

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

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

4 [H 1949]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That § 6.1-330.77 of the Code of Virginia is amended and reenacted as follows:**8 § 6.1-330.77. Charges by sellers of goods or services; certain premiums not construed as additional
9 charges; penalty for violations of section.

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

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