

APPENDIX 1 REQUIREMENTS FOR A SAMPLE PAYDAY LOAN AGREEMENT

Section 8(a) of the *Payday Loans Regulation* provides that an applicant for a payday lender licence must provide a **completed** sample payday loan agreement for a \$300 loan for 12 days.

The Consumer Protection Office will review the submitted sample agreement to ensure that it is consistent with the legislated requirements, including the requirement in section 148(2) of *The Consumer Protection Act* that the agreement be clear and understandable and that the information required by the Act and the Regulation be prominently displayed.

The sample agreement must clearly show that neither the total cost of credit nor any component of the cost of credit exceeds the maximum allowed by the Regulation.

It is important to note that the cost of credit disclosure provisions in Part 2 of *The Consumer Protection Act* (Credit Agreements and Leases: Cost of Credit) apply to consumer credit agreements, including payday loans. These provisions deal with requirements for various components in credit arrangements including advertising, disclosure statements, insurance, brokers, and optional services. While the following requirements are specific to payday loans agreements, applicants must also comply with Part 2 of *The Consumer Protection Act* and the *Consumer Protection Regulation* under that Act. Applicants are strongly encouraged to ensure that they are aware of and understand those obligations.

Payday loan agreement disclosure requirements under Part 18 of *The Consumer Protection Act* (Payday Loans)

Section 148(1) (a) of *The Consumer Protection Act* requires that at the time of making the initial advance under a payday loan or providing the borrower with a cash card or other device that enables the borrower to access funds under a payday loan, the payday lender must give to the borrower a document that is in a form satisfactory to the director that:

- (i) states the date and time of day that the initial advance is being made or the card or other device is being provided,
- (ii) states that the loan is a high-cost loan,
- (iii) gives notice of the borrower's right to cancel the loan within 48 hours after receiving the initial advance or the card or other device,
- (iv) includes a form of notice that the borrower may use to give written notice that he or she is cancelling the loan, and
- (v) includes a form of receipt that the lender must use to acknowledge receipt of what was paid or returned by the borrower upon cancelling the loan.

Payday loan agreement disclosure requirements in the *Payday Loans Regulation*

Section 14 of the Regulation requires that in addition to the information required in section 148(1)(a) of the Act, the following information must also be included in the payday loan agreement:

- (a) the payday lender's business name or style, business and mailing address, email address and telephone and fax numbers;
- (a.1) the payday lender's licence number;
- (b) the borrower's name, address and telephone number;
- (c) the principal amount of the loan;
- (d) the term of the loan in days;
- (e) the amount of the initial advance;
- (f) the total cost of credit and the annual percentage rate (APR);
- (g) an itemization of all fees, commissions, charges, penalties, interest and other amounts or consideration charged, paid or given, or to be charged, paid or given, by or to the lender or any other person in relation to the loan;
- (h) the date on which payment is due to the payday lender and, if being repaid by more than one payment, the date and amount of each payment;
- (i) if a cash card or other device that enables the borrower to access funds under the loan is issued to the borrower, the following information:
 - (i) the terms and conditions for use of the cash card or device,
 - (ii) the amount of money advanced that is available on the cash card,
 - (iii) the expiry date, if any, of the cash card,
 - (iv) an itemization of each fee, commission, charge, penalty, interest or other amount or consideration charged, paid or given, or to be charged, paid or given, by or to the lender or any other person, in relation to the cash card.
- (j) the following statements:

"If you have any questions or concerns about payday loans, cancellation rights or collection practices, contact the Consumer Protection Office at (204) 945-3800 or toll free at 1-800-782-0067".

"If you feel you could benefit from debt counseling, contact the Consumer Protection Office at (204) 945-3800, or toll free at 1-800-782-0067 for information".

- (k) information about the cancellation rights under section 149 of the Act, including the procedure for cancelling a payday loan and the time limit for doing so;
- (l) information about the consequences of the payday lender's failure to comply with subsections 147(1), 152(1), 153(1) and 154(1) of the Act;
- (m) if the payday loan agreement relates to an Internet payday loan, information about how any amounts or consideration described in subsections 147(2), 152(2), 153(2) and 154(2) of the Act will be reimbursed.