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## SENATE BILL NO. 164

AMENDMENT IN THE NATURE OF A SUBSTITUTE  
(Proposed by the Senate Committee on Commerce and Labor  
on January 25, 2016)

(Patrons Prior to Substitute—Senators Surovell and Locke [SB 623])

A *BILL to amend and reenact § 6.2-1520 of the Code of Virginia, relating to charges by consumer finance companies.*

**Be it enacted by the General Assembly of Virginia:**

**1. That § 6.2-1520 of the Code of Virginia is amended and reenacted as follows:**

**§ 6.2-1520. Rate of interest; late charges; processing fees.**

A. A licensee may charge and receive interest on loans of:

1. ~~Not more than \$2,500,~~ at a single annual rate not to exceed 36 percent; ~~and~~

2. ~~More than \$2,500, at such single annual rate as shall be stated in the loan contract.~~ The annual rate of interest shall be charged only upon principal balances outstanding from time to time. Interest shall not be charged on an add-on basis and shall not be compounded or paid, deducted or received in advance. For the purpose of calculating interest under this section, a year may be any period of time consisting of 360 or 365 days.

B. A licensee may impose a late charge for failure to make timely payment of any installment due on a debt, which late charge shall not exceed *the greater of \$20 or* five percent of the amount of such installment payment. The late charge shall be specified in the loan contract between the lender and the borrower. For purposes of this section, "timely payment" means a payment made by the date fixed for payment or within a period of ~~seven~~ 10 calendar days after such fixed date.

C. A licensee may charge and receive a processing fee, charged on the principal amount of the loan, for processing the loan contract. The processing fee shall be stated in the loan contract. Such processing fee shall be deemed to constitute interest charged on the principal amount of the loan for purposes of determining whether the interest charged on a loan of ~~not more than \$2,500~~ exceeds the 36 percent annual ~~interest~~ rate limitation imposed by ~~subdivision~~ subsection A 1.