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DIVISION 3. OBLIGATIONS [1427 - 3273.69] (*Heading of Division 3 amended by Stats. 1988, Ch. 160, Sec. 14.)*

PART 4. OBLIGATIONS ARISING FROM PARTICULAR TRANSACTIONS [1738 - 3273.69] (*Part 4 enacted 1872.)*

TITLE 2. CREDIT SALES [1801 - 1812.35] (*Title 2 added by Stats. 1959, Ch. 201.)*

CHAPTER 1. Retail Installment Sales [1801 - 1812.20] (*Chapter 1 added by Stats. 1959, Ch. 201.)*

ARTICLE 7. Refinancing and Consolidation [1807.1 - 1807.3] (*Article 7 added by Stats. 1959, Ch. 201.)*

1807.1. (a) The holder of a retail installment contract may, upon agreement with the buyer, extend the scheduled due date or defer the scheduled payment of all or of any part of any installment or installments payable thereunder. No charge shall be made for any such extension or deferment unless the agreement for such extension or deferment is in writing and signed by the parties thereto.

(b) Where the contract includes a finance charge determined on the precomputed basis, the holder may charge and contract for the payment of an extension or deferral agreement charge by the buyer and collect and receive the same, but such charge may not exceed an amount equal to 1 percent per month simple interest on the amount of the installment or installments, or part thereof, extended or deferred for the period of extension or deferral. Such period shall not exceed the period from the date when such extended or deferred installment or installments, or part thereof, would have been payable in the absence of such extension or deferral, to the date when such installment or installments, or part thereof, are made payable under the agreement of extension or deferment; except that a minimum charge of one dollar (\$1) for the period of extension or deferral may be made in any case where the extension or deferral agreement charge, when computed at such rate, amounts to less than one dollar (\$1).

(c) Where the contract includes a finance charge determined on the simple-interest basis, the holder may charge and contract for the payment of an extension or deferral agreement charge by the buyer and collect and receive the same, but the charge for the extension or deferral agreement may not exceed the lesser of twenty-five dollars (\$25) or 10 percent of the then unpaid balance of the contract. Such charge shall be in addition to any finance charges which accrue because such extended or deferred payments are received at a time other than as originally scheduled.

(d) An extension or deferral agreement may also provide for the payment by the buyer of the additional cost to the holder of the contract of premiums for continuing in force, until the end of such period of extension or deferral, any insurance coverages provided for in the contract, subject to the provisions of Section 1803.5.

(*Amended by Stats. 1980, Ch. 1380, Sec. 17. Effective October 1, 1980.*)

1807.2. The holder of a retail installment contract or contracts may, upon agreement in writing with the buyer, refinance the remaining amount owing on the contract or contracts by providing for a new schedule of installment payments. The holder may charge and contract for the payment of a refinance charge by the buyer and collect and receive the same, but such refinance charge shall be based upon the amount refinanced, plus any additional cost of insurance and of official fees incident to the refinancing, after the deduction of a refund credit in an amount equal to that to which the buyer would have been entitled under Section 1806.3 if he or she had prepaid in full his or her obligations under the contract or contracts. The agreement for refinancing may also provide for the payment by the buyer of the additional cost to the holder of the contract or contracts of premiums for continuing in force, until the maturity of the contract or contracts as refinanced, any insurance coverages provided for therein, subject to Section 1803.5. The refinancing agreement shall set forth:

(a) The amount of the existing outstanding balance to be refinanced, which consists of the remaining amount owing to be refinanced.

(b) The amount of any refund credit.

(c) The difference between subdivisions (a) and (b), which is the net outstanding balance to be refinanced.

(d) Any additional cost of insurance and of official fees to the buyer.

(e) The sum of subdivisions (c) and (d), which is the amount financed.

(f) The finance charge (1) as expressed as the annual percentage rate as defined in Regulation Z and (2) expressed in dollars.

(g) The number amount, and due dates or periods of payments scheduled to repay the indebtedness and the sum of those payments.

The items need not be stated in the sequence or order set forth above; additional items may be included to explain the computations made in determining the amount to be paid by the buyer. Where there is a consolidation of two or more contracts then Sections 1808.1 and 1808.2 shall apply. If the finance charge or any portion thereof is calculated on the 365-day basis, the amount of the finance charge shown pursuant to subdivision (f) shall be that amount which will be incurred by the buyer if all payments are received by the seller on their respective due dates.

(Amended (as amended by Stats. 1988, Ch. 479, Sec. 6) by Stats. 1991, Ch. 819, Sec. 9.)

1807.3. (a) If any payment, other than a deferred downpayment, under a contract or refinancing agreement is more than twice the amount of an otherwise regularly scheduled equal payment, the contract or refinancing agreement shall contain the following provision:

	"The payment schedule contained in this contract requires that you make a balloon payment of
	\$(Amount of balloon payment) which is a payment of
	more than double the amount of the regular payments. You have an absolute right to obtain a new payment schedule if you default in the payment of any balloon payment."

(b) If the buyer defaults in the payment of any balloon payment, he or she shall be given an absolute right to obtain a new payment schedule. Unless agreed to by the buyer, the periodic payments under the new schedule shall not be substantially greater than the average of the preceding installments.

(Amended by Stats. 1981, Ch. 1075, Sec. 11. Operative October 1, 1982, or sooner, by Sec. 25 of Ch. 1075, as amended by Stats. 1982, Ch. 129, Sec. 12.)