

1972 Bill 127

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First Session, 17th Legislature, 21 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

## **BILL 127**

**The Credit and Loan Agreements Amendment Act, 1972 (No. 2)**

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MR. KOZIAK

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First Reading .....

Second Reading .....

Third Reading .....

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*Bill 127*  
*(Mr. Koziak)*

## **BILL 127**

1972

### **THE CREDIT AND LOAN AGREEMENTS AMENDMENT ACT, 1972 (No. 2)**

*(Assented to , 1972)*

**H**ER MAJESTY, by and with the advice and consent of the Legislative Assembly of Alberta, enacts as follows:

*1. The Credit and Loan Agreements Act is hereby amended.*

*2. Section 5 is amended by adding the following subsection after subsection (3):*

(3.1) A time sale agreement and any variation or revision of a time sale agreement shall be signed by the buyer.

*3. The following section is added after section 7.1:*

**7.2** Where any time sale agreement made before or after the commencement of this section contains provisions to the effect that, upon the default of the buyer or upon the occurrence of any other event, and whether at the option of the seller or not, the whole or part of the balance remaining unpaid becomes immediately payable or is otherwise accelerated, then, notwithstanding anything in the time sale agreement,

(a) the whole or part of the balance remaining unpaid does not become payable or otherwise accelerated, and

(b) any rate of interest made especially applicable to the amount remaining unpaid does not become effective,

before the buyer has received written notice thereof.

*4. Section 11 is amended by adding the following subsection after subsection (2):*

(2.1) A loan agreement and any variation or revision of a loan agreement shall be signed by the borrower.

## **Explanatory Notes**

**1.** This Bill will amend chapter 73 of the Revised Statutes of Alberta 1970.

**2.** Section 5 sets out certain requirements regarding time sale agreements. The new subsection (3.1) is added to avoid any possible interpretation that the buyer's signature is not required on the original agreement or any variation or revision of it.

**3.** The new section 7.2 is the equivalent of the proposed section 13.2 relating to loan agreements; see section 5 of this Bill.

**4.** Section 11 sets out certain requirements regarding loan agreements. The new subsection (2.1) is added to avoid any possible interpretation that the borrower's signature is not required on the original loan agreement or any variation or revision of it.

*5. The following section is added after section 13.1:*

**13.2** Where any loan agreement made before or after the commencement of this section contains provisions to the effect that, upon the default of the borrower or upon the occurrence of any other event, and whether at the option of the lender or not, the whole or part of the balance remaining unpaid becomes immediately payable or is otherwise accelerated, then, notwithstanding anything in the loan agreement,

- (a) the whole or part of the balance remaining unpaid does not become payable or otherwise accelerated, and
- (b) any rate of interest made especially applicable to the amount remaining unpaid does not become effective,

before the borrower has received written notice thereof.

*6. The following section is added after section 15.2:*

**15.21** (1) Notwithstanding anything contained in any agreement or contract entered into before or after the commencement of this section, where a credit card is lost or stolen, the person whose name appears on the card has no legal obligation for any debt incurred by the use of the card on and after the date on which the issuer of the card receives actual notice of the loss or theft of the card from that person or from a person on his behalf.

(2) A notice under subsection (1) may be oral or in writing.

(3) Where a credit card is lost or stolen and one or more debts are incurred by the use of the card by an unauthorized person prior to the receipt by the issuer of the notice under subsection (1), the liability of the person whose name appeared on the card shall not exceed

- (a) \$50 or the maximum amount of credit available to him under a written agreement with the issuer, whichever is the lesser, if the notice was given within a reasonable time after he first became aware of the loss or theft of the card, or
- (b) the maximum amount of credit available to him under a written agreement with the issuer, if the notice was not given within a reasonable time after he first became aware of the loss or theft of the card.

*7. Section 15.4 is struck out and the following section is substituted therefor:*

**15.4** (1) Where an advertisement made or published by or on behalf of a credit grantor contains any information respecting credit charges, terms of repayment or down-payments, or any other information relating to credit terms, the advertisement shall state

5. This new section 13.2 is aimed at overriding provisions in a loan agreement that allow the lender, without notice to the borrower, to exercise an option to accelerate the unpaid balance in the event of default in an instalment payment. The lender is then unaware of the acceleration and of the fact that he is being charged a higher rate of interest on the whole unpaid balance.

6. The new section 15.21 deals with the limitation of liability on the credit card holder in the event of loss or theft of the card and its unauthorized use afterward.

7. Section 15.4 presently reads:

15.4. Where a credit grantor advertises or causes to be advertised information respecting his credit charges, the advertisement

- (a) shall state only that he makes a credit plan available at his usual rates, or
- (b) shall state
  - (i) the full credit charges as an annual percentage rate expressed in the manner required by section 5 or 11 and by the regulations,
  - (ii) the sum to be actually received in cash by the borrower or the actual cash price of the goods,
  - (iii) the amount of the down payment, if any, to be made on the purchase price of the goods,
  - (iv) the amount of each installment, and
  - (v) the number of installments required to pay the total indebtedness including the cost of borrowing.

- (a) the full credit charges as an annual percentage rate expressed in the manner required by section 5 or 11 and by the regulations,
  - (b) the sum to be actually received in cash by the borrower or the actual cash price of the goods,
  - (c) the amount of the downpayment, if any, to be made on the purchase price of the goods,
  - (d) the amount of each installment, and
  - (e) the number of installments required to pay the total indebtedness including the cost of borrowing.
- (2) Subsection (1) does not apply where the only information contained in the advertisement and relating to credit is a statement that a credit plan is available.

*8. This Act comes into force on January 1, 1973.*

