New Va. Finance Laws Signal Consumer Protection Push

By **Jay Spruill** (July 6, 2026)


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Virginia's 2026 legislative session reflects a broader trend toward increased consumer protections, heightened operational accountability for financial institutions, and greater scrutiny of servicing and collection practices.

While some of the new laws require only modest procedural adjustments, others will necessitate significant updates to policies, forms, employee training programs, technology systems and vendor relationships.

Financial institutions should view these developments not as isolated statutory changes, but as part of a broader compliance landscape that increasingly places responsibility on institutions to proactively identify, prevent and address consumer harm.

Garnishment Reform — H.B. 601/S.B. 301

The most significant financial services legislation that was enacted during the 2026 session was H.B. 601/S.B. 301, which substantially revises Virginia's garnishment procedures that apply to depository institutions.

The legislation requires depository institutions to automatically protect a minimum protected account balance of up to $1,000 for judgment debtors, and certain protected federal and state benefit payments deposited within the preceding two months.

The legislation establishes detailed account review procedures and shifts greater responsibility to financial institutions to identify and protect exempt funds before responding to the garnishment process.

To comply with the new requirements, financial institutions will need to revise garnishment procedures, employee training, account review processes, forms and vendor relationships to ensure compliance. The legislation represents the most substantial change to Virginia garnishment law affecting depository institutions in decades.

Conventional Mortgage Loan Assumptions Following Divorce — H.B. 304

H.B. 304 requires lenders that make conventional residential mortgage loans secured by owner-occupied Virginia residential real estate on or after July 1 to include provisions permitting one borrower to assume the departing borrower's portion of the mortgage obligation in connection with a divorce or an annulment, as long as the assuming borrower satisfies the lender's underwriting requirements.

Mortgage lenders should review and amend mortgage loan documentation, servicing procedures and assumption policies to ensure compliance with the new requirements and to address operational issues that may arise when processing post-divorce loan assumptions.

Uniform Consumer Debt Default Judgments Act — H.B. 444

H.B. 444 adopts the Uniform Consumer Debt Default Judgments Act and establishes additional procedural requirements before creditors may obtain default judgments in consumer debt collection actions.

The legislation is designed to improve the reliability of evidence supporting consumer debt claims and to reduce the risk of default judgments being entered based upon incomplete or inaccurate records.

Although the act is directed primarily at litigation procedures, it will affect banks, credit unions, finance companies, debt buyers and collection agencies that are pursuing judicial collection remedies in Virginia courts. The law has a delayed effective date of July 1, 2027.

Administration of Estates and Creditor Claims — H.B. 307

H.B. 307 creates a statutory procedure permitting a personal representative to provide notice to potential creditors of a decedent's estate and establishes corresponding deadlines for the assertion of claims against the estate.

Financial institutions that routinely assert claims against estates should review the new notice and claims procedures to ensure that their interests are identified, tracked and submitted within the applicable deadlines.

Electronic Fund Transfer Fraud Study — H.B. 190

H.B. 190 directs the Office of the Attorney General to convene a stakeholder work group to examine fraud involving electronic fund transfers and to develop recommendations for preventing and mitigating such fraud.

The work group will include representatives of financial institutions, the Bureau of Financial Institutions, consumer groups and other stakeholders. Particular focus will be placed on impersonation scams, digital fraud schemes and other fraudulent activities involving electronic fund transfers.

Although the legislation does not impose new significant obligations, it signals increasing legislative attention to fraud losses occurring through electronic payment channels and may lead to further legislative or regulatory initiatives.

Small Estate Affidavit — H.B. 100

H.B. 100 directs that the small asset affidavit used for the collection of an asset by successors of a decedent must be on a form prepared by the Office of the Executive Secretary of the Supreme Court of Virginia.

Because many financial institutions currently use institution-specific small estate affidavit forms, existing documentation and procedures will need to be updated once the new statewide form becomes available.

Virtual Currency Kiosks — H.B. 665/S.B. 489

H.B. 665/S.B. 489 establishes requirements for the operation of virtual currency kiosks in Virginia. While the law primarily targets kiosk operators, banks and other financial institutions that maintain relationships with virtual currency, businesses should review their compliance, monitoring and risk management frameworks.

This legislation reflects continued legislative scrutiny of cryptocurrency-related activities and may influence future expectations regarding anti-fraud controls, customer disclosures, and compliance with the Bank Secrecy Act and anti-money laundering efforts.

Consumer Finance Companies; Guaranteed Asset Protection Waivers and Insurance — H.B. 1309

H.B. 1309 authorizes consumer finance companies to impose charges for providing guaranteed asset protection waivers and GAP insurance in connection with their loans.

Consumer finance companies that elect to offer GAP products should evaluate their disclosures, sales practices, vendor relationships and compliance management systems to ensure proper implementation.

Limitation on the Enforcement of Judgment — H.B. 1426

H.B. 1426 states that, for judgments entered in the general district court on or after July 1, when enforcement is sought by a debt buyer, the docketing of an abstract of the judgment in the circuit court does not affect the 10-year limitation period to enforce the judgment.

Under current law, this docketing allows a general district court judgment to be treated as a judgment entered by the circuit court and may be extended in the same manner as a judgment entered by the circuit court.

Debt buyers, collection agencies and financial institutions that acquire charged-off consumer debt should review portfolio valuation, recovery strategies and litigation practices in light of the revised enforcement limitations. The legislation may shorten the practical collection horizon for certain judgments and could affect assumptions underlying debt acquisition and recovery models.

Financial Institution Officers and Directors — S.B. 734

S.B. 734 authorizes the State Corporation Commission, upon a petition brought by — or on behalf of — an individual, to permit that individual to serve as an officer of more than one financial institution.

Notably, an individual who is seeking to serve on the board of directors of more than one financial institution already has the ability to petition the State Corporation Commission under current law.

Although the legislation expands flexibility for qualified individuals who are seeking leadership roles across multiple institutions, boards and executive management teams should continue to evaluate potential governance, conflict of interest and regulatory oversight considerations. The change may be particularly relevant for community banks and smaller financial institutions operating in markets with a limited pool of experienced executive talent.

Conclusion

The 2026 General Assembly session produced several noteworthy developments for Virginia financial institutions. The garnishment reforms enacted through H.B. 601/S.B. 301 are likely to have the greatest immediate operational impact, while H.B. 304's mortgage assumption requirements and H.B. 444's debt collection reforms will require significant compliance reviews and implementation planning.

Beyond simply updating policies and forms, institutions should consider whether existing technology platforms, third-party service providers, employee training programs and internal controls are equipped to meet the new requirements.

Early coordination among legal, compliance, operations, servicing and vendor management teams can help reduce implementation risk and avoid last-minute compliance challenges as the effective dates approach. Financial institutions should be reviewing policies, procedures, forms, systems and vendor relationships now in light of the July 1 effective date.

Several of the remaining measures — including the electronic fund transfer fraud study, virtual currency kiosk regulation and debt collection reforms — signal areas where lawmakers and regulators are likely to remain active in future sessions.

Financial institutions should not view these enactments solely as isolated statutory changes, but also as indicators of broader trends toward increased consumer protection, enhanced fraud prevention obligations and greater accountability in financial services operations.

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