

VIRGINIA ACTS OF ASSEMBLY -- 1999 SESSION

CHAPTER 373

An Act to amend and reenact § 6.1-330.77 of the Code of Virginia, relating to charges by sellers of goods and services under a closed-end installment plan.

[H 1949]

Approved March 24, 1999

Be it enacted by the General Assembly of Virginia:

1. That § 6.1-330.77 of the Code of Virginia is amended and reenacted as follows:

§ 6.1-330.77. Charges by sellers of goods or services; certain premiums not construed as additional charges; penalty for violations of section.

A. Any seller of goods or services who extends credit under a closed-end installment credit plan or arrangement may impose finance charges at such rate or rates as may be agreed upon by the seller and the purchaser. Deferrals and extensions of the time for payment, if allowed by the seller or his assignee, may be subject to a finance charge, if agreed to in the original contract or at the time of the renewal or extension. No additional finance charge shall be made for the extension of credit under such a plan or arrangement. If the total finance charge on the transaction is precomputed according to the actuarial method, the finance charge shall be calculated on the assumption that all scheduled payments will be made when due. The balance on which such finance charge may be imposed may include the deferred portion of the sales price and costs and charges incidental to the transaction, including any insurance premium financed in connection therewith. The debtor shall have the right to prepay in full on precomputed transactions and receive a rebate of unearned finance charge determined in accordance with the Rule of 78, as illustrated in § 6.1-330.86, or other method elected by the seller under which the finance charge imposed does not exceed the amount that results from application of the Rule of 78 on extensions of credit with an initial maturity of sixty-one months or less. On extensions of credit with an initial maturity of more than sixty-one months, the debtor shall receive a rebate computed under a method at least as favorable to the debtor as the actuarial method. The seller may also condition such rebate upon receiving a minimum of twenty-five dollars in finance charges. This amount, to the extent not earned, may be withheld from the rebate required hereunder. A late charge pursuant to § 6.1-330.80 may be imposed. *The seller may also charge and collect a document fee as may be agreed upon by the seller and purchaser in connection with such credit plan. The document fee shall be for the preparation, handling and processing of documents relating to the goods or services and to the closing of the transaction, and such fee shall not be considered a finance charge for the purposes of this chapter.*

B. Premiums for credit life insurance and credit accident and health insurance purchased by the debtor are not to be construed as an additional charge for the extension of credit if such insurance coverage is purchased voluntarily by the debtor. Premiums for property insurance on the goods purchased or leased are not to be construed as additional charges for extension of credit unless the seller requires the purchase of such insurance from or through the seller.