

General Regulations under *The Cost of Credit Disclosure Act*

Repealed

by Chapter C-41.01 Reg 1 (effective October 1, 2006).

Formerly

Saskatchewan Regulations 356/78
(effective November 28, 1978).

NOTE:

This consolidation is not official. Amendments have been incorporated for convenience of reference and the original statutes and regulations should be consulted for all purposes of interpretation and application of the law. In order to preserve the integrity of the original statutes and regulations, errors that may have appeared are reproduced in this consolidation.

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SASKATCHEWAN REGULATION 356/78
under *The Cost of Credit Disclosure Act, 1967 – Section 19*

Interpretation

1 For the purposes of,

(a) subclause (i) of clause (a) of section 3 of the Act, “**cash**” includes the sum remaining unpaid under a previous extension of credit, in an amount determined under section 7, that the borrower and lender agree is to be consolidated with the extension of credit in respect of which the statement is given; and

(b) subclause (ii) of clause (a) of section 3 of the Act, “**cash price**” includes the sum remaining unpaid under a previous extension of credit, in an amount determined under section 7, that the buyer and seller agree is to be consolidated with the extension of credit in respect of which the statement is given.

(c) the Act, “**insurance fees**” does not include the cost of any insurance contracted for by the lender or seller and not charged separately to the borrower or buyer as such but which is included in the cost of borrowing.

1 Dec 78 SR 356/78 s1.

Disclosure

2 In these regulations,

(a) “**annual percentage rate**” means for the purposes of sections 3 and 4 a percentage that is 365 times greater than a daily percentage rate that, when multiplied by the balance of the principal sum outstanding at the end of each day during the term of the contract will produce a sum that equals the cost of borrowing, or sums, the total of which equal the cost of borrowing;

(b) “**approximately**” means an interval or amount that does not vary from the average interval or amount by more than 10 per cent;

(c) “**median amount**” means an amount that is half way between one amount and another amount;

(d) “**payment period**” means the number of days that elapse between the dates upon which a payment is required in an agreement;

(e) “**principal sum**” means the sum stated in clause (a) or clause (c) of section 3 of the Act, which shall be deemed to be unpaid or outstanding for at least one day, and the unpaid balances thereof from time to time outstanding but does not include any amount or amounts that are components of the cost of borrowing;

(f) “**regular payment contract**” means a contract in which payments are required at approximately equal intervals and in approximately equal amounts during the term of the contract.

1 Dec 78 SR 356/78 s2.

Calculation and application of percentage

3 The percentage required by clause (e) of section 3 of the Act shall be calculated, expressed and applied with respect to an extension of credit in the following manner:

(1) Subject to paragraphs 4 and 5 and to section 4, the percentage that a lender shall disclose with respect to an extension of credit shall be the annual percentage rate applicable to the contract.

(2) The annual percentage rate shall be deemed to have been charged not in advance on the principal sum from time to time outstanding, so long as the payments required to be made by the borrower are made as they become due and such payments are applied first to the reduction of the accrued cost of borrowing.

(3) For the purposes of paragraph 2, the cost of borrowing shall be deemed to be charged daily and summed until the next succeeding payment becomes due and the accrued cost of borrowing is that amount which is so charged and summed at any given time.

(4) Where a contract provides for approximate monthly payment periods, the rate that shall be deemed to have been applied monthly under paragraphs 1 to 3 shall be one-twelfth of the annual percentage rate.

(5) Where a contract provides for payments at periods other than approximately monthly, the rate that shall be deemed to have been applied under paragraphs 1 to 3 with respect to each payment shall be the same fraction of the annual percentage rate that the payment period is of one year.

1 Dec 78 SR 356/78 s3.

Amount of credit

4(1) In this section, “**amount of the credit**” means the sum stated in clause (a) or (c) of section 3 of the Act.

(2) The annual percentage rate required to be disclosed under section 3 may be a rate that differs by not more than one per cent from the annual percentage rate that the cost of borrowing bears to the amount of the credit, except that a greater arithmetic difference may be permitted in a regular payment contract, in which case the annual percentage rate required to be disclosed may be the actual annual percentage rate that the cost of borrowing bears to an amount that differs by not more than \$5 from the amount of the credit.

(3) In addition to the tolerance permitted by subsection (2), where the due date of the first instalment in an extension of credit having approximately monthly payments and a term of six months or more is not less than fifteen or more than forty-five days after the credit is advanced, it may be deemed by the lender, for the purposes of the statement required by section 3 of the Act, that the credit was advanced on a date not more than thirty-one days immediately prior to the due date of the first instalment.

(4) Where an interval elapses between the date of the sale and the date from which the credit charge is computed, the rate per cent per annum shall be applied to the amount of credit and the balance thereof outstanding from time to time from the date on which the credit charge is said to be applied.

1 Dec 78 SR 356/78 s4.

Annual percentage rate

5(1) Subject to subsections (2), (3) and (4), the annual percentage or scale of annual percentages that a lender shall disclose pursuant to clause (a) of section 4 and to section 9 of the Act shall be the rate or scale of annual percentage rates that, when applied in the manner prescribed in subsection (2) or (3) of this section to the unpaid balance at the end of the preceding month or period, will yield a sum that equals the cost of borrowing, or sums, the total of which equals the cost of borrowing.

(2) Where a contract for variable credit provides for monthly payments, the percentage rate that shall be applied monthly under subsection (1) shall be one-twelfth of the annual percentage rate.

(3) Where a contract for variable credit provides for payments at periods other than monthly, the percentage rate that shall be applied under subsection (1) with respect to each payment period shall be the same fraction of the annual percentage rate that the payment period is of one year.

(4) For the purposes of subsection (1), the cost of borrowing may be computed within a range,

(a) not in excess of \$10 on the median amount in a selected range of outstanding balances, where the largest amount in the range is not more than \$1,000; or

(b) not in excess of \$20 on the median amount in a selected range of outstanding balances where the smallest amount in the range is more than \$1,000,

so long as the cost of borrowing is applied to all outstanding balances within the range.

1 Dec 78 SR 356/78 s5.

Adjustment on Prepayment

6(1) In this section,

(a) **“denominator”** means the sum of the balances of the obligation at the beginning of the contract and at the end of each period in accordance with the schedule of payments required as originally scheduled;

(b) **“lender”** includes any assignee of the lender;

(c) **“numerator”** means the sum of the balances at the beginning of the contract and the balances unpaid at the end of each period up to the date of full payment of the total obligation;

(d) **“obligation”** means the total amount payable when the contract was entered into;

(e) **“period”** means an interval of time not in excess of thirty-one days;

(f) **“unit”** means the amount produced by dividing the obligation by the number of months in the contract.

(2) Subject to (4), (5), (6), (7), (8), (9) and (10) where an amount, due under an extension of credit wherein the cost of borrowing is precomputed, is paid in advance of the due date, the lender may retain a proportion of the cost of borrowing calculated, when the amount of the obligation is fully paid, by dividing the numerator by the denominator, so long as the period in the numerator is equal to the period in the denominator, to produce a fraction, which fraction shall be multiplied by the cost of borrowing and the resultant sum is the amount to be retained by the lender.

(3) Where the original term of the transaction is varied by one or more extensions of payment, the extended payment or payments shall be deemed to have been made as originally scheduled.

(4) Subject to subsections (5) and (6), the lender shall allow the borrower a rebate of the cost of borrowing less the retention allowed the lender under subsection (2).

(5) Except where the prepayment is made under an arrangement for refinancing or for the extension of additional credit, the lender is entitled, in addition to the amount allowed under subsection (2), to retain an amount equal to not more than \$20 or one-half of the rebate as computed in subsection (4), whichever is the lesser, and the borrower is entitled to a rebate of the remainder of the cost of borrowing.

(6) Where the rebate required to be given under subsection (4) is less than \$2, the borrower is not entitled to the rebate.

(7) Where a payment is received after it had become due, the lender may deem that the payment had been received on the instalment due date.

(8) Where a payment is received before it is due, the lender shall deem that the payment has been received not later than the end of the period in which the payment has been received.

(9) Where a regular payment contract requires payments monthly or more frequently or less frequently than monthly and the obligation is paid in full before the term of the contract has expired, the obligation shall be deemed by the lender to have been substantially prepaid if the actual balance due, exclusive of default charges, at the end of the period immediately preceding the date of the payment in full plus the greater of one unit or 15 per cent of the obligation is less than the balance at the end of the preceding period as such balance was originally scheduled.

(10) Notwithstanding subsection (8), where the obligation has not been substantially prepaid as described in subsection (9), the lender may deem that the balances in the numerator are identical to the balances in the denominator up to the end of the period preceding the payment in full or up to the end of the period in which the payment in full is made, whichever period date is nearest to the actual date of the payment in full.

(11) In any agreement where an interval elapses between the date of sale and the date from which the credit charge is computed, only the period during which the credit charge applies shall be used in the above formula.

Paid in full

7(1) For the purposes of section 11 of the Act, “**paid in full**” includes the consolidation in an agreement to extend credit of a sum owing under a previous agreement to extend credit.

(2) Where a borrower or a buyer, as the case may be, pays in full under the circumstances referred to in subsection (1), the amount allowed to the borrower or buyer shall be determined under section 6 and shall include the unearned portion of any insurance premium required to be paid by the borrower or the buyer under the original agreement.

1 Dec 78 SR 356/78 s7.

Advertising

8(1) Where a lender represents, or causes to be represented, in print his charge for credit, the lender shall provide an example of the calculation of the charge and the rate represented thereby.

(2) The representations required to be made by a lender under section 12 of the Act,

(a) shall, in the case of a lender who advertises in a place other than his business premises, be printed on the advertisement;

(b) may, in the case of a lender who advertises in his business premises, be omitted from the advertisement, so long as a statement is printed on the advertisement that the charge for credit and the calculation therefor and the other terms of the credit transaction may be obtained from a source on the lender’s business premises; and

(c) shall, where the advertisement is printed on a page in a catalogue, refer to a page or pages in the catalogue where the charge for credit and the calculation therefor and the other terms of the credit transaction may be obtained.

(3) Where a lender represents, or causes to be represented, orally his charge for credit by radio or television broadcast, or otherwise, the lender shall provide an example of the calculation of the charge and the rate represented thereby.

1 Dec 78 SR 356/78 s8.

Exemptions

9 The Act does not apply to:

(a) life insurance companies making loans to policy-holders solely on the security of the cash surrender values of their policies;

(b) public utility companies in respect of services sold;

(c) sellers in respect of the sale or purchase of corporate bonds and debentures;

(d) sellers or lenders making sales or loans to industrial or commercial enterprises other than to farm, ranch or feed lot operators for the purposes of their farm, ranch or feed lot operations;

- (e) hail insurance companies accepting notes given for the premium payable under hail insurance contracts;
- (f) lenders, in respect of loans made under The Agricultural Incentives Act, 1973;
- (g) lenders, in respect of loans made under The Livestock Loans Guarantee Act, 1970;
- (h) lenders, in respect of loans made under The Farm Improvement Loans Act, 1968 (federal).

1 Dec 78 SR 356/78 s9.