

REPRINTED BILL

Bill No. 90 of 1954

A BILL RESPECTING AGREEMENTS RELATING TO SALES ON TIME AND TO CASH LOANS

NOTE

This Bill enacts a new Act to be known as "*The Credit and Loan Agreements Act*".

The new Act is divided into two Parts; Part I deals with sales on time payment plans, and Part II deals with loans by lenders.

Part I provides that the document evidencing the sale is required to contain certain information that will clearly show the purchaser all the particulars of the price, cost and charges of the purchase as well as the terms of payment. This Part relates only to purchases of over one hundred dollars and does not apply on the factory to dealer level. It is an offence to fail to comply with this Part. Form A in the Schedule provides a form which will enable a seller to comply with the requirements of this Part but the Form is not inflexible as a form to the like effect may be used.

Part II applies in the case of cash loans by lenders. It does not apply in the case of bank loans, loans under the *Small Loans Act* (Canada), loans on which the whole cost of the loan is expressed as a rate per centum per annum, loans by treasury branches, credit unions or on the security only of real property, or loans by pawnbrokers.

The Bill requires that the document evidencing a loan of money set out certain particulars. This will enable a borrower to determine the amount of the loan, how much cash he will receive, how much the loan will cost him and other details that may be of value to him.

The lender commits an offence when his loan agreement does not contain the particulars of the loan as required by this Bill.

This Bill is to come into force on the 1st day of July, 1954.

J. W. RYAN,
Acting Legislative Counsel.

(This note does not form any part of the Bill but is offered in explanation of its provisions.)

REPRINTED BILL

BILL

No. 90 of 1954

An Act respecting Agreements Relating to Sales on Time
and to Cash Loans

(Assented to _____, 1954)

HER MAJESTY, by and with the advice and consent of
the Legislative Assembly of the Province of Alberta,
enacts as follows:

1. This Act may be cited as "*The Credit and Loan Agree- Short title
ments Act*".

- 2.** In this Act, unless the context otherwise requires,
- (a) "agreement to sell" means a contract of sale in writing whereby the transfer of the property in the goods is to take place at a future time or subject to some condition thereafter to be fulfilled; Interpre-
tation
"agreement
to sell"
 - (b) "commercial property" means land, buildings and the equipment thereof used for industrial, commercial or business purposes or for the purpose of producing revenue, but does not include single or double family dwelling units; "com-
mercial
property"
 - (c) "cost of the loan" means the whole of the cost of the loan to the borrower whether the same is expressed as a rate per centum per annum or is claimed as discount, deductions from an advance, commission, brokerage, chattel mortgage and recording fees, fines, penalties or charges for enquiries, defaults or renewals or otherwise and whether paid to or charged by the lender or paid to or charged by any other person and whether fixed or determined by the contract itself or in whole or in part by any collateral or document by which the charges, if any, imposed under the contract or the terms of the loan are effectively varied; "cost of
the loan"
 - (d) "loan agreement" "loan
agreement"
 - (i) means a chattel mortgage, agreement, bill of sale or other instrument, document, or memorandum in writing evidencing a loan of money, or made or given as security for a loan of money,
 - (ii) does not include a bill of exchange or a real property mortgage;
 - (e) "sale" means a sale within the meaning of *The Sale of Goods Act*; "sale"

- "time sale" (f) "time sale" means a sale or an agreement to sell whereby the purchase price and charges in addition to the purchase price, if any, are to be paid within a fixed period by three or more payments any one of which does not equal the full amount first owing by the buyer on the sale or the agreement to sell;
- "time sale agreement" (g) "time sale agreement" means any document or memorandum in writing evidencing a time sale.

PART I

TIME SALE CONTRACTS

Non- application
of Act

3. This Act does not apply

- (a) to sales made
- (i) by a manufacturer or distributor to a wholesaler, or
- (ii) by a distributor or wholesaler to a retailer, or
- (b) to a sale for an amount less than one hundred dollars.

Time sale
agreement

4. (1) A time sale agreement shall set out in writing or in printing not smaller than ten point print and arranged in accordance with Form A in the Schedule or in a form to the like effect

- (a) the regular cash selling price as it appears at the date of the sale in advertisements, labels, price lists, catalogues and other price marks of the seller and as required from a cash buyer including the cost of transportation and installation of the thing sold, if that cost is charged to the buyer,
- (b) the selling price on a time sale, exclusive of the amounts referred to in clauses (d) to (h), if the selling price on a time sale differs from the regular cash selling price,
- (c) the amount of the initial payment by the buyer with separate mention of
- (i) the amount paid in money by the buyer,
- (ii) the amount credited the buyer on the giving by the buyer of any article or thing to the seller,
- (d) the amount of the balance of the price on the time sale to be paid by the buyer,
- (e) the amount, if any, charged separately for insurance with respect to the time sale,
- (f) the amount, if any, charged for recording or filing documents relating to the time sale,
- (g) the amount, if any, charged the buyer by the seller for the privilege of purchasing on a time sale,

- (h) the total of the unpaid balance to be paid the seller with mention of
 - (i) the amounts by which the unpaid balance is to be paid, and
 - (ii) the period at which these amounts are to be paid,
 - (i) the aggregate of the price on the time sale as found pursuant to clause (b) and all the costs set forth pursuant to clauses (d) to (h) added thereto,
 - (j) the total additional charge, if any, other than court costs, to be paid by the buyer in the event of default expressed as a money charge or as a rate per centum per annum on the balance from time to time owing by the buyer.
- (2) If the transportation or installation costs referred to in clause (a) of subsection (1) are charged to the buyer, these costs shall be separately set out in the time sale agreement.

5. If a seller fails to comply with the provisions of section 4 he is guilty of an offence and liable on summary conviction to a fine of not more than five hundred dollars and in default of payment to imprisonment for a term not exceeding six months.

Penalty for non-compliance with time sale agreement

PART II

LOAN AGREEMENTS

6. This Act does not apply to
- (a) loans made by banks incorporated under the *Bank Act* (Canada),
 - (b) loans made to a manufacturer, distributor, wholesaler or retailer in the course of his business and upon the security of his stock or inventory or any part thereof, or
 - (c) loans repayable in one or more payments on which the whole cost of the loan to the borrower is expressed as a rate per centum per annum on the amount actually advanced to the borrower and declining balances thereof from time to time outstanding, if no other charges of any kind are to be paid by the borrower, or
 - (d) loans made under or subject to the *Small Loans Act* (Canada), or
 - (e) loans made by treasury branches established under *The Treasury Branches Act*, or
 - (f) loans made by credit unions incorporated by or under statutory authority, or
 - (g) loans made solely upon the security of real property, or

Non-application of Act

- (h) loans made by pawnbrokers in the ordinary course of their business, or
- (i) loans made on the security of commercial property.

Require-
ments of
loan
agreement

- 7.** A loan agreement shall, in writing or in printing not smaller than ten point print,
- (a) set out the principal amount of the loan,
 - (b) set out the amount of money the borrower will actually receive in respect of the loan,
 - (c) set out the amounts of any insurance or other charges that are to be paid by the borrower and that are additional to and not included in the cost of the loan,
 - (d) set out the whole cost of the loan to the borrower expressed either
 - (i) as a money charge, or
 - (ii) as a rate per centum per annum on the amount actually advanced to the borrower and declining balances thereof from time to time outstanding,
 - (e) show the total amount of money that the borrower will be required to repay, and
 - (f) set out the amounts in which and the periods at which the borrower will be required to repay the lender,
 - (g) the total additional charge, if any, other than court costs, to be paid by the borrower in the event of default expressed as a money charge or as a rate per centum per annum on the balance from time to time owing by the borrower.

Penalty for
failure to
comply with
requirements
of loan
agreement

8. If a loan agreement does not contain the particulars required by section 7 the lender for whose benefit the loan agreement was made is guilty of an offence and liable on summary conviction to a fine of not more than five hundred dollars and in default of payment to imprisonment for a term not exceeding six months.

Coming into
force

9. This Act comes into force on the first day of September, 1954.

SCHEDULE

FORM A
(Section 4)

Name and Address of Seller

Name and Address of Buyer

Description of Goods sold

a. (1) Cash selling price \$

- (2) Installation charges
- (3) Transportation charges
-
- Total Delivered and installed cash price \$.....
- b. Total delivered and installed price on time sale \$.....
- c. Initial payment—Cash \$.....
Trade In \$.....
- d. Balance of Price on the Time Sale \$.....
- e. Insurance charges \$.....
- f. Recording or filing fees \$.....
- g. (1) Financing charges \$.....
(2) Other charges \$.....
(Describe purpose and amount attributable to each purpose)
- h. Total to be paid in \$.....
(number)
equal
(monthly, etc.)
installments of \$.....
each payable on the
- i. Aggregate of price on time sale and all costs added thereto \$.....
- j. NOTE: In the event of default in payment of any installment when due entire balance of principal shall at option of seller immediately become due and payable and shall thereafter bear
(a) a financing charge of \$..... per annum, or
(b) interest at the rate of% per annum).
(j to be set out only if required).

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No. 90

SECOND SESSION

TWELFTH LEGISLATURE

3 ELIZABETH II

1954

BILL

An Act respecting Agreements
Relating to Sales on Time and to
Cash Loans

Received and read the

First time

Second time

Third time

HON. MR. MAYNARD
