

1967 Bill 63

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Fifth Session, 15th Legislature, 15 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

**BILL 63**

**An Act respecting Agreements relating to Sales on  
Time and to Cash Loans**

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THE PROVINCIAL TREASURER

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First Reading .....

Second Reading .....

Third Reading .....

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Printed by L. S. Wall, Queen's Printer, Edmonton

# BILL 63

1967

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

(Assented to \_\_\_\_\_, 1967)

**H**ER 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 Agreements Act, 1967*.

**2.** In this Act,

- (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;
- (b) "annual percentage rate" means the annual percentage rate expressed, calculated and applied in the manner prescribed by the regulations;
- (c) "continuous deferred payment plan" means an agreement under which purchases on credit can be made from time to time by a buyer, with the credit charges in addition to the purchase price, if any, being computed from time to time in relation to the unpaid balance on all the purchases;
- (d) "credit charges" means
  - (i) where used in relation to continuous deferred payment plans and revolving loan agreements, the charges that the buyer or borrower is required to pay periodically on the unpaid balance from time to time for the privilege of purchasing or borrowing on the plan, and
  - (ii) when used in relation to time sale agreements and loan agreements, the amount by which the total sum that the buyer or borrower is required to pay, if the payments are made as they become due, exceeds the sum of the regular cash selling price on a time sale or the amount of money the borrower actually receives in respect of a loan and the insurance charges, if any, actually paid by the credit

## **Explanatory Notes**

**1.** This Bill repeals and replaces The Credit and Loan Agreements Act which is chapter 66 of the Revised Statutes. This Bill will come into force on September 1st, 1967.

**2.** Definitions.

grantor to an insurance company on behalf of the buyer or borrower at his request;

- (e) "credit grantor" means the person who is
  - (i) the seller in a time sale agreement, and
  - (ii) the lender in a loan agreement;
- (f) "goods" means personal property and services, including tokens, coupons, certificates and other documents or things sold that are redeemable or exchangeable for goods or services;
- (g) "loan agreement" 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;
- (h) "revolving loan agreement" means any agreement under which loans may be made by a lender from time to time with the credit charges being computed from time to time in relation to the total of the balances outstanding on all of the loans;
- (i) "sale" means a sale within the meaning of *The Sale of Goods Act*;
- (j) "Supervisor" means the Supervisor of Consumer Credit appointed under this Act;
- (k) "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 by one or more future payments;
- (l) "time sale agreement" means any document or memorandum in writing evidencing a time sale.

3. The purpose and intent of this Act are to ensure, as far as possible, that persons borrowing or receiving credit from credit grantors shall be fully informed of all the terms and conditions upon which the lending and granting of credit is made.

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## PART 1

### TIME SALE AGREEMENTS

4. This Act does not apply to
- (a) a sale for an amount less than \$50, or
  - (b) a sale made
    - (i) by a manufacturer or distributor to a wholesaler, or
    - (ii) by a manufacturer, distributor or wholesaler to a retailer,
  - or
  - (c) any sale or type of sales to which this Act is declared by the regulations not to be applicable.

**3. Purpose and intent of Act.**

**4. Application of Act to time sale agreements.**

5. (1) A time sale agreement shall set out in writing, or in printing not smaller than 10 point print, and arranged in accordance with the form prescribed by the regulations, 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 amount of the initial payment by the buyer with separate mention of
  - (i) the amount paid in money by the buyer, and
  - (ii) the amount credited to the buyer on the giving by the buyer of any article or thing to the seller,
- (c) the amount of the balance of the price on the time sale to be paid by the buyer,
- (d) the amount, if any, charged separately at the buyer's request for property damage and liability insurance in respect of the goods sold,
- (e) the amount, if any, charged separately for life and for health and accident insurance protection for the buyer at his request,
- (f) the credit charges expressed
  - (i) as a money charge, and
  - (ii) as the annual percentage rate that the credit charge bears to the sum of the amounts stated under clauses (c), (d) and (e),
- (g) the total of the amounts stated under clauses (c), (d), (e) and (f) to be paid the seller with mention of
  - (i) the amounts by which the total is to be paid, and
  - (ii) the period or periods at which these amounts are to be paid,
- (h) the aggregate of the price on the time sale, being the selling price referred to in clause (a) with all the costs set out pursuant to clauses (d), (e) and (f) added thereto,
- (i) the total additional charge, if any, other than court costs, to be paid by the buyer in the event of default, expressed as a rate per centum per annum on the balance from time to time owing by the buyer, and
- (j) a clear description of the goods sold.

(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.** Information to be disclosed on a time sale agreement.

**6.** Where goods are purchased under a continuous deferred payment plan, the seller shall be deemed to have complied with the requirements of this Act if the terms of the plan are in writing, or in printing not less than 10 point print, and if the plan and the periodic statements and the other documents supplied by the seller to the buyer, or any one or more of them, clearly set out

- (a) the particulars mentioned in clause (a) of subsection (1) of section 5,
- (b) where applicable, the particulars mentioned in clauses (b), (c), (d), (e) and (i) of subsection (1) of section 5,
- (c) the total balance owing to the seller by the buyer as of the date of each statement supplied by the seller and the amount of the next instalment payable under the plan and the date by which it is required to be paid, and
- (d) the credit charge
  - (i) in the written agreement as a scale of money charges shown in a schedule of amounts of outstanding balances and the applicable charges, and as an annual percentage rate or a scale of annual percentage rates, and
  - (ii) in the periodic statement as the actual amount of money charged with a clear indication of the balance on which the charge is calculated and as an annual percentage rate or a scale of annual percentage rates.

**7.** Every seller shall give to the buyer a duplicate copy of the time sale agreement immediately upon the execution of the agreement.

**8.** Where the credit charges in a time sale agreement are precomputed and any amount is paid in advance of the due date

- (a) the buyer is entitled to a rebate in respect of the credit charge, and
- (b) the seller or his assigns is entitled to a part of the credit charge,

in proportion to be determined in the manner prescribed by the regulations.

**9.** A time sale is not rendered void or unenforceable by reason only of a failure to comply with this Act, but in such a case

- (a) the buyer is not obligated to pay, and
- (b) the seller or his assigns has no right to recover any credit charges on the time sale agreement and where any credit charges have been paid, the buyer may recover from the seller an amount equal to the amount of the credit charges paid.



**6.** Application of Act to continuous deferred payment plans.

**7.** Copy of agreement to be given to the buyer.

**8.** Effect of making payments before due.

**9.** Effect of failure to comply with the Act.

**PART 2**  
**LOAN AGREEMENTS**

**10.** This Act does not apply to

- (a) 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,
- (b) loans made by pawnbrokers in the ordinary course of their business, or
- (c) any loan or type of loan to which this Act is declared by the regulations not to be applicable.

**11.** A loan agreement shall, in writing or in printing not smaller than 10 point print, set out

- (a) the principal amount of the loan,
- (b) the amount of money the borrower will actually receive in respect of the loan,
- (c) the amount, if any, charged separately for life and for health and accident insurance protection for the borrower at his request,
- (d) the credit charge expressed
  - (i) as a money charge, and
  - (ii) as the annual percentage rate that the credit charge bears to the sum of the amounts stated under clauses (b) and (c),
- (e) the total amount of money that the borrower will be required to repay,
- (f) 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 rate per centum per annum on the balance from time to time owing by the borrower, and
- (h) a clear and prominent statement of the security taken, if any.

**12.** Where loans are made under a revolving loan agreement, the lender shall be deemed to have complied with the requirements of this Act if the terms of lending are in writing, or in printing not less than 10 point print, and set out

- (a) a clear and prominent description of the security taken, if any,
- (b) the periods and amounts of required minimum periodic payments,
- (c) the amount, if any, charged separately for life and for health and accident insurance protection for the borrower at his request, and

**10.** Application of Act to loan agreements.

**11.** Information to be disclosed in a loan agreement.

**12.** Application of Act to revolving loan agreements.

- (d) the annual percentage rate or a scale of annual percentage rates at which the credit charges shall be computed from time to time,
- and the lender submits to the borrower not less frequently than monthly a periodic statement showing
- (e) the balance outstanding as at the end of the previous billing period,
  - (f) the individual amount of each loan made during the current period,
  - (g) the individual credits or payments credited to the account during the current period,
  - (h) the credit charges actually charged during the period expressed
    - (i) as a money charge, and
    - (ii) as an annual rate percentage per annum or a scale of rates percentage per annum with a clear indication of the balance on which the charge is calculated,
- and
- (i) the amount and due date of the next payment.

**13.** Every lender shall give to the borrower a duplicate copy of the loan agreement immediately upon the execution of the agreement.

**14.** Where the credit charges in a loan agreement are precomputed and any amount is paid in advance of the due date or dates

- (a) the borrower is entitled to a rebate in respect of the credit charge, and
- (b) the lender or his assigns is entitled to a part of the credit charge

in proportions to be determined in a manner prescribed by the regulations.

**15.** A loan agreement is not rendered void and unenforceable by reason only of a failure to comply with this Act, but in such a case

- (a) the borrower is not obligated to pay, and
- (b) the lender or his assigns has no right to recover any credit charges on the loan agreement and where any credit charges have been paid, the borrower may recover from the lender an amount equal to the amount of the credit charges paid.

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### **PART 3**

#### **ADMINISTRATION**

**16.** The Provincial Treasurer is charged with the administration of this Act.

**13.** Lender to give borrower duplicate copy of loan agreement.

**14.** Effect of making payments before due.

**15.** Effect of failure to comply with the Act.

**16.** Administration of Act.

**17.** In accordance with *The Public Service Act, 1962*, there may be appointed a Supervisor of Consumer Credit and such other employees as are required to assist the Supervisor in the performance of his duties.

**18.** The Supervisor shall

- (a) conduct studies, surveys and inquiries to determine
  - (i) the identity of all credit grantors in the Province, and
  - (ii) the business practices of such credit grantors,
- (b) continually inform himself of changes and developments in the business and business practices of credit granting,
- (c) recommend changes in business practices or forms to a credit grantor where the Supervisor considers that the changes are necessary to comply with this Act,
- (d) consult and co-operate with credit grantors and other interested parties in order to facilitate the attainment of the objects of this Act,
- (e) submit in writing to the Provincial Treasurer, prior to the 31st day of December of each year, a report of his activities under this Act, and
- (f) perform such other duties as are prescribed by the Lieutenant Governor in Council.

**19.** For the purpose of exercising the powers conferred and the duties imposed on him by this Act the Supervisor has all the powers of a commissioner appointed under *The Public Inquiries Act*.

**20.** Where the Provincial Treasurer receives the report referred to in clause (e) of section 18, he shall table a copy of such report at the next ensuing session of the Legislature.

**21.** With the approval of the Lieutenant Governor in Council, the Supervisor may for any purpose in connection with the administration of this Act obtain the services of accountants, actuaries and any other professionally or technically trained and qualified persons.

**22.** The Lieutenant Governor in Council may appoint advisory councils comprised of such persons and numbers of persons as he considers desirable to consult with the Supervisor in the performance of his duties.

**23.** The Lieutenant Governor in Council may make regulations not inconsistent with this Act to facilitate the carrying out of the intent and purpose of this Act and without restricting the generality of the foregoing may make regulations prescribing

**17.** Appointment of Supervisor.

**18.** Duties of Supervisor.

**19.** Powers of Supervisor.

**20.** Supervisor's report to be tabled in Assembly.

**21.** Supervisor may engage in services of accountants, etc.

**22.** Advisory councils may be appointed.

**23.** Regulations.

- (a) the manner in which the annual percentage rate shall be expressed, calculated and applied,
- (b) the forms in which the particulars required to be given in time sale agreements and loan agreements shall be set out, and
- (c) the manner in which credit charges shall be apportioned under section 8 and section 14,

and defining any words used in this Act and not defined herein.

**24.** (1) A credit grantor who fails to comply with this Act or the regulations is guilty of an offence and liable on summary conviction

- (a) in the case of a corporation, to a fine of not more than \$1,000, and
- (b) in the case of an individual, to a fine of not more than \$500 and in default of payment to imprisonment for a term not exceeding six months.

(2) A prosecution under subsection (1) may be commenced within three years after the commission of the offence, but not thereafter.

**25.** This Act repeals and replaces *The Credit and Loan Agreements Act*, being chapter 66 of the Revised Statutes.

**26.** This Act comes into force on the first day of September, 1967.



**24. Offence.**