
12 bank (and including the bank itself), whether or not secured by a mortgage or similar lien on the real  
13 estate upon which the building or improvement is being constructed, shall not be considered as a loan  
14 secured by real estate within the meaning of § 6.1-63, but shall be classed as ordinary commercial loans,  
15 unless the terms of the transaction shall be more favorable than in the absence of a lien, in which case  
16 an appraisal shall be required as provided under § 6.1-63. No bank shall invest in, or be liable in, any  
17 such loans in an aggregate amount in excess of 100 percent of its capital and surplus, except that any  
18 such loans supported by an executed agreement for permanent financing shall not be included in such  
19 aggregate amount. ~~The period of time, not to exceed sixty months, elapsing prior to the completion of~~  
20 ~~the improvements shall not be counted in computing the period of forty years and two months specified~~  
21 ~~in § 6.1-63.~~ Loans made to finance construction of buildings or otherwise to improve real estate may be  
22 made under this section or under the provisions of § 6.1-65. Loans made under § 6.1-65 shall not be  
23 treated as construction loans for purposes of the limitations of this section.

ENROLLED

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