

1978 BILL 229

Fourth Session, 18th Legislature, 27 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 229

THE MORTGAGE PAYMENT PENALTY ACT

MR. NOTLEY

First Reading -----

Second Reading -----

Committee of the Whole -----

Third Reading -----

Royal Assent -----

Bill 229
Mr. Notley

BILL 229

1978

THE MORTGAGE PAYMENT PENALTY ACT

(Assented to _____ *, 1978)*

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

1. Where a mortgage of land is redeemed by payment of the full amount outstanding prior to the date prescribed by the mortgage agreement as the due date of payment, the mortgagee may not charge the mortgagor in respect of the redemption an amount which exceeds

- (a) the interest accrued up to the date of redemption;
- (b) the actual administrative costs incurred by the mortgagee as a result of the early payment of the outstanding balance; and
- (c) any legal costs incurred by the mortgagee as a result only of the early payment of the outstanding balance.

2. Any requirement that an amount in excess of that provided in section 1 be paid by a mortgagee as a condition of redeeming a mortgage is void.

3. Any waiver of the provisions of sections 1 or 2 is against public policy and is void.

Explanatory Notes

1. Limits charges made on early redemption of mortgage.

2. Extra charge is void.

3. Waiver of limit is void.

Part 2

The Credit and Loan Agreements Act

4. *The Credit and Loan Agreements Act is amended by this Part.*

5. *Section 8 is amended by adding the following after subsection (1):*

(1.1) The amount to which the seller or his assigns are entitled pursuant to subsection (1)(b) shall not exceed the total of:

- (a) the credit charge he has incurred under the agreement for the period up to the date of pre-payment; and
- (b) a service charge reflecting the direct cost to the seller or his assigns of processing the advance payment and terminating the agreement.

(1.2) Where credit charges in a time sale agreement are not precomputed and any amount is paid in advance of the due date, the seller or his assigns shall be entitled to collect only:

- (a) the credit charge he has earned under the agreement up to the date of pre-payment; and
- (b) a service charge reflecting the direct cost to the seller or his assigns of processing the advance payment and terminating the agreement.

(1.3) It is an offence to make any penalty or charge in excess of the amounts specified in subsections (1) and (2) in connection with or as a condition of the termination of, or an early payment under, a time sale agreement.

(1.4) Any waiver of the provisions of subsections (1.1), (1.2) or (1.3) is contrary to public policy and is void.

6. *This Act comes into force on the day upon which it is assented to.*

4. This Part will amend chapter 73 of the Revised Statutes of Alberta, 1970.

5. Amends section 8 to limit charges on early payment.